



# AKGVG & ASSOCIATES CHARTERED ACCOUNTANTS

## 47<sup>th</sup> GST Council Meeting Highlights

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**47<sup>th</sup> GST Council Meeting**

**Rate Rationalization to remove Inverted Duty Structure**

**Chaired by Finance Minister  
Nirmala Sitharaman**

**Withdrawal of GST Exemption**

**Held on 28<sup>th</sup> and 29<sup>th</sup> June 2022**

**Recommendations relating to GST law and procedure**

**Measures for streamlining compliances in GST**

**Place : Chandigarh**

# Rate Rationalization to remove Inverted Duty Structure



## Food Processing Machines

**1. The GST council decided to increase the GST rate from 5% to 18% on:**

- Air-based Atta Chakki, Wet grinder;
- Machines for cleaning, sorting or grading, seed, grain pulses;
- Machinery used in milling industry or for the working of cereals;
- Wet grinder consisting of stone as grinder.

**2. The GST rate on the following has been increased from 12% to 18%:**

- Machines for cleaning, sorting or grading eggs, fruit or other agricultural products and its parts;
- Milking machines and dairy machinery.

GST Council approves **increasing GST rate from 5% to 12% on:**

- Solar water heater and system,
- Prepared/finished leather/chamois leather / composition leathers.

## Solar water heater & Finished leather





# Rate Rationalization to remove Inverted Duty Structure-Goods



## Edible oils and coal

Refund of accumulated ITC not to be allowed on following goods:

- Edible oils,
- Coal.

To correct the inverted duty structure, GST council **increased the rate from 12% to 18%** on a number of items, which are:

- Printing, writing or drawing ink,
- Knives with cutting blades, paper knives, pencil sharpeners, spoons, forks, skimmers, cake-servers, etc,
- Power-driven pumps, primarily designed for handling water such as centrifugal pumps, deep tube-well turbine pumps, submersible pumps, bicycle pumps,
- LED lamps, lights and fixtures, their metal printed circuits board,
- Drawing and marking out instruments.

## Miscellaneous



# Rate Rationalization to remove Inverted Duty Structure-Services

PARTICULARS	CURRENT RATE	PROPOSED RATE
Services supplied by foreman to chit fund	12%	18%
Job work in relation to processing of hides, skins and leather	5%	12%
Job work in relation to manufacture of leather goods and footwear	5%	12%
Job work in relation to manufacture of clay bricks	5%	12%
Works contract for roads, bridges, railways, metro, effluent treatment plant, crematorium etc.	12%	18%
Works contract supplied to central and state governments, local authorities for historical monuments, canals, dams, pipelines, plants for water supply, educational institutions etc & subcontractor	12%	18%
Works contract supplied to central and state governments, union territories & local authorities involving predominantly earthwork and sub-contracts thereof	5%	12%



# Other GST Rate Changes

# GST Rate Changes - Goods

PARTICULARS	CURRENT RATE	PROPOSED RATE
Ostomy Appliances	12%	5%
Orthopedic appliance- Splints and other fracture appliances; artificial parts of the body	12%	5%
Tetra Pak (Aseptic Packaging Paper)	12%	18%
Tar (whether from coal, coal gasification plants, producer Gas plants) and Coke Oven Plants	5%	18%
Import of Diethylcarbamazine (DEC) tablets supplied free of cost for National Filariasis Elimination Programme	5%	Nil
Cut and Polished diamonds	0.25%	1.5%
IGST on specified defense items imported by private entities/vendors, when end-user is the Defense forces	Applicable rate	Nil





# GST Rate Changes - Services

PARTICULARS	CURRENT RATE	PROPOSED RATE
Transport of goods and passengers by ropeways	18%	5%
Renting of truck/goods carriage where fuel cost is included	18%	12%



# Withdrawal of GST Exemption

# Withdrawal of GST Exemption



## **Cheques (in loose or book form) and Maps**

GST Council has approved to withdraw GST exemptions and replace them with the rate of 18% GST on cheques in loose or book form and 12% on Maps or similar charts of all kinds.

## **Goods of heading 8801**

Tax exemption on parts of goods of heading 8801 (Balloons and dirigibles; gliders, hang gliders and other non-powered aircraft) has been withdrawn and the 18% GST rate will be applicable from a date to be notified.



