

RECOMMENDATIONS OF GST COUNCIL RELATED TO CHANGES IN GST RATES ON SUPPLY OF GOODS AND SERVICES

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Ministry of Finance

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The 39th GST Council met under the Chairmanship of Union Finance & Corporate Affairs Minister Smt Nirmala Sitharaman here today . The meeting was also attended by Union Minister of State for Finance & Corporate Affairs Shri Anurag Thakur besides Finance Ministers of States & UTs and seniors officers of the Ministry of Finance.

GST Council took following decisions relating to changes in GST rates on supply of goods and services.

1. The recommendation of the Fitment Committee for calibrating the GST rate structure to correct the inverted duty structure on various items like Mobile phones, Footwear, Textiles and Fertilizers was placed before the GST Council for discussion. The Council had a detailed discussion on the matter. Upon discussion the Council made the following recommendations:-

- i. To raise the GST rate on Mobile Phones and specified parts presently attracting 12% to 18%.
- ii. To deliberate the issue of calibrating the rate in other items for removing inversion in future meetings with further consultation and examination of issue.

2. GST rate on all types of matches (Handmade and other than Handmade) has been rationalised to 12% (from 5% on Handmade matches and 18% on other matches). This would address the classification issues. This issue was deliberated earlier in the 37th meeting and was pending for decision.

3. To reduce GST rate on Maintenance, Repair and Overhaul (MRO) services in respect of aircraft from 18% to 5% with full ITC and to change the place of supply for B2B MRO services to the location of recipient. This change is likely to assist in setting up of MRO services in India.

Domestic MRO will also get protection due to 5% tax paid under section 3(7) of the Customs Tariff Act, 1975 on most imported goods (sent abroad for repairs) as this tax is not available as credit.

Note: It is proposed to issue notifications giving effect to these recommendations of the Council on 01st April, 2020.

[This note presents the decision of the GST Council in simple language for easy understanding which would be given effect to through Gazette notifications/ circulars which shall have force of law.]

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