

KEY HIGHLIGHTS OF THE 47th GST COUNCIL MEETING

The 47th GST Council met in Chandigarh on 28th & 29th June 2022 under the chairmanship of the Union Finance & Corporate Affairs Minister, Smt. Nirmala Sitharaman

Key recommendations made by the GST Council in its 47th Meeting:

A. Trade Facilitation measures:

1. Waiver of mandatory GST registration requirement for suppliers making supplies through E-Commerce Operators (ECOs) subject to:
 - i. the aggregate turnover threshold limit u/s 22 of the CGST Act and notifications issued thereunder;
 - ii. the person is not making any inter-State taxable supply
2. Composition taxpayers to be allowed to make intra-State supply through ECO subject to certain conditions (to be effective from January 1, 2023)
3. GST Refund to be allowed on Input Tax Credit (ITC) on account of inputs and input services in case of inverted duty structure
4. Expeditious disposal of IGST refund claims for exporters identified as risky exporters
5. Re-credit of the amount of erroneous refund in the electronic credit ledger along with interest & penalty in new Form PMT-03A
6. Interest will be payable on the wrongly availed ITC only when the same is utilized (retrospectively from 01.07.2017)
7. Transfer of balance in electronic cash ledger to electronic cash ledger of CGST & IGST of a distinct person to provide liquidity in cash flows
8. Waiver of late fee for delay in filing of Form GSTR-4 (Annual Return for Composition taxpayers) for FY 2021-22 and extension of due date for filing Form GST CMP-08 (Summary of self-assessed tax for Composition taxpayers) for Q1 of FY 2022-23
9. Present exemption of IGST on import of goods under Advance Authorization Scheme, Export Promotion Capital Goods (EPCG) Scheme & Export Oriented Units (EOU) Scheme to be continued and e-wallet scheme not to be pursued further
10. Exemption from filing Annual Return (in Form GSTR-9 / 9A) for FY 2021-22 to be provided to taxpayers having Aggregate Annual Turnover up to Rs. 2 crores
11. ITC not to be reversed in case of exempted supply of Duty Credit Scrips by the exporters
12. UPI & IMPS to be provided as an additional mode for GST payment to taxpayers
13. Refund of unutilized ITC on account of export of electricity being zero rated supply to facilitate exporters
14. Supplies from duty free shops at international terminal to outgoing international passengers to be treated as exports and consequential refund benefit to be available

B. Measures to streamline GST compliances:

1. Automatic revocation of suspension of registration once all the pending Returns are filed on the portal by the taxpayer

2. Comprehensive changes in Form GSTR-3B to be placed in public domain for seeking inputs / suggestions from the stakeholders
3. Time period from 01.03.2020 to 28.02.2022 to be excluded for calculating limitation period for filing refund claim by an applicant as well as for issuance of demand / order by GST authorities in respect of erroneous refunds
4. Constitution of Group of Ministers to address various concerns raised by the States in relation to constitution of GST Appellate Tribunal
5. Goods and Service Tax Network (GSTN) should put in place an Artificial Intelligence (AI) and Machine Learning (ML) based mechanism to verify registration applicants and an improved risk-based monitoring system to identify non-compliant taxpayers in their infancy to minimise risks

C. GST rate clarifications for Goods:

1. Electric vehicles, whether or not fitted with a battery pack, eligible for concessional GST @ 5%
2. Specified stones¹ attract concessional rate of 5% even if polished & ready to use
3. GST on all forms of mango² including mango pulp (other than sliced, dried) attract GST @ 12%. Raw or fresh mangoes continue to be exempt
4. Sewage treated water exempted from GST and is not the same as purified water³. The word 'purified' is omitted for clarity purposes
5. Nicotine Polarilex Gum attracts a GST @ 18%
6. All fly ash bricks attract same concessional rate irrespective of fly ash content. 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