# Withdrawal of GST Exemption



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## Bio-waste treatment facilities

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Like CETPs, common bio-medical waste treatment facilities for treatment or disposal of biomedical waste shall be taxed at 12% from a date to be notified and therefore ITC shall be allowed on it.

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## Recreational activities

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Tax exemption on training or coaching in recreational activities relating to arts or culture, or sports is being restricted to such services when supplied by an individual.





# Withdrawal of GST Exemption



## Hotel Accommodation

To remove exemption which is prone to misuse, the Council accepted the interim report of the GoM on rate rationalisation headed by Karnataka chief minister Basavaraj Bommai, which suggested to tax hotel rooms costing upto Rs. 1,000 per day at the rate of 12%.

To tax patients who can afford, GST at the rate of 5% would be applied on room rent (excluding ICU) charged by hospitals where the hospital room charges are above Rs. 5,000 per day per patient. The tax rate on it was nil as healthcare services was exempt from GST.

## Hospital Rooms



# Withdrawal of GST Exemption



## **E-Waste**

Range of electronic scrap or waste, which comprise certain types of cells, batteries and accumulators. GST Council approves to increase the GST rate on e-waste from 5% to 18%.

GST Council approves increasing GST rate on specified goods of petroleum/Coal bed methane from 5% to 12% on input goods to rationalize GST rates.

## **Specified petroleum goods**



## **‘Pre-packaged and labelled’ food items**

- An exemption in relation to non-branded food items, grains, dals etc. was available to the taxpayers if they did not have a registered brand name or if the right on the brand has been forgone.
- Now, the GST council has recommended to curtail the coverage of exemption by way of excluding from it “prepacked and pre-labelled retail pack in terms of Legal Metrology Act, including pre-packed, pre-labelled curd, lassi and butter milk.”
- As per the said Legal Metrology Act, pre-packaged commodity means a commodity which (without the purchaser being present) is placed in a package of whatever nature, whether sealed or not, so that the product contained therein has a pre-determined quantity. Further, label means any written, marked, stamped, printed or graphic matter affixed to or appearing upon any pre-packaged commodity.



# Withdrawal of GST Exemption

## Transport services

- Exemption on **transportation of passengers by air** to and from North-Eastern states & Bagdogra is being restricted to economy class.
- Exemption on **transportation of railway equipment and material, by rail or a vessel** is being withdrawn.



## Miscellaneous

Exemption on following services is being withdrawn:

- Storage or warehousing of commodities which attract tax (nuts, spices, copra, jaggery, cotton etc.),
- Fumigation in a warehouse of agricultural produce,
- Services by RBI, IRDAI, SEBI, FSSAI,
- GSTN,
- Renting of residential dwelling to business entities (registered persons),
- Services provided by the cord blood banks by way of preservation of stem cells.





