

PACKED CURD, PANEER, ATTA TO ATTRACT 5% GST FROM TODAY

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Public Finance, Taxation & Black Money incl. Government Budgeting

Pre-packed food items will attract a 5% GST. SATHYAMOORTHY M

Customers will have to pay a 5% Goods and Services Tax (GST) on pre-packed, labelled food items such as *atta*, *paneer* and curd, besides hospital rooms with rents above Rs. 5,000, starting from Monday.

Hotel rooms with tariffs of up to Rs. 1,000 a day, maps and charts, including atlases, will attract a 12% GST, while cartons and fees charged by banks for the issue of cheques (loose or in book form) will attract 18%.

Last month, the GST Council, chaired by Union Finance Minister Nirmala Sitharaman and including her State Finance Minister, pruned the exemption list and imposed the tax on many goods and services.

Duty inversion removed

The Council, based on an interim report of the Group of Ministers (GoM) on rate rationalisation, removed duty inversion for goods where the taxes on inputs were higher than those on the output.

Tax rates on products such as printing, writing or drawing ink; knives with cutting blades, pencil sharpeners; LED lamps; and drawing instruments will be hiked to 18% on Monday, from 12% currently, to correct the inverted duty anomaly. Solar water heaters will now attract a 12% GST from the 5% earlier.

The tax on services such as work contracts for roads, bridges, railways, metro facilities, effluent treatment plants and crematoriums will go up to 18% from the current 12%.

Reduction & exemptions

Taxes will be cut on ostomy appliances and on transport of goods and passengers by ropeways to 5% from 12%.

Renting of trucks and goods carriages where the cost of fuel is included will now attract a lower 12% rate as against 18%.

The exemption on the transport of passengers by air to and from the northeastern States and Bagdogra will be restricted to economy class only.

Services rendered by regulators such as the RBI, the IRDA and the SEBI will be taxed at 18% and so will be renting of a residential dwelling to business entities.

Biomedical waste treatment facilities shall attract a 12% GST, while non-ICU hospital room rents exceeding Rs. 5,000 a day will be levied a 5% GST, without input tax credit, to the extent of the amount charged for the room.

Besides, individuals will be able to claim GST exemption for training or coaching in recreational activities relating to arts, culture or sports.

Electric vehicles, whether fitted with a battery pack or not, will be eligible for the concessional GST rate of 5% from July 18.

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