GST COUNCIL RECOMMENDS GST RATES REDUCTION ON SEVERAL GOODS &for specified handicraft items

GST rates have been recommended to be brought down to Nil on Sanitary Napkins &Rakhi& more Goods

GST Council recommends for allowing refund to fabrics on account of inverted duty structure

Rate change made in respect of footwear

Posted On: 21 JUL 2018 9:00PM by PIB Delhi

The GST Council in its 28th meeting held here today under the Chairmanship of Shri Piyush Goyal , Union Minister for Railways , Coal , Finance & Corporate Affairs  took following decisions on GST Rate on Goods .

1. **GST rates reduction on 28% items:**
2. **28% to 18%**
* Paints and varnishes (including enamels and lacquers)
* Glaziers’ putty, grafting putty, resin cements
* Refrigerators, freezers and other refrigerating or freezing equipment including water cooler, milk coolers, refrigerating equipment for leather industry, ice cream freezer etc.
* Washing machines.
* Lithium-ion batteries
* Vacuum cleaners
* Domestic electrical appliances such as food grinders and mixers & food or vegetable juice extractor, shaver, hair clippers etc
* Storage water heaters and immersion heaters, hair dryers,  hand dryers, electric smoothing irons etc
* Televisions upto the size of 68 cm
* Special purpose motor vehicles. e.g., crane lorries, fire fighting vehicle, concrete mixer lorries, spraying lorries
* Works trucks [self-propelled, not fitted with lifting or handling equipment] of the type used in factories, warehouses, dock areas or airports for short transport of goods.
* Trailers and semi-trailers.
* Miscellaneous articles such as scent sprays and similar toilet sprays, powder-puffs and pads for the application of cosmetics or toilet preparations.
1. **28% to 12%**
* Fuel Cell Vehicle. Further, Compensation cess shall also be exempted on fuel cell vehicle.

1. **Refund of accumulated credit on account of inverted duty structure to fabric manufacturers:**Fabrics attract GST at the rate of 5% subject to the condition that refund of accumulated ITC on account of inversion will not be allowed. However, considering the difficulty faced by the Fabric sector on account of this condition, the GST Council has recommended for allowing refund to fabrics on account of inverted duty structure. The refund of accumulated ITC shall be allowed only with the prospective effect on the purchases made after the notification is issued.
* **III. GST rates have been recommended to be brought down from,-**
1. **18%12%/5% to Nil:**
* Stone/Marble/Wood Deities
* Rakhi [other than that of precious or semi-precious material of chapter 71]
* Sanitary Napkins,
* Coir pith compost
* Sal Leaves siali leaves and their products and Sabai Rope
* PhoolBhariJhadoo [Raw material for Jhadoo]
* Khali dona.
* Circulation and commemorative coins, sold by Security Printing and Minting Corporation of India Ltd [SPMCIL] to Ministry of Finance.
1. **12% to 5%:**
* Chenille fabrics and other fabrics under heading 5801
* Handloom dari
* Phosphoric acid (fertilizer grade only).
* Knitted cap/topi having retail sale value not exceeding Rs 1000
1. **18% to 12%:**
* Bamboo flooring
* Brass Kerosene Pressure Stove.
* Hand Operated Rubber Roller
* Zip and Slide Fasteners
1. **18% to 5%:**
* Ethanol for sale to Oil Marketing Companies for blending with fuel
* Solid bio fuel pellets
* **IV. Rate change made in respect of footwear**
* 5% GST is being extended to footwear having a retail sale price up to Rs. 1000 per pair
* Footwear having a retail sale price exceeding Rs. 1000 per pair will continue to attract 18%

1. **GST rates have been recommended to be brought down for specified handicraft items [as per the definition of handicraft, as approved by the GST council] from,-**
2. **18% to 12%:**
* Handbags including pouches and purses; jewellery box
* Wooden frames for painting, photographs, mirrors etc
* Art ware of cork [including articles of sholapith]
* Stone art ware, stone inlay work
* Ornamental framed mirrors
* Glass statues [other than those of crystal]
* Glass art ware [ incl. pots, jars, votive, cask, cake cover, tulip bottle, vase ]
* Art ware of iron
* Art ware of brass, copper/ copper alloys, electro plated with nickel/silver
* Aluminium art ware
* Handcrafted  lamps (including panchloga lamp)
* Worked vegetable or mineral carving, articles thereof, articles of wax, of stearin, of natural gums or natural resins or of modelling pastes etc, (including articles of lac, shellac)
* Ganjifa card
1. **12% to 5%:**
* Handmade carpets and other handmade textile floor coverings (including namda/gabba)
* Handmade lace
* Hand-woven tapestries
* Hand-made braids and ornamental trimming in the piece
* Toran

1. **Miscellaneous Change relating to valuation of a supply:**

* IGST @5% on Pool Issue Price (PIP) of Urea imported on Govt. account for direct agriculture use, instead of assessable value plus custom duty.
* Exemption from Compensation cess to Coal rejects from washery [arising out of cess paid coal on which ITC has not been taken].

