

KEY HIGHLIGHTS OF THE 52nd GST COUNCIL MEETING

The 52nd Meeting of the GST Council was held on October 7, 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 52nd Meeting:

1. GST rate changes: Goods

SI	Goods	Recommendations
1	Food preparation of millet flour in powder form, containing at least 70% millets by weight (HS 1901)	<ul style="list-style-type: none"> • 5% pre-packaged & labelled form • 0% other than pre-packaged & labelled form
2	imitation zari thread or yarn made out of metallised polyester film / plastic film (HS 5605)	<ul style="list-style-type: none"> • 5% clarified • No refund allowed on polyester film (metallised) / plastic film on inversion
3	Foreign going vessels converting to coastal run	<ul style="list-style-type: none"> • IGST @ 5% on the value of vessel • Conditional IGST exemption on reconversion within 6 months
4	Extra Neutral Alcohol (ENA) used for manufacture of alcoholic liquor for human consumption	<ul style="list-style-type: none"> • To be kept outside GST • ENA for industrial use - 18%
5	Molasses	<ul style="list-style-type: none"> • Reduced to 5% (from 28%)

2. GST rate changes: Services

- i. Services of water supply, public health, sanitation conservancy, solid waste management & slum improvement and upgradation supplied to Governmental Authorities to be **exempt** from GST
- ii. Pure and composite services provided to Central / State / Union Territory (UT) Governments / local authorities for any function entrusted to Panchayat / Municipality continue to be **exempt**
- iii. 'Job work services for processing of barley into malt' to attract GST @ 5% (not 18%)
- iv. Bus operators organized as companies providing transportation services through Electronic Commerce Operators (ECOs) to pay GST using their Input Tax Credit (ITC) w.e.f. January 1, 2022
- v. District Mineral Foundations Trusts (DMFT) set up by State Governments in mineral mining areas are Governmental Authorities also eligible for GST exemptions
- vi. Supply of all goods and services by Indian Railways to be taxed under forward charge mechanism to enable them to avail ITC to reduce the cost for Indian Railways

3. Trade facilitation measures

- i. **Special amnesty scheme** for taxpayers whose appeal was:

- not filed against the Demand Order u/s 73¹ or 74² of CGST Act passed on or before the March 31, 2023; or
- was rejected solely on the grounds of non-filing within the specified time period

In such cases, appeal can be filed up to January 31, 2024, subject to pre-deposit of 12.5% of the tax under dispute, out of which 2.5% to be debited from Electronic Cash Ledger

ii. Taxability of Guarantee

SI	Type of Guarantee	Recommendations
1	Personal guarantee by directors to the bank against the credit limits / loans sanctioned to the company	<ul style="list-style-type: none"> • No consideration paid by the company to the director in any form, directly or indirectly - no tax payable since the open market value may be treated as zero
2	Corporate guarantee provided for related persons including holding company to its subsidiary company	<ul style="list-style-type: none"> • GST @ 1% of the guarantee offered or actual consideration, whichever is higher • Valuation of corporate guarantee will be governed by CGST Rules irrespective ITC availability to the service recipient

- iii. Automatic restoration of provisionally attached property in Form GST DRC-22 after completion of 1 year
- iv. Circular to clarify various issues related to Place of Supply viz.:
 - transportation of goods, including by mail or courier, where the location of supplier or recipient is outside India;
 - advertising services;
 - co-location services
- v. Circular to clarify admissibility of export remittances received in Special INR Vostro account permitted by RBI as consideration to qualify as **export of services**
- vi. The suppliers to SEZ units / Developer for authorized operations allowed to pay integrated tax and claim the refund of tax so paid. Notification No. 1/2023-Integrated Tax dated 31 July 2023 (effective from October 1, 2023) to be amended

4. Other measures pertaining to law and procedures

- i. Rules for appointment of President and Member of the proposed GST Appellate Tribunals:
 - advocate with 10 years' substantial experience in litigation under indirect tax laws in Appellate Tribunals, High Court or Supreme Court to be eligible for appointment as Judicial Member;
 - minimum eligibility age for appointment as President and Member to be 50 years;
 - President and Members shall have tenure up to a maximum age of 70 & 67 years respectively

¹ Determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilized for any reason other than fraud or any willful mis-statement or suppression of facts

² Determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilized by reason of fraud or any willful mis-statement or suppression of facts

- ii. As recommended by the GST Council in its 50th meeting, **Input Service Distributor (ISD)** mechanism to be made mandatory prospectively for distribution of ITC in respect of input services procured by Head Office (HO) from third party but attributable to both HO and Branch Office (BO) or exclusively to one or more BO

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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