

KEY HIGHLIGHTS OF THE 48th GST COUNCIL MEETING

The 48th Meeting of the GST Council was held on December 17, 2022 through Video Conference, under the chairpersonship of the Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman.

Recommendations made by the GST Council in its 48th Meeting:

A. GST Rates

1. Proposed GST rate changes:

SI	Description	Existing	Proposed
1	Husk of pulses including chilka and concentrates including chuni/churi, khanda (starting from August 3, 2022)	5%	Nil
2	Ethyl alcohol supplied to refineries for blending with motor spirit (petrol)	18%	5%
3	Sale of Mentha arvensis, similar to Mentha oil	No RCM	Under RCM

2. Clarifications issued qua GST rates:

SI	Description	GST Rate
1	Rab (rab-salawat) – CTH 1702	18%
2	Fryums manufactured using the process of extrusion– CTH 19059030	18%

3. Higher rate of GST Compensation Cess of 22% applicable on the motor vehicles fulfilling the following conditions:

- Popularly known as SUV
- The engine capacity > 1500 cc
- Length > 4000 mm; and
- Ground clearance \geq 170 mm

4. Goods imported for petroleum operations under the concessional rate category¹ to be taxed @ 5%. However, goods covered under the general rate exceeding 12% will be taxed @ 12%
5. No GST is chargeable if the residential dwelling is rented to a GST-registered person in their personal capacity for their own use / account as a residence and not for their business purposes
6. No GST on incentives paid by the Central Government to Banks for promotion of RuPay Debit Cards and low-value BHIM-UPI transaction schemes

B. Measures for facilitation of trade:

1. Revision in decriminalization provisions u/s 132 of the CGST Act:

- Increase the minimum threshold limit for launching prosecution proceedings to INR 2 crores (from INR 1 crore) except in cases involving fake invoicing;

¹ Under Schedule-I of Notification No. 1/2017-CTR

- The following offences to be decriminalized:
 - i. Obstructing or preventing any Officer in discharge of his duties
 - ii. Deliberate tampering of material evidence
 - iii. Failure to supply the information
 - Reduction in the compounding amount to the range of 25% - 100% (from 50% - 150%)
2. The 47th GST Council allowed unregistered suppliers and composition taxpayers to make intra-state supply of goods through E-Commerce Operators ('ECO'). It is proposed to be implemented from October 1, 2023
 3. Amendment in CGST Rules, 2017 to prescribe procedure for filing of refund application by unregistered buyers in cases where the agreement for supply of services (like construction of flat / house and long-term insurance policy) is cancelled and the time threshold of issuance of credit note is expired
 4. The following entries, not to be treated as supply of goods or services, were included in Schedule III vide the CGST (Amendment) Act, 2018, w.e.f. February 1, 2019:
 - Supply of goods from a place outside taxable territory to another place outside the taxable territory
 - Supply of warehoused goods to any person before clearance for home consumption
 - High-sea sales

The aforesaid entries are proposed to be made effective retrospectively from July 1, 2017. However, no refund of tax already paid would be available

5. The recipient of goods / services would be liable to reverse Input Tax Credit ('ITC') due to non-payment of consideration within the prescribed period ² proportionately to the amount not paid to the supplier vis-à-vis the value of supply retrospectively from October 1, 2022
6. CGST Rules to provide mechanism for reversal of ITC in case of non-payment of tax by the supplier within a specified date and mechanism for re-availment of such credit, on subsequent payment of tax by the supplier
7. Rule 109C and Form GST APL 01 / 03 proposed to be inserted in CGST Rules to provide the facility for withdrawal of an application of appeal (upto a specified stage)
8. Suitable clarifications would be issued by the CBIC for:
 - 'No Claim Bonus' offered by the insurance companies to the insured person to be treated as admissible deduction for valuation of insurance services
 - Treatment of statutory dues in respect of the taxpayers for whom proceedings have been finalized under the Insolvency and Bankruptcy Code, 2016
 - Issues pertaining to the place of supply of services of transportation of goods where the location of the supplier and the recipient is in India; and the availability of ITC to the recipient of such supply
 - Procedure for verification of ITC in cases involving difference in ITC availed in form GSTR-3B vis-à-vis as per form GSTR-2A during FY 2017-18 and FY 2018-19
 - Manner of demand re-determination in cases where it is held that the notice issued u/s 74(1) of the CGST Act alleging suppression, fraud etc. is not sustainable and such notice is deemed to have been issued u/s 73(1) of the CGST Act
 - Applicability of e-invoicing for a business entity
9. CGST Rules proposed to be amended to provide facility for cancellation of TDS & TCS registrations

² 180 days from the date of issuance of invoice

C. Measures for streamlining compliances in GST:

1. It is proposed to conduct a pilot project in Gujarat for biometric-based Aadhaar authentication and risk-based physical verification of registration applicants
2. It is proposed to capture and record Income Tax Permanent Account Number ('PAN') linked mobile number and e-mail address (fetched from CBDT database) in GST registration application in FORM GST REG-01 and to conduct One Time Password ('OTP') based verification at the time of registration on such PAN-linked mobile number and email address to prevent misuse of PAN
3. Filing of returns / statements restricted to a maximum period of 3 years from the due date of filing the relevant return / statement:
4. Form GSTR-1 is proposed to be amended to provide for:
 - Reporting of details of supplies made through ECOs by the supplier; and
 - Reporting by ECOs in respect of such supplies
5. New rule 88C and Form GST DRC-01B proposed to be inserted in the CGST Rules to provide for:
 - Intimation to the taxpayer about the difference between liability reported in Form GSTR-1 and Form GSTR-3B, where such difference exceeds a stipulated threshold and enabling the taxpayer to either pay the differential tax liability or explain the reason for such difference
 - If the taxpayer has neither deposited the aforesaid differential tax liability nor has furnished a reply explaining reasons for such difference, filing of Form GSTR-1 for the subsequent period will be restricted
6. Amendment in the definition of "non-taxable online recipient" and definition of "Online Information and Database Access or Retrieval Services (OIDAR)" u/s 2 of IGST Act, 2017 to avoid interpretation issues and litigation

Please [Click Here](#) to read the Press Release dated December 17, 2022

This publication contains information of general nature. The information is only for general guidance and is not meant to be a substitute for professional advice in any manner. In case the reader requires any specific inputs / suggestions / advice from our end, please contact us separately.