

RECOMMENDATIONS OF 45TH GST COUNCIL MEETING

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

Council also recommends major changes in GST rates and scope of exemption on Services

Recommends several clarifications in relation to GST rates on Goods and Services

Council recommends several measures relating to GST law and procedure

Council decides to set up 2 GoMs to examine issue of correction of inverted duty structure for major sectors and for using technology to further improve compliance, including monitoring

The GST Council's 45th meeting was held today in Lucknow under the chairmanship of the Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman. The GST Council has *inter-alia* made the **following recommendations relating to changes in GST rates on supply of goods and services and changes related to GST law and procedure:**

I. Recommendations relating to GST rates on goods and services

A. COVID-19 relief measure in form of GST rate concessions

1. Extension of existing concessional GST rates (currently valid till 30th September, 2021) on following Covid-19 treatment drugs, up to 31st December, 2021, namely-
2. Reduction of GST rate to 5% on more Covid-19 treatment drugs, up to 31st December, 2021, namely-

B. Major recommendations on GST rate changes in relation to Goods [w.e.f 1.10.2021 unless otherwise stated]

S. No.

Description

From

To

GST rate changes

1.

Retro fitment kits for vehicles used by the disabled

Appl. rate

5%

2.

Fortified Rice Kernels for schemes like ICDS etc.

18%

5%

3.

Medicine Keytruda for treatment of cancer

12%

5%

4.

Biodiesel supplied to OMCs for blending with Diesel

12%

5%

5.

Ores and concentrates of metals such as iron, copper,
aluminum, zinc and few others

5%

18%

6.

Specified Renewable Energy Devices and parts

5%

12%

7.

Cartons, boxes, bags, packing containers of paper etc.

12%/18%

18%

8.

Waste and scrap of polyurethanes and other plastics

5%

18%

9.

All kinds of pens

12%/18%

18%

10.

Railway parts, locomotives & other goods in Chapter 86

12%

18%

11.

Miscellaneous goods of paper like cards, catalogue,
printed material (Chapter 49 of tariff)

12%

18%

12.

IGST on import of medicines for personal use, namely

12%

Nil

13.

IGST exemption on goods supplied at Indo-Bangladesh

Border *haats*

Appl. rate

Nil

14.

Unintended waste generated during the production of fish meal except for Fish Oil

Nil (for the

period 1.7.2017 to 30.9.2019)

C. Other changes relating to GST rates on goods

D. Correction in Inverted Duty structure in Footwear and Textiles sector

GST rate changes in order to correct inverted duty structure, in footwear and textiles sector, as was discussed in earlier GST Council Meeting and was deferred for an appropriate time, will be implemented with effect from 01.01.2022.

E. In terms of the recent directions of the Hon'ble High Court of Kerala, the issue of whether specified petroleum products should be brought within the ambit of GST was placed for consideration before the Council. After due deliberation, the Council was of the view that it is not appropriate to do so at this stage.

F. Major GST changes in relation to rates and scope of exemption on Services [w.e.f 1.10.2021 unless otherwise stated]

No.

Description

From

To

1.

Validity of GST exemption on transport of goods by vessel and air from India to outside India is extended upto 30.9.2022.

-

Nil

2.

Services by way of grant of National Permit to goods carriages on payment of fee

18%

Nil

3.

Skill Training for which Government bears 75% or more of the expenditure [presently exemption applies only if Govt funds 100%].

18%

Nil

4.

Services related to AFC Women's Asia Cup 2022.

18%

Nil

5.

Licensing services/ the right to broadcast and show original films, sound recordings, Radio and Television programmes [to bring parity between distribution and licencing services]

12%

18%

6.

Printing and reproduction services of recorded media where content is supplied by the publisher (to bring it on parity with *Colour printing of images from film or digital media*)

12%

18%

7.

Exemption on leasing of rolling stock by IRFC to Indian Railways withdrawn.

8.

E Commerce Operators are being made liable to pay tax on following services provided through them

9.

Certain relaxations have been made in conditions relating to IGST exemption relating to import of goods on lease, where GST is paid on the lease amount, so as to allow this exemption even if (i) such goods are transferred to a new lessee in India upon expiry or termination of lease; and (ii) the lessor located in SEZ pays GST under forward charge.

G. Clarification in relation to GST rate on Goods

H. Clarification in relation to GST rate on services

II. On the issue of compensation scenario, a presentation was made to the Council wherein it was brought out that the revenue collections from Compensation Cess in the period beyond June 2022 till April 2026 would be exhausted in repayment of borrowings and debt servicing made to bridge the gap in 2020-21 and 2021-22. In this context various options, as have been recommended by various committees/ forums were presented. The Council deliberated at length on the issue. The Council decided to set up a GoM to examine the issue of correction of inverted duty structure for major sectors; rationalize the rates and review exemptions from the point of view of revenue augmentation, from GST. It was also decided to set up a GoM to discuss ways and means of using technology to further improve compliance including monitoring through improved e-way bill systems, e-invoices, FASTag data and strengthening the institutional mechanism for sharing of intelligence and coordinated enforcement actions by the Centre and the States.

III. Recommendations relating to GST law and procedure

I. Measures for Trade facilitation:

Requirement of filing **FORM GST ITC-04** under rule 45 (3) of the CGST Rules has been relaxed as under:

J. Measures for streamlining compliances in GST

K. GST Council has also recommended amendments in certain provisions of the Act and Rules.

Note: The recommendations of the GST Council have been presented in this release containing major item of decisions in simple language for information of all stakeholders. The same would be given effect through relevant Circulars/ Notifications/ Law amendments which alone shall have the force of law.

RM/KMN

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F. Major GST changes in relation to rates and scope of exemption on Services [w.e.f 1.10.2021 unless otherwise stated]

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