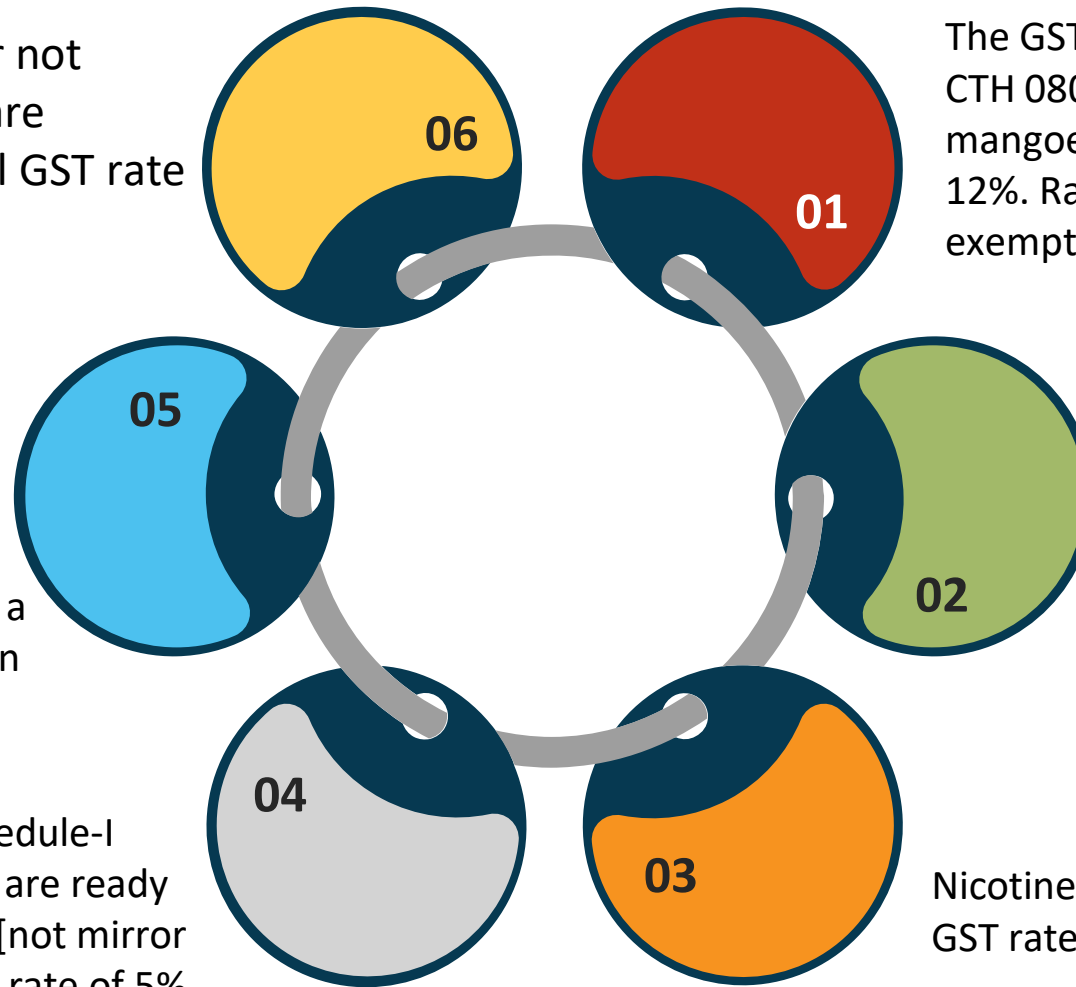
# Clarification on GST Rates

# Clarification on GST Rates-Goods

Electric vehicles whether or not fitted with a battery pack, are eligible for the concessional GST rate of 5%.

All fly ash bricks attract same concessional rate irrespective of fly ash content. Also the condition of 90% fly ash content with respect to fly ash bricks applies only to fly ash aggregate, and not fly ash bricks. As a simplification measure, the condition of 90% content is being omitted.

Stones covered in S. No.123 of Schedule-I (such as Napa stones), even if they are ready to use and polished in minor ways [not mirror polished], attract concessional GST rate of 5%.



The GST rate on all forms of mango under CTH 0804, including mango pulp (other than mangoes sliced, dried) attract GST rate at the 12%. Raw or fresh mangoes continue to be exempt

Sewage treated water is exempted from GST and is not the same as purified water provided in S. No. 99 of notification 2/2017-CT(Rate). The word 'purified' is being omitted to make this amply clear.

Nicotine Polarilex Gum attracts a GST rate of 18%.

# Clarification on GST Rates-Services

On supply of ice-cream by ice-cream parlours, GST @ 5% is charged during the period 1.07.2017 to 5.10.2021 and it shall be regularized to avoid unnecessary litigation.



Application fee charged for entrance or for issuance of eligibility certificate for admission or issuance of migration certificate by universities is exempt from GST.



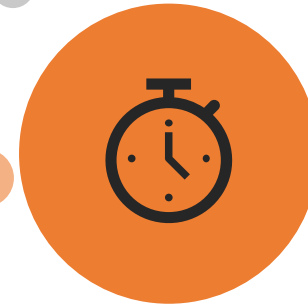
Ginned or baled fibre which is covered in entry 24B of notification No. 12/2017- Central Tax (Rate) dated 28.06.2017 in the category of raw vegetable fibres. The exemption under this entry is being rationalized



Services associated with transit cargo both to and from Nepal and Bhutan are covered by exemption under entry 9B of notification No. 12/2017-CT(R) dated 28.06.2017.



Activity of selling of space for advertisement in souvenirs published in the form of books is eligible for concessional GST @ 5%.



