

## KEY HIGHLIGHTS OF THE 50<sup>th</sup> GST COUNCIL MEETING

The 50<sup>th</sup> Meeting of the GST Council was held on July 11, 2023 at New Delhi under the chairpersonship of the Union Finance & Corporate Affairs Minister, Smt. Nirmala Sitharaman.

### Key recommendations made by the GST Council in its 50<sup>th</sup> Meeting:

#### 1. GST rate changes: Goods

SI	Goods	Recommendations
1	Un-cooked / un-fried snack pellets by whatever name called	<ul style="list-style-type: none"><li>• GST reduced to 5%</li><li>• Past period GST payments to be regularized on 'as is basis'</li></ul>
2	Cancer medicine - Quarziba, Medicines and Food for Special Medical Purposes (FSMP) used in the treatment of prescribed rare diseases imported for personal use	<ul style="list-style-type: none"><li>• IGST to be exempt</li></ul>
3	Supply of raw cotton, kala cotton, by agriculturists to cooperatives	<ul style="list-style-type: none"><li>• Taxable under reverse charge mechanism (RCM)</li><li>• Regularize issues relating for the past period on 'as is basis'</li></ul>
4	Imitation zari thread or yarn known by any name	<ul style="list-style-type: none"><li>• GST reduced to 5% (from 12%)</li><li>• Past period GST payments to be regularized on 'as is basis'</li></ul>
5	LD slag for protection of environment	<ul style="list-style-type: none"><li>• GST reduced to 5% (from 18%)</li></ul>
6	Fish soluble paste	<ul style="list-style-type: none"><li>• GST reduced to 5% (from 18%)</li><li>• Past period GST payments to be regularized on 'as is basis'</li></ul>

- i. RBL Bank and ICBC bank included in the list of specified banks for IGST exemption on imports of gold, silver or platinum
- ii. Vehicles with length exceeding 4000 mm, engine above 1500 cc and ground clearance of 170 mm and above to be treated as utility vehicle subject to compensation cess of 22% over and above GST @ 28%
- iii. Where retail sale price is not required to be declared on pan masala, tobacco products etc., the ad valorem rate applicable on 31.03.2023 may be notified for levy of Compensation Cess

#### 2. GST rate changes: Services

- i. GST exemption on satellite launch services extended to organizations in private sector to encourage start-ups

- ii. Goods Transport Agencies (GTA) not required to file declaration for paying GST under forward charge every year. Once filed, it will be applicable for subsequent years unless a declaration is filed to revert to RCM
- iii. Services supplied by a Director of a company to the company in his personal capacity, such as renting of immovable property, not taxable under RCM
- iv. Food supplied by cinema halls taxable @ 5% as restaurant service. If clubbed with sale of cinema tickets, treated as composite supply taxable at the rate applicable to principal supply
- v. It has been decided to regularize following matters on “as is basis” in view of genuine interpretational issues:
  - trauma, spine and arthroplasty implants for the period prior to 18.07.2022
  - dessicated coconut for the period 1.7.2017 to 27.7.2017
  - plates and cups made of areca leaves prior to 01.10.2019
  - biomass briquettes for the period 01.7.2017 to 12.10.2017

### **3. Taxation on Casinos, Horse Racing and Online Gaming**

- i. GST @ 28% to be applicable on:
  - Casinos on face value of the chips purchased;
  - Horse Racing on full value of the bets placed with bookmaker / totalizator; and
  - Online Gaming on full value of the bets placed
- ii. Online gaming and horse racing to be included in Schedule III of CGST Act [Activities / Transactions which shall not be treated as Supply of Goods or Services] as taxable actionable claims

### **4. Trade facilitation measures:**

- i. Relaxations provided in FY 2021-22 for filing of Annual Returns in FORM GSTR-9 & 9C to be continued for FY 2022-23
- ii. Exemption from filing of Annual Returns in FORM GSTR – 9 / 9A for taxpayers having aggregate annual turnover of up to Rs 2 crore to be continued for FY 2022-23
- iii. Circular to be issued to provide clarity on the following issues:
  - Input Services Distributor (ISD) mechanism not mandatory for distribution of Input Tax Credit (ITC) of common input services procured from third parties to the distinct persons
    - Amendment in GST law to make ISD mechanism mandatory prospectively
    - Issues regarding taxability of internally generated services provided by one distinct person to another distinct person to be clarified
  - No GST on replacement of parts / repair service during warranty period without any consideration. Further, no reversal of ITC required in such cases

