



## **Recommendations during 54<sup>th</sup> meeting of the GST Council**

Following recommendations were made relating to changes in GST tax rates, provide relief to individuals, measures for facilitation of trade and measures for streamlining compliances in GST.

### **GOODS:**

#### **Namkeens and Extruded/Expanded Savoury food products:-**

- The GST rate of products falling under HS 1905 90 30 to be reduced from 18% to 12% prospectively (at par with Namkeens, Chabena, Bhujia and similar ready to eat products). The GST rate of 5% will continue on un-fried or un-cooked snack pellets, by whatever name called, manufactured through process of extrusion.

#### **Cancer Drugs:-**

- The GST rate on cancer drugs namely, Trastuzumab Deruxtecan, Osimertinib and Durvalumab to be reduced from 12% to 5%.

#### **Metal Scrap:-**

- RCM on supply of metal scrap by unregistered person to registered person
- 2% TDS in B2B supply

**Roof Mounted Package Unit (RMPU) Air Conditioning Machines for Railways would be classified under HSN 8415 attracting a GST rate of 28%.**

#### **Car and Motor cycle seats:-**

- Car seats to be clarified as classifiable under 9401 at GST rate @18% at present. At the same time, the GST rate on car seats to be increased from 18% to 28% prospectively.



## **SERVICES:**

### **Life and Health insurance:-**

- Recommended to constitute a Group of Ministers (GOM) to holistically look into the issues pertaining to GST on the life insurance and health insurance.

### **Transport of passengers by helicopters:-**

- 5% GST on transportation of passengers by helicopter on seat sharing basis.
- Charter of helicopter will continue to attract 18% GST.

### **Flying training courses conducted by DGCA approved Flying Training Organizations (FTOs) are exempt from the levy of GST.**

### **Supply of research and development services:-**

- exempt supply of R&D services by a Government Entity; or a research association, university, college or other institution, notified under clauses (ii) or (iii) of sub-section (1) of section 35 of the Income Tax Act, 1961 using Government or private grants.

### **Preferential Location Charges (PLC):-**

- PLC paid along with the consideration for the construction services of residential/commercial/industrial complex before issuance of completion certificate forms part of composite supply where supply of construction services is the main service and PLC is naturally bundled with it and are eligible for same tax treatment as the main supply that is, construction service.

### **Affiliation services:-**

- Exemption to affiliation services provided by State/Central educational boards, educational councils and other similarly placed bodies to Government Schools prospectively.



- GST at the rate of 18% is applicable on the affiliation services provided by the universities.

**To exempt import of services by an establishment of a foreign airlines company from a related person or any of its establishment outside India, when made without consideration.**

**RCM on renting of commercial property by unregistered person to registered person.**

**Ancillary/intermediate service to GTA**

- To clarify that services like loading/unloading, packing/unpacking, transshipment, temporary warehousing etc provided in the course of transportation will be treated as part of composite supply.
- If such services are not provided in the course of transportation of goods and invoiced separately, then these services will not be treated as composite supply of transport of goods (GTA).

**Other changes:**

- Regularise GST liability for the past period prior to 01.10.2021 on 'as is where is' basis, where the film distributor or sub-distributor acts on a principal basis to acquire and distribute films.
- Exempt supply of services which are incidental, ancillary or integral to the supply of transmission and distribution of electricity by transmission and distribution utilities to their consumers, when provided as a composite supply.

**Measures for facilitation of trade:**

- Recommended insertion of rule 164 in CGST Rules, 2017, along with certain Forms, providing for the procedure and conditions for availment of benefit of waiver of interest or penalty or both, relating to tax demands under section 73 of CGST Act, pertaining to FYs 2017-18, 2018-19 and 2019-20, as per section 128A of CGST Act. The Council also recommended to notify under subsection (1) of



section 128A of CGST Act, 31.03.2025 as the date on or before which the payment of tax may be made by the registered persons, to avail the said benefit as per section 128A of the CGST Act. The Council also recommended that section 146 of Finance (No. 2) Act, 2024, which provides for insertion of section 128A in CGST Act, 2017, may be notified with effect from 01.11.2024.

**Mechanism for implementation of newly inserted sub-section (5) and sub-section (6) in section 16 of CGST Act, 2017:**

- Section 118 and 150 of the Finance (No. 2) Act, 2024, which provides for insertion of 16 (5) and 16 (6) of CGST Act, 2017 retrospectively with effect from 01.07.2017, may be notified at the earliest.
- To notify Special procedure for rectification of orders against whom any order under section 73 or section 74 or section 107 or section 108 of the CGST Act has been issued confirming demand for wrong availment of input tax credit on account of contravention of provisions of 16 (4) of the CGST Act, but where such ITC is now available as per the provisions of 16 (5) or 16 (6) of the CGST Act, and where appeal against the said order has not been filed.
- Circular to be issued for clarification in connection with the procedure and various issues related to Section 16(5) and 16(6) of the CGST Act.

**Amendments in rule 89 and rule 96 of CGST Rules, 2017 and to provide clarification in respect of IGST refunds on exports where benefit of concessional/ exemption notifications specified under rule 96(10) of CGST Rules, 2017 has been availed on the inputs:**

- IGST paid on exports, refunded to the said exporter shall not be considered to be in contravention of provisions of sub-rule (10) of rule 96 of CGST Rules if:



- *the inputs were initially imported without payment of integrated tax and compensation cess by availing the benefit of Notifications 78/2017 – Customs dated 13.10.2017 or 79/2017 – Customs dated 13.10,2017,*
- *but IGST and compensation cess on such imported inputs are subsequently paid, along with applicable interest, and the Bill of Entry in respect of the import of the said inputs is got reassessed through the jurisdictional Customs authorities*
- Recommended to prospectively omit rule 96(10), rule 89(4A) & rule 89(4B) from CGST Rules, 2017

### **Issuance of clarifications through the circulars to remove ambiguity and legal disputes in certain issues:**

1. Clarification on the Place of Supply of advertising services provided by Indian advertising companies to foreign entities.
2. Regarding availability of Input Tax Credit on demo vehicles by the dealers of the vehicle manufacturers.
3. Clarification on Place of Supply of data hosting services provided by service providers located in India to cloud computing service providers located outside India.

### **Other measures:**

- Recommended roll out of a pilot for **B2C e-Invoicing**.
- Introduction of a **Reverse Charge Mechanism (RCM) ledger**, an Input Tax Credit Reclaim ledger and an Invoice Management System (IMS). Taxpayers would be given the opportunity to declare their opening balance for these ledgers by 31<sup>st</sup> October 2024. IMS will allow the taxpayers to accept, reject, or to keep the invoices pending for the purpose of availment of Input Tax Credit.