Renting of vehicle with operator for transportation of goods on time basis is classified under Heading 9966 (rental services of transport vehicles with operators) and attracts GST @ 18%. GST on such renting where cost of fuel is included in the consideration charged is being prescribed at 12%.



# Clarification on GST Rates-Services

**07** Sale of land after leveling, laying down of drainage lines etc. is sale of land and does not attract GST.

**06** Renting of motor vehicles for transport of passengers to a body corporate for a time period is taxable in the hands of body corporate under RCM.

**05** The expression 'public transport' used in the exemption entry at SI No. 17(d) of notification No. 12/2017-CT(R), exempts transport of passengers by public transport other than predominantly for tourism purpose, in a vessel between places located in India, means that such transport should be open to public for point to point transport [e.g.: transport in Andaman and Nicobar islands].

**01** Allowing choice of location of a plot of land is a part of supply of long term lease. Therefore, preferential location charges (PLC) form part of consideration charged for long term lease and shall get the same treatment under GST.

**02** Services provided by the guest anchors to TV channels in lieu of honorarium attracts GST.

**03** Additional fee collected in the form of higher toll charges from vehicles not having Fastag is essentially payment of toll for allowing access to roads or bridges and shall be given the same tax treatment as given to toll charges.

**04** Services in form of Assisted Reproductive Technology (ART)/ In vitro fertilization (IVF) are covered under the definition of health care services for the purpose of exemption under GST.



# Measures for Trade Facilitation

# Measures for Trade Facilitation

## Amendment in formula of refund of unutilized ITC

Formula for calculation of refund to take into account utilization of ITC on account of inputs **and input services** for payment of output tax on inverted rated supplies in the same ratio in which ITC has been availed on inputs and **input services**. This would help those taxpayers who are availing ITC on input services also.

## Amendment in CGST Rules for handling of pending IGST refund claims

When the exporter is identified as risky exporter requiring verification by GST officers the refund claims in respect of export of goods are suspended/withheld. Amendment has been recommended to provide for transmission of such IGST refund claims on the portal to the jurisdictional GST authorities for processing.



## Re-credit of amount in electronic credit ledger

Where erroneous refund amount sanctioned to a taxpayer on account of accumulated ITC or on account of IGST paid on zero rated supply of goods or services, is deposited by him along with interest and penalty, wherever applicable. A new FORM GST PMT-03 is introduced for the same.

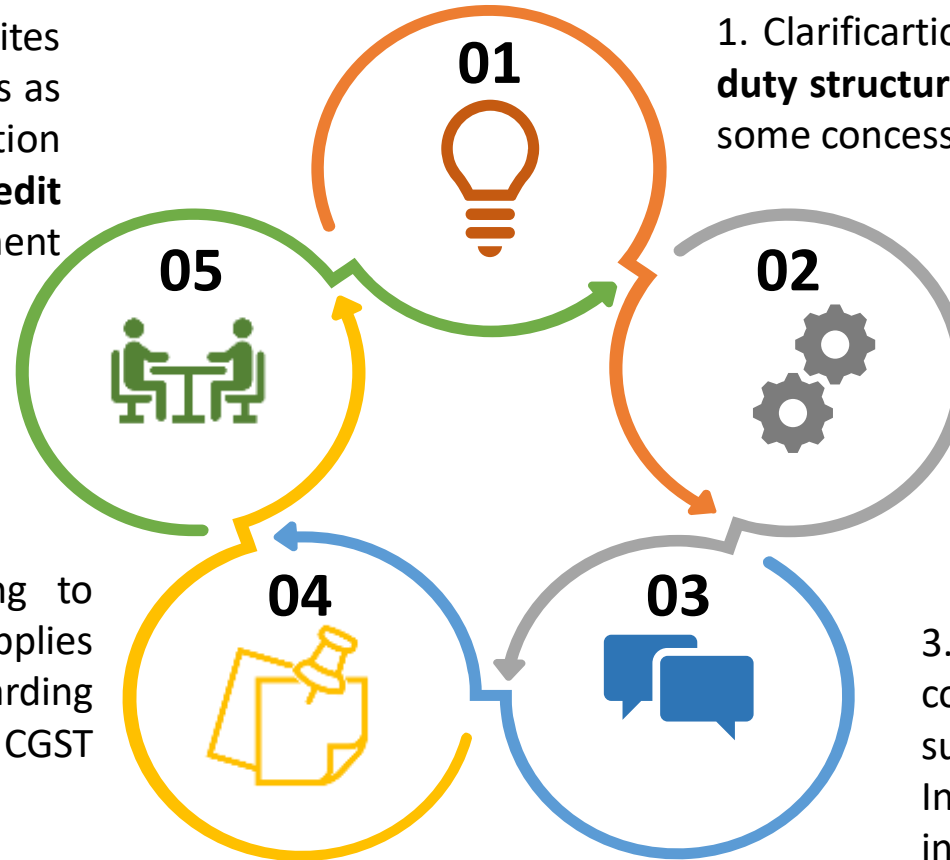
## Clause (c) of section 110 and section 111 of the Finance Act, 2022 to be notified by Central Government at the earliest