- TCS liability to be clarified in cases where multiple E-commerce Operators (ECOs) are involved in a single transaction of supply of goods or services or both
  - Mere holding subsidiary company relationship cannot be treated as a supply of services. Hence, cannot be taxed under GST
  - Special procedure for verification of mismatch in ITC in FORM GSTR-3B (Summary Return) vis-à-vis FORM GSTR-2A (Statement of Inward Supplies) to be extended by 2 years from 01.04.2019 to 31.12.2021
  - Taxpayers required to generate e-invoices should issue e-invoices for supplies made to Government authorities and Public Sector Undertakings (PSUs) registered solely for the purpose of Tax Deduction at Source (TDS)
  - Calculation of interest for wrongly availed & utilized IGST credit to consider ITC of IGST, CGST and SGST
  - Refund of accumulated ITC for a tax period to be restricted to ITC on inward supplies reflected in FORM GSTR-2B
  - The 'value of export goods' to be included while calculating 'adjusted total turnover' for claiming refund of ITC in case of zero rated supplies made without payment of tax under Letter of Undertaking (LUT)
- iv. Amnesty scheme for non-filers of FORM GSTR-4 (Return to be filed by Composition Dealer), GSTR-9 (GST Annual Return) & GSTR-10 (Final Return upon cancellation / surrender of GST registration), revocation of cancellation of registration and deemed withdrawal of assessment orders extended till 31.08.2023
  - v. In cases of supply of taxable services by an ECO / Online Information and Database Access or Retrieval (OIDAR) to an unregistered person, only name of the State of the recipient (instead of full address) on the tax invoice should be sufficient
  - vi. Special procedure to be provided for manual filing of appeal against the Orders in respect of TRAN-1 / TRAN-2 (for transition of old Input Credits to GST Regime) claims of the registered persons
  - vii. Introduction of Rules for appointment of the President and Members of the proposed GST Appellate Tribunal. The relevant provisions of Finance Act, 2023 pertaining to GST Appellate Tribunal to be notified w.e.f. 01.08.2023

## **5. Measures for streamlining compliances in GST:**

- i. Implementation of E-way bill requirement for movement of gold / precious stones
- ii. Capacity based taxation and Special Composition Scheme:
  - Special procedure for manufacturers of tobacco, pan masala etc. for registration of machines and for filing of special monthly returns
  - special penalty for non-registration of machines by such manufacturers

- notification to be issued to provide restriction of IGST refund route in respect of exports of tobacco, pan masala etc. and mentha oil
- iii. Strengthen GST registration process to deal with fraudulent registrations issues:
    - Details of bank account in the name and PAN to be furnished within 30 days of grant of registration or before filing of statement of outwards supply in FORM GSTR-1 / Invoice Furnishing Facility (IFF), whichever is earlier
    - System-based suspension if the valid bank account is not furnished within the prescribed timelines. Similarly, automatic revocation of suspension upon compliance
    - In the absence of furnishing valid bank account details, return outward supplies in FORM GSTR-1 or using IFF cannot be filed
    - Physical verification of business premises in the presence of the applicant not required
    - Physical verification of business premises in high risk cases even where Aadhaar has been authenticated may be required
  - iv. Risk-based biometric-based Aadhaar authentication process to be introduced. Pilot project to be conducted in Puducherry
  - v. Recovery of tax and interest in FORM GST DRC-01D where output tax liability in FORM GSTR-1 exceeds FORM GSTR-3B for a particular month
  - vi. System-based intimation to the taxpayers for excess availment of ITC in FORM GSTR-3B vis-à-vis FORM GSTR-2B (ITC statement) to reduce ITC mismatches & misuse
  - vii. Issuance of notice in FORM GSTR-3A for failure to furnish Annual Return in FORM GSTR-9 / 9A within the prescribed due dates
  - viii. Manual filing of appeal under certain specified circumstances
  - ix. OIDAR service providers can provide details of supplies made to registered persons in India in FORM GSTR-5A for tracking GST under RCM by registered taxpayers availing OIDAR services
  - x. Supply of goods from duty free shops at international airports to be treated as exempt supplies for the purpose of reversal of ITC
  - xi. Consent-based sharing of information process to be made available on the GST common portal
  - xii. Formation of a State Level Coordination Committee comprising of State & Central level GST officers for knowledge sharing, administrative measures and prevention of fraudulent activities

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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