

KEY HIGHLIGHTS OF THE 54th GST COUNCIL MEETING

The 54th Meeting of the GST Council was held on September 09, 2024 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 54th Meeting:

1. GST rate changes: Goods

SI	Goods	Recommendations
1	Cancer drugs namely Trastuzumab Deruxtecan, Osimertinib and Durvalumab	<ul style="list-style-type: none">• 5% (reduced from 12%)
2	Roof Mounted Package Unit (RMPU) Air Conditioning Machines for Railways	<ul style="list-style-type: none">• 28% clarified• Classified under HSN 8415
3	Namkeens and extruded / expanded savory food products under HSN 1905 90 30 (other than unfried or un-cooked snack pellets manufactured through extrusion process which is taxable 5%)	<ul style="list-style-type: none">• 12% (reduced from 18%) applicable prospectively• At part with similar products under HSN 2106 90
4	Car and Motorcycle Seats	<ul style="list-style-type: none">• 28% (increased from 18%) applicable prospectively• Classified under HSN 9401

- i. GST under Reverse Charge Mechanism ('RCM') to be applicable on supply of metal scrap by an unregistered person to a registered person. Further, TDS @ 2% will be applicable on B2B metal scrap supplies by registered persons.

2. GST rate changes: Services

- i. Transport of passengers by helicopters on a seat-share basis to be taxed at 5%. Past cases to be regularized on 'as is where is' basis. Further, it is clarified that charter of helicopter will continue to attract GST @ 18%.
- ii. Supply of Research & Development services by a Government entity / notified institutions u/s 35 of the Income-tax Act, 1961 using Government or private grants to be exempt from GST. Past cases to be regularized on 'as is where is' basis.
- iii. Import of services by the Indian branch office of a foreign airline company from its related person outside India without consideration to be exempt from GST. Past cases to be regularized on 'as is where is' basis.
- iv. Renting commercial property by an unregistered person to a registered person to be taxable under RCM.

- v. Supply of incidental, ancillary or integral services for electricity transmission and distribution utilities to their consumers (such as application fees, meter rental charges, testing fees, labor charges, shifting charges, duplicate bills etc.) to be exempt from GST. Past cases to be regularized on 'as is where is' basis.
- vi. Approved flying training courses conducted by DGCA¹ approved training organizations clarified to be exempt from GST.
- vii. Preferential Location Charges (PLC) paid for construction services, before issuance of completion certificate, clarified to be treated as composite supply and taxable as main supply.
- viii. Affiliation services provided by:
 - Educational boards like CBSE clarified as taxable;
 - State / Central educational boards, educational councils and other similar bodies to Government Schools to be exempt prospectively. The issue for the past period between 01.07.2017 to 17.06.2021 to be regularized on 'as is where is' basis.
 - It is to be clarified by way of a Circular that Universities to their constituent colleges are not covered in the exemption Notification² and hence taxable @ 18%.
- ix. Ancillary / intermediate services provided by Goods Transport Agency (like loading / unloading, packing / unpacking, temporary warehousing etc.) in the course of transportation of goods by road clarified to be composite supply and hence taxable as main supply. Otherwise, if not in the course of transportation of goods and invoiced separately, it will not be treated as a composite supply.
- x. Where the film distributor / sub-distributor acts on a principal basis to acquire and distribute films, GST liability to be regularized for the past period prior to 01.10.2021 on 'as is where is' basis.

3. Trade facilitation measures

- i. The Council recommended Forms, procedure & conditions to be prescribed for availing amnesty scheme u/s 128A of the CGST Act for waiver of interest & penalties on tax demands raised u/s 73 for FY 2017-18 to FY 2019-20 to be made effective from November 1, 2024.
- ii. The Council recommended notifying sections 16(5)³ and 16(6)⁴ of the CGST [introduced vide Finance (No. 2) Act, 2024] retrospectively with effect from 01.07.2017 and to issue a Circular to clarify the procedure and issues related to implementation of the said sections.

Further, special procedure to be notified for rectifying Orders issued under sections 73, 74, 107 or 108 of the CGST Act where demand has been issued for wrong availment of Input Tax Credit (ITC) but now eligible under sections 16(5) and 16(6) of the CGST Act.

- iii. A Circular to be issued to clarify that IGST and Compensation Cess on inputs, imported without paying GST⁵, but paid subsequently with applicable interest, and the Bill of Entry is reassessed by

¹ Directorate General of Civil Aviation

² Notification No. 12/2017 - CT(R) dated 28.06.2017

³ Regularization of ITC on invoices / debit notes pertaining from FY 2017-18 to FY 2020-21 claimed in Form GSTR-3B filed till 30 November 2021

⁴ ITC to be available on invoices / debit notes from date of cancellation of registration till the date of order of revocation of cancellation of registration provided (1) Returns are filed within 30 days of the date of revocation order; (2) Time-limit for availment of ITC on the said invoice / debit note should not have expired as on the date of order of cancellation

⁵ Under Notification No. 78/2017-Customs and 79/2017-Customs both dated October 13, 2017

the Customs authorities, IGST paid on such exports & refunded will not be considered a violation of Rule 96(10) of the CGST Rules. Further, Rules 89(4A), 89(4B) and 96(10)⁶ of the CGST Rules proposed to be omitted prospectively to simply refund process.

- iv. GST Council recommended to constitute a Group of Ministers (GoM) to thoroughly examine the issues related to GST on life and health insurance. The GoM is expected to submit its report by the end of October 2024.

4. Circulars to provide clarification on following issues

- i. Place of Supply of advertising services provided by Indian advertising companies to foreign entities.
- ii. Availability of ITC on demo vehicles by the dealers of the vehicle manufacturers.
- iii. Place of Supply of data hosting services provided by service providers located in India to cloud computing service providers located outside India.

5. Other Proposals

- i. The Council recommended implementing e-invoicing for B2C transactions on a pilot project basis to prevent fake invoicing.
- ii. The Council took note of additional enhancements being made in the GST Returns, such as RCM ledgers, ITC Reclaim Ledger and Invoice Management System (IMS). IMS will allow the taxpayers to accept, reject or to keep the invoices pending for the purpose claiming ITC thus reducing ITC mismatch issues. The Taxpayers would be given an opportunity to declare the opening balance of these ledgers by October 31, 2024.

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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⁶ These Rules restrict refund on IGST exports in cases where the benefit under various schemes of the Foreign Trade Policy, 2023 such as EOU, STPI, EPCG, Advance Authorization etc. are claimed by the exporter on procurements subject to specified conditions.