Retrospective amendment to provide that interest will be payable on the wrongly availed ITC **only when the same is utilized**. Additionally, amendment is proposed for transfer of balance in electronic cash ledger of a registered person to electronic cash ledger of CGST and IGST of a distinct person.

## Issuance of circulars to remove ambiguity

5. Clarification on the issue of perquisites provided by employer to the employees as per **contractual agreement** and utilization of the amounts available in the **e-credit ledger** and the **e-cash ledger** for payment of tax and other liabilities.

4. Clarification on the issues pertaining to refund claimed by the recipients of supplies regarded as **deemed export** and regarding interpretation of **section 17(5)** of the CGST Act.



1. Clarification on Issue of claiming refund under **inverted duty structure** where the supplier is supplying goods under some concessional notification.

2. Clarification on various issues relating to applicability of demand and penalty provisions under the CGST Act in respect of transactions involving **fake invoices**.

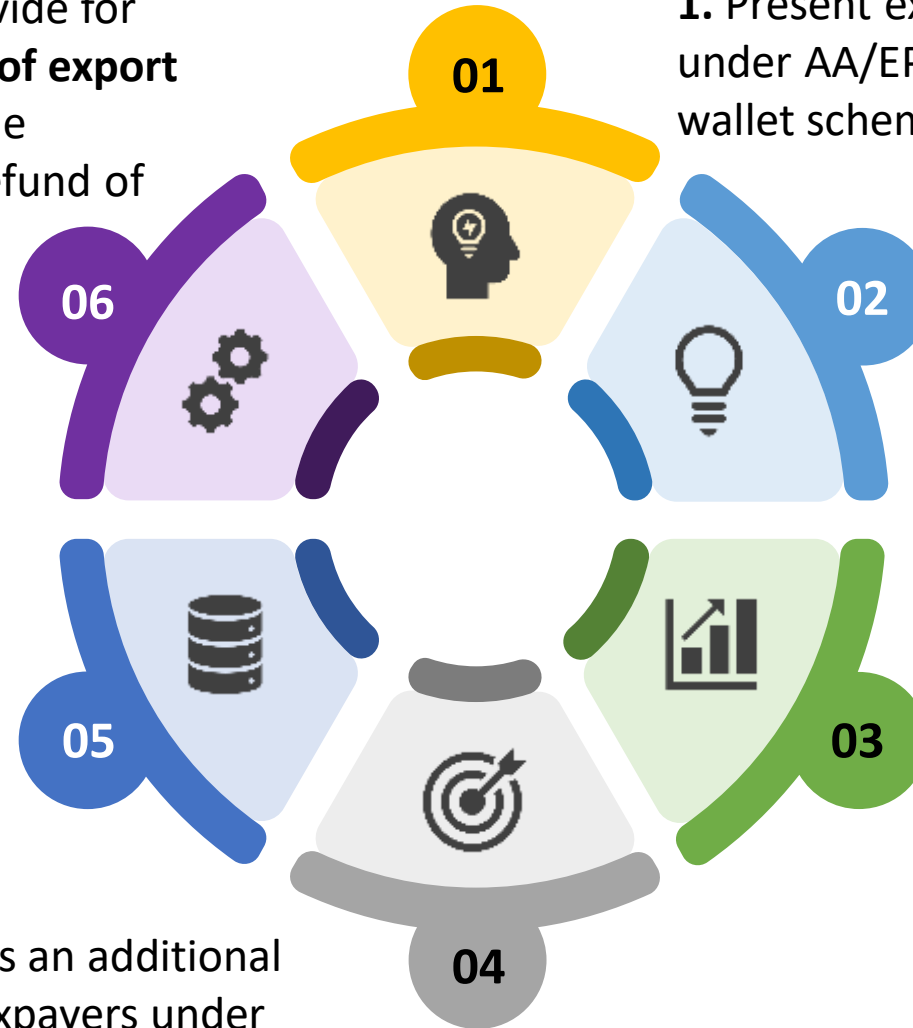
3. Clarification on mandatory furnishing of correct and proper information of inter-State supplies and amount of ineligible/blocked Input Tax Credit and reversal thereof in return in **FORM GSTR-3B**.