1. **Clarifications/amendments as regards applicability of GST rate in respect of certain goods recommended by GST Council which *inter-alia* includes:**

1. Milk enriched with vitamins or minerals salt (fortified milk) is classifiable under HS code 0401 as milk and exempt from GST.
2. 5% GST on both treated (modified) tamarind kernel powder and plain (unmodified) tamarind kernel powder.
3. Beet and cane sugar, including refined beet and cane sugar, (falling under heading 1701) attracts 5% GST rate.
4. Water supplied for public purposes (other than in sealed containers) does not attract GST.
5. Marine engine (falling under sub-heading 8408 10 93) attracts 5% GST rate.
6. Kota stone and similar stones [ other than marble and granite] other than polished will attracts 5% GST, while ready to use polished Kota stoneand similar stones will attracts 18%.
7. Certain other miscellaneous clarification as regards classification/rate have been recommended

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

***DSM/RM***

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Ministry of Finance

GST rate on Services
Posted On: 21 JUL 2018 8:41PM by PIB Delhi

The GST Council in its 28th meeting held here today under the Chairmanship of Shri Piyush Goyal , Union Minister for Railways , Coal , Finance & Corporate Affairs  took following decisions relating to exemptions / changes in GST rates / ITC eligibility criteria, rationalization of rates / exemptions and clarification on levy of GST on services. The decisions of the GST Council enclosed as annexure has been presented in simple language for ease of understanding which would be given effect to through Gazette notifications/ circulars which shall have force of law.

It would be noted that multiple reliefs from GST taxation have been provided to following categories of services –

(i) Agriculture, farming and food processing industry,

(ii) Education, training and skill development,

(iii) Pension, social security and old age support.

Hotel industry has been given major relief by providing that the rate of tax on accommodation service shall be based on transaction value instead of declared tariff.

Services provided in sectors like banking, IT have been provided relief by exempting services supplied by an establishment of a person in India to any establishment of that person outside India [related party].

As a green initiative, GST on supply of e-books has been reduced from 18 to 5%.

**For details of major decisions on services, annexure to this press note may be referred.**

**It is proposed to issue notifications giving effect to these recommendations of the Council with effect from27th July , 2018.**

DSM/RM

**ANNEXURE - EXEMPTIONS / CHANGES IN GST RATES AND SERVICES**

**Sector –Farmers/ Agriculture/ Food Processing**

1.         Exempt services by way of artificial insemination of livestock (other than horses).

2.         Exempt warehousing of minor forest produce in line with exemptions provided to the agricultural produce.

3.         Exempt the works of installation and commissioning undertaken by DISCOMS/ electricity distribution companies for extending electricity distribution network upto the tube well of the farmer/ agriculturalist for agricultural use.

4.         Exempt services provided by FSSAI to food business operators.

**Education/ Training/ Skill Development**

5.         Reduce rate of GST from 18% to 5% on supply only of e-books for which print version exist.

**Social Security/ Pension Security/ Senior Citizens**

6.         Exempt services provided by Coal Mines Provident Fund Organisationto the PF subscribers from the applicability of GST on the lines of EPFO.

7.         Exempt supply of services by an old age home run by State / Central Government or by a body registered under 12AA of Income Tax Act) to its residents (aged 60 years or more) against consideration upto Rupees Twenty Five Thousand per month per member provided consideration is inclusive of charges for boarding, lodging and maintenance.

8.         Exempt GST on the administrative fee collected by National Pension System Trust.

9.         Exempt services provided by an unincorporated body or a non-profit entity registered under any law for the time being in force, engaged in activities relating to the welfare of industrial or agricultural labour or farmer; or for the promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment, to own members against consideration in the form of  membership fee up to an amount of one thousand rupees per member per year.

**Banking/ Finance/ Insurance**

10.       Exempt Reinsurance Services provided to specified Insurance Schemessuch as Pradhan Mantri Rashtriya Swasthya Suraksha  Mission (PMRSSM) (Ayushman Bharat), funded by Government.

**Government Services**

11.       Exempt services provided by Government to ERCC by way of assigning the right to collect royalty, DMFT etc. from the mining lease holders.