D. GST rate clarifications for Services:

1. Due to ambiguity in GST rates on supply of ice-cream by ice-cream parlours, GST charged @ 5% without ITC during the period 1.07.2017 to 5.10.2021 shall be regularized to avoid litigation
2. Application fee for entrance, issuance of eligibility certificate for admission or issuance of migration certificate by Universities is exempt from GST
3. Services associated with transit cargo both to & from Nepal and Bhutan are covered by exemption notification⁴
4. Selling of space for advertisement in souvenirs published in the form of books is eligible for concessional GST @ 5%
5. Preferential Location Charges (PLC) is part of consideration charged for long term lease of land and shall get the same treatment under GST
6. Sale of land after levelling, laying down of drainage lines etc. does not attract GST
7. Honorarium provided to the guest anchors to TV channels shall attract GST
8. Additional fee collected in the form of higher toll charges from vehicles not having Fastag shall be given the same tax treatment as given to toll charges
9. Services of Assisted Reproductive Technology (ART) / In Vitro Fertilization (IVF) are health care services for the purpose of exemption under GST

¹ In Sl. 123 of Schedule-I

² Under CTH 0804

³ Sl. No. 99 of Notification 2/2017 CT(Rate)

⁴ Under entry 9B of Notification No. 12/2017-CT(R) dated 28.06.2017

10. Renting of vehicle with operator for transportation of goods on time basis is taxable @ 18% (12% if fuel is included) under the head 'rental services of transport vehicles with operators'⁵
11. 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 Reverse Charge Mechanism (RCM)
12. The expression 'public transport' used in the exemption entry⁶ which exempts transport of passengers by public transport (other than 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. Rationalization of GST exemption on Services:

1. Exemption on transport of passengers by air to & from north eastern states & Bagdogra restricted to economy class
2. Withdrawal of exemption on the following services:
 - i. Transportation by rail or a vessel of railway equipment and material
 - ii. Storage or warehousing of commodities (nuts, spices, copra, jaggery, cotton etc.)
 - iii. Fumigation of agricultural produce in a warehouse
 - iv. Services by RBI, IRDA, SEBI, FSSAI, GSTN
 - v. Renting of residential units to GST registered business entities
 - vi. Services provided by Cord Blood Banks for preservation of stem cells
3. Common bio-medical waste treatment facilities for treatment or disposal of biomedical waste shall be taxed at 12% (with ITC)
4. Hotel accommodation priced up to Rs. 1000/- per day taxable @ 12%
5. Room rent (excluding ICU) exceeding Rs. 5000/- per day per patient charged by a hospital taxable @ 5% (without ITC)
6. Tax exemption on training or coaching in recreational activities relating to arts or culture or sports restricted to services supplied by individuals

F. Other recommendations:

1. All taxable service of Department of Posts would be subject to GST on forward charge basis
2. Goods Transport Agency (GTA) shall get an option to pay GST @ 5% (without ITC) or 12% (with ITC) under forward charge at the beginning of Financial Year. RCM option 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 GST proportionate to the tour conducted in India subject to the condition that this concession does not exceed half of the tour duration
4. Issuance of the Circulars to remove ambiguity and legal disputes on various issues, thus benefiting taxpayers at large:
 - i. Refund under inverted duty structure where goods are supplied under concessional notification
 - ii. Applicability of demand & penalty provisions in respect of transactions involving fake invoices
 - iii. Furnishing of correct & proper information of inter-State supplies and amount of ineligible / blocked ITC and reversal in Form GSTR-3B
5. Clarification is also required on the following issues:
 - i. Refund claimed by the recipients of supplies regarded as deemed export

⁵ Under Heading 9966

⁶ At SI No. 17(d) of Notification No. 12/2017-CT(R)

- ii. Issues relating to interpretation of blocked ITC u/s 17(5) of the CGST Act
- iii. Perquisites provided by employer to the employees as per contractual agreement
- iv. Utilization of the amount in the electronic credit ledger and electronic cash ledger for payment of tax and other liabilities

6. The Council directed that the Group of Ministers on casino, race course and online gaming re-examine the issues based on inputs received from States and report at the earliest