# Measures for Trade Facilitation

6. Amendment in CGST Rules to provide for **refund of unutilized ITC on account of export of Electricity**. This would facilitate the exporters of electricity in claiming refund of utilized ITC on zero rated supplies.

5. In respect of refunds pertaining to supplies to SEZ Developer/Unit, an Explanation is to be inserted in sub-rule (1) of rule 89 of CGST Rules to clarify that “**specified officer**” shall mean the “specified officer” or “authorized officer”, as defined under SEZ Rules, 2006.

4. **UPI & IMPS** to be provided as an additional mode for payment of GST to taxpayers under Rule 87(3) of CGST Rules.



1. Present exemption of **IGST on import of goods** under AA/EPCG/EOU scheme to be continued and E-wallet scheme not to be pursued further.

2. Exemption from filing annual return in **FORM GSTR-9/9A** for FY 2021-22 to be provided to taxpayers having AATO upto Rs. 2 crores.

3. Explanation 1 after rule 43 of CGST Rules to be amended to provide that there is no requirement of reversal of input tax credit for exempted supply of **Duty Credit Scrips** by the exporters.





# Measures for streamlining compliances in GST

# Measures for streamlining compliances



- Proposal for comprehensive changes in **FORM GSTR-3B** to be placed in public domain for seeking inputs/suggestions of the stakeholders.
- Time period from **01.03.2020 to 28.02.2022** to be **excluded** from calculation of the limitation period for filing refund claim. Further, limitation under section 73 for FY 2017-18 for issuance of order in respect of other demands linked with due date of annual return, to be extended till **30th September 2023**.
- Provision for automatic revocation of suspension of registration in cases where suspension of registration was done by the system under **Rule 21A(2A)** of CGST Rules, for non-compliance once all the pending returns are filed on the portal by the taxpayer.

# Measures for streamlining compliances



- The Council has decided to constitute a **Group of Ministers** to address various concerns raised by the States in relation to constitution of **GST Appellate Tribunal** and make recommendations for appropriate amendments in CGST Act.
- The GST Council approved ad-hoc **apportionment of IGST** to the extent of Rs. 27,000 crores and release of 50% of this amount, i.e. Rs. 13,500 crore to the States.
- The GoM on IT Reforms, inter alia, recommended that the GSTN should put in place the **AI/ML based mechanism** to verify the antecedents of the registration applicants and an improved risk-based monitoring of their behavior post registration so that non-compliant tax payers could be identified in their infancy and appropriate action be taken so as to minimize risk to exchequer.



# Miscellaneous Changes





## Casino, Race course & Online Gaming

The Council directed that the Group of Ministers on [Casino, Racecourse and Online Gaming](#) re-examine the issues in its terms of reference based on further inputs from States and submit its report within a short Duration

## Other Miscellaneous Changes

1. All Taxable services of Department of Posts would be subject to [forward charge](#), earlier it was on reverse charge basis.
2. Goods transport agency (GTA) is being given option to pay GST at 5% or 12% under forward charge; option to be exercised at the [beginning of Financial Year](#). RCM on the same to continue.
3. Service provided by Indian Tour operator to a foreign resident for a tour partially in India and partially outside India is to be subject to tax proportionate to the tour conducted in India for such foreign tourist subject to conditions that this concession [does not exceed half of tour duration](#).
4. Supplies from Duty Free Shops (DFS) at international terminal to outgoing international passengers to be treated as exports by DFS and consequential refund benefit to be available to them on such supplies. Rule 95A of the CGST Rules, Circular No. 106/25/2019-GST dated 29.06.2019 and related notifications to be rescinded accordingly.



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