12.       Exempt the guarantees given by Central/State Government/UT administration to their undertakings/PSUs.

**Miscellaneous**

13.       ExemptGST on import of services by Foreign Diplomatic Missions/ UN & other International Organizations based on reciprocity.

14.Exempt services supplied by an establishment of a person in India to any establishment of that person outside India, which are treated as establishments of distinct persons in accordance with Explanation I in section 8 of the IGST Act provided the place of supply is outside the taxable territory of India in accordance with section 13 of IGST Act

15.       Prescribe GST rate slabs on accommodation service based on transaction value instead of declared tariff which is likely to provide major relief to the hotel industry.

16.       Prescribe GST rate of 12% with full ITC under forward charge for composite supply of multimodal transportation.

17.       Rationalize thenotificationentry prescribing reduced GST rate on composite supply of works contract received by the Government or a local authority in the course of their sovereign functions.

18.       Rationalize entry relating to composite supply of food and drinks in restaurant, mess, canteen, eating joints and such supplies to institutions (educational, office, factory, hospital) on contractual basis at GST rate of 5%; and making it clear that the scope of outdoor catering under 7(v) is restricted to supplies in case of outdoor/indoor functions that are event based and occasional in nature.

**Clarifications**

19.       Supply of services provided by State and Central educational boards to students for conduct of examination will be clarified to be exempt.

20.       To clarify that the courses run by private ITIs for designated trades are exempt under GST whereas non-designated courses are taxable.

21.       To clarify that GST on premium paid by the Governments for implementing PradhanMantri Rashtriya Swasthya Suraksha  Mission (PMRSSM) (Ayushman Bharat) is exempt from GST.

22.       To provide clarification on applicability of Service Tax / GST on services rendered by an Indian Architect- Consultant in relation to immovable property located outside India to Indian Diplomatic Missions/Posts abroad.

23.       To clarify to Auroville foundation that‘maintenance’ paid by it to Auroviliansis not liable to GST.

24.       To insert an explanation in notification No. 13/2017-Central Tax(Rate) to define the term renting of immovable property.

25.       To clarify that certain services such as “deposit works(expenses for providing electric line/plant)” related to distribution of electricity provided by DISCOM, attract GST.

**Export / other trade facilitation measures**

26.       Extend the exemption granted on outward transportation of all goods by air and sea by another one year i.e. upto 30th September, 2019 as relief to the exporter of goods.

27.       Place liability to pay GST on services provided by individual DSAs to banks/NBFCs under reverse charge on the buying banks/NBFCs. However, services by non-individual NBFCs (corporate, partnership firms) to banks/NBFCs would continue under forward charge, as at present.

GST council approves Simplified GST Return
Posted On: 21 JUL 2018 8:30PM by PIB Delhi

The GST Council in its 28th meeting held here today under the Chairmanship of Shri PiyushGoyal , Union Minister for Railways , Coal , Finance & Corporate Affairs has approved the new return formats and associated changes in law. It may be recalled that in the 27thmeeting held on 4thof May, 2018 the Council had approved the basic principles of GST return design and directed the law committee to finalize the return formats and changes in law. The formats and business process approved today were in line with the basic principles with one major change i.ethe option of filing quarterly return with monthly payment of tax in a simplified return format by the small tax payers.

All taxpayers excluding small taxpayers and a few exceptions like ISD etc. shall file one monthly return. The return is simple with two main tables. One for reporting outward supplies and one for availing input tax credit based on invoices uploaded by the supplier. Invoices can be uploaded continuously by the seller and can be continuously viewed and locked by the buyer for availing input tax credit. This process would ensure that very large part of the return is automatically filled based on the invoices uploaded by the buyer and the seller. Simply put, the process would be “UPLOAD – LOCK – PAY” for most tax payers.

Taxpayers would have facility to create his profile based on nature of supplies made and received. The fields of information which a taxpayer would be shown and would be required to fill in the return would depend on his profile.

NIL return filers (no purchase and no sale) shall be given facility to file return by sending SMS.

**The Council approved quarterly filing of return for the small taxpayers having turnover below Rs. 5 Cr as an optional facility. Quarterly return shall be similar to main return with monthly payment facility but for two kinds of registered persons – small traders making only B2C supply or making B2B + B2C supply.**For such taxpayers, simplified returns have been designed called  Sahaj and Sugam. In these returns details of information required to be filled is lesser than that in the regular return.

The new return design provides facility for amendment of invoice and also other details filed in the return. Amendment shall be carried out by filing of a return called amendment return. Payment would be allowed to be made through the amendment return as it will help save interest liability for the taxpayers.