G. GST rate changes on Goods:

Sl.	Description of Goods	From	To
	<u>Rate rationalization to remove inverted duty structure</u>		
1.	Printing, writing or drawing ink	12%	18%
2.	Knives with cutting blades, paper knives, pencil sharpeners and blades thereof, spoons, forks, ladles, skimmers, cake- servers etc.	12%	18%
3.	Power driven pumps primarily designed for handling water such as centrifugal pumps, deep tube-well turbine pumps, submersible pumps; bicycle pumps	12%	18%
4.	Machines for cleaning, sorting or grading, seed, grain pulses; Machinery used in milling industry or for the working of cereals etc.; pawan chakki that is air based atta chakki; wet grinder	5%	18%
5.	Machines for cleaning, sorting or grading eggs, fruit or other agricultural produce and its parts, Milking machines and dairy machinery	12%	18%
6.	LED Lamps, lights and fixture, their metal printed circuits board	12%	18%
7.	Drawing and marking out instruments	12%	18%
8.	Solar Water Heater and system;	5%	12%
9.	Prepared / finished leather / chamois leather / composition leathers	5%	12%
10.	Refund of accumulated ITC not to be allowed on Edible Oils and Coal	-	-
	<u>Other GST rate changes</u>		
11.	Ostomy appliances	12%	5%
12.	Orthopedic appliance- splints and other fracture appliances; artificial parts of the body; other appliances which are worn or carried, or implanted in the body, to compensate for a defect or disability; intraocular lens	12%	5%
13.	Tetra Pak (Aseptic Packaging Paper)	12%	18%
14.	Tar whether from coal, coal gasification plants, producer gas plants and coke oven plants	5%/18%	18%
15.	IGST on import of Diethylcarbamazine (DEC) tablets supplied free of cost for National Filariasis Elimination Programme	5%	Nil
16.	Cut and polished diamonds	0.25%	1.5%
17.	IGST on specified defence items imported by private entities / vendors, when end-user is the Defence forces	Applicable rate	Nil
	<u>Withdrawal of Exemption</u>		
18.	Cheques, loose or in book form	Nil	18%
19.	Maps and hydrographic or similar charts of all kinds, including atlases, wall maps, topographical plans and globes, printed	Nil	12%
20.	Parts of goods of heading 8801 (aircraft, spacecraft and parts thereof)	Nil	18%
21.	GST was exempted on specified unbranded food items, grains etc. It is recommended to revise the scope of exemption to exclude pre-packaged and pre-labelled retail pack in terms of Legal Metrology Act including pre-packed, pre-labelled curd, lassi and butter milk		
	<u>Exemption in form of concessional rate of GST being rationalized</u>		
22.	Petroleum / coal bed methane	5%	12%
23.	Scientific and technical instruments supplied to public funded research institutes	5%	Applicable rate
24.	E-waste	5%	18%

H. GST rate changes on Services:

Sl.	Description of Services	From	To
	Rate rationalization to remove inverted duty structure		
1.	Services supplied by foreman to chit fund	12%	18%
2.	Job work in relation to processing of hides, skins and leather	5%	12%
3.	Job work in relation to manufacture of leather goods and footwear	5%	12%
4.	Job work in relation to manufacture of clay bricks	5%	12%
5.	Works contract for roads, bridges, railways, metro, effluent treatment plant, crematorium etc.	12%	18%
6.	Works contract supplied to central and state governments, local authorities for historical monuments, canals, dams, pipelines, plants for water supply, educational institutions, hospitals etc. & sub-contractor thereof	12%	18%
7.	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		
8.	Transport of goods and passengers by ropeways	18%	5% (with ITC of services)
9.	Renting of truck / goods carriage where cost of fuel is included	18%	12%

*The rate changes will be made effective from **July 18, 2022**.*

The recommendations of the GST Council would be given effect through relevant Circulars / Notifications / Law amendments which alone shall have the force of law. Please [Click Here](#) to read the Press Release

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