**93% of the taxpayers have a turnover of less than Rs 5 Cr and these taxpayers would benefit substantially from the simplification measures proposed improving their ease of doing business. Even the large taxpayers would find the design of new return quite user friendly.**

Recommendations made during the 28thmeeting of the GST Council held in New Delhi on 21st2018

Amendments to the CGST Act, 2017, IGST Act, 2017, UTGST Act2017, and GST (Compensation to States) Act, 2017

Posted On: 21 JUL 2018 8:22PM by PIB Delhi

The GST Council in its 28thmeeting held here today has recommended certain amendments in the CGST Act, IGST Act, UTGST Act and the GST (Compensation to States) Act.

2.         The major recommendations are as detailed below:

1. Upper limit of turnover for opting for composition scheme to be raised from Rs. 1 crore to Rs. 1.5 crore. Present limit of turnover can now be raised on the recommendations of the Council.
2. Composition dealers to be allowed to supply services (other than restaurant services), for upto a value not exceeding 10% of turnover in the preceding financial year, or Rs. 5 lakhs, whichever is higher.
3. Levy of GST on reverse charge mechanism on receipt of supplies from unregistered suppliers, to be applicable to only specified goods in case of certain notified classes of registered persons, on the recommendations of the GST Council.
4. The threshold exemption limit for registration in the States of Assam, Arunachal Pradesh, Himachal Pradesh, Meghalaya,Sikkim and Uttarakhandto be increased to Rs. 20 Lakhs from Rs. 10 Lakhs.
5. Taxpayers may opt for multiple registrations within a State/Union territory in respect of multiple places of business located within the same State/Union territory.
6. Mandatory registration is required for only those e-commerce operators who are required to collect tax at source.
7. Registration to remain temporarily suspended while cancellation of registration is under process, so that the taxpayer is relieved of continued compliance under the law.
8. The following transactions to be treated as no supply (no tax payable) under Schedule III:
9. Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods enteringinto India;
10. Supply of warehoused goods to any person before clearance for home consumption; and
11. Supply of goods in case of high sea sales.
12. Scope of input tax credit is being widened, and it would now be made available in respect of the following:
13. Most of the activities or transactions specified in Schedule III;
14. Motor vehicles for transportation of persons having seating capacity of more than thirteen (including driver), vessels and aircraft;
15. Motor vehicles for transportation of money for or by a banking company or financial institution;
16. Services of general insurance, repair and maintenance in respect of motor vehicles, vessels and aircraft on which credit is available; and
17. Goods or services which are obligatory for an employer to provide to its employees, under any law for the time being in force.
18. In case the recipient fails to pay the due amount to the supplier within 180 days from the date of issue of invoice, the input tax credit availed by the recipient will be reversed, but liability to pay interest is being done away with.
19. Registered persons may issue consolidated credit/debit notes in respect of multiple invoices issued in a Financial Year.
20. Amount of pre-deposit payable for filing of appeal before the Appellate Authority and the Appellate Tribunal to be capped at Rs. 25 Crores and Rs. 50 Crores, respectively.
21. Commissioner to be empowered to extend the time limit for return of inputs and capital sent on job work, upto a period of one year and two years, respectively.
22. Supply of services to qualify as exports, even if payment is received in Indian Rupees, where permitted by the RBI.
23. Place of supply in case of job work of any treatment or process done on goods temporarily imported into India and then exported without putting them to any other use in India, to be outside India.
24. Recovery can be made from distinct persons, even if present in different State/Union territories.
25. The order of cross-utilisation of input tax credit is being rationalised.

3.         These amendments will now be placed before the Parliament and the legislature of State and Union territories with legislatures for carrying out the amendments in the respective GST Acts.

Recommendations on opening of migration window for tax payers till 31stAugust ,2018

Posted On: 21 JUL 2018 8:25PM by PIB Delhi

            The GST Council in its 28th meeting held here today  has approvedthe proposal to open the migration window for taxpayers, who received provisional IDs but could not complete the migration process.

The taxpayers who filed**Part A** of **FORM GST REG-26**, but not **Part B** of the said FORM are requested to approach the jurisdictional Central Tax/State Tax nodal officerswith the necessary details **on or before 31stAugust, 2018**.

The nodal officer would then forward the details to GSTN for enabling migration of such taxpayers.

It has also been decided to waive the late fee payable for delayed filing of return in such cases.Such taxpayers are required to first file the returns on payment of late fees, and the waiver will be effected by way of reversal of the amount paid as late fees in the cash ledger under the tax head.

Taxpayers who intend to complete the migration process are requested to approach their jurisdictional Central Tax/State Tax nodal officers in this regard.