

Recommendations by GST Council in 23rd Meeting held on 10.11.2017

Changes proposed to made in the Tax Rate of various goods:

Major changes in GST rates are proposed in the list attracting GST @ 28%. Details of which are given below:

- o Reduction in GST rate from 28% to 18%

Sr. No.	Description of Goods
1.	Wire, cables, insulated conductors, electrical insulators, electrical plugs, switches, sockets, fuses, relays, electrical connectors
2.	Electrical boards, panels, consoles, cabinets etc. for electric control or distribution
3.	Particle/fibre boards and ply wood. Article of wood, wooden frame, paving block
4.	Furniture, mattress, bedding and similar furnishing
5.	Trunk, suitcase, vanity cases, brief cases, travelling bags and other hand bags, cases
6.	Detergents, washing and cleaning preparations
7.	Liquid or cream for washing the skin
8.	Shampoos; Hair cream, Hair dyes (natural, herbal or synthetic) and similar other goods; henna powder or paste, not mixed with any other ingredient;
9.	Pre-shave, shaving or after-shave preparations, personal deodorants, bath preparations, perfumery, cosmetic or toilet preparations, room deodorisers
10.	Perfumes and toilet waters
11.	Beauty or make-up preparations
12.	Fans, pumps, compressors
13.	Lamp and light fitting
14.	Primary cell and primary batteries

15.	Sanitary ware and parts thereof of all kind
16.	Articles of plastic, floor covering, baths, shower, sinks, washbasins, seats, sanitary ware of plastic
17.	Slabs of marbles and granite
18.	Goods of marble and granite such as tiles
19.	Ceramic tiles of all kinds
20.	Miscellaneous articles such as vacuum flasks, lighters,
21.	Wrist watches, clocks, watch movement, watch cases, straps, parts
22.	Article of apparel & clothing accessories of leather, guts, furskin, artificial fur and other articles such as saddlery and harness for any animal
23.	Articles of cutlery, stoves, cookers and similar non electric domestic appliances
24.	Razor and razor blades
25.	Multi-functional printers, cartridges
26.	Office or desk equipment
27.	Door, windows and frames of aluminium.
28.	Articles of plaster such as board, sheet,
29.	Articles of cement or concrete or stone and artificial stone,
30.	Articles of asphalt or slate,
31.	Articles of mica
32.	Ceramic flooring blocks, pipes, conduit, pipe fitting
33.	Wall paper and wall covering
34.	Glass of all kinds and articles thereof such as mirror, safety glass, sheets, glassware
35.	Electrical, electronic weighing machinery
36.	Fire extinguishers and fire extinguishing charge
37.	Fork lifts, lifting and handling equipment,
38.	Bull dozers, excavators, loaders, road rollers, ,

39.	Earth moving and levelling machinery
40.	Escalators,
41.	Cooling towers, pressure vessels, reactors
42.	Crankshaft for sewing machine, tailor's dummies, bearing housings, gears and gearing; ball or roller screws; gaskets
43.	Electrical apparatus for radio and television broadcasting
44.	Sound recording or reproducing apparatus
45.	Signalling, safety or traffic control equipment for transports
46.	Physical exercise equipment, festival and carnival equipment, swings, shooting galleries, roundabouts, gymnastic and athletic equipment
47.	All musical instruments and their parts
48.	Artificial flowers, foliage and artificial fruits
49.	Explosive, anti-knocking preparation, fireworks
50.	Cocoa butter, fat, oil powder,
51.	Extract, essence and concentrates of coffee, miscellaneous food preparations
52.	Chocolates, Chewing gum / bubble gum
53.	Malt extract and food preparations of flour, groats, meal, starch or malt extract
54.	Waffles and wafers coated with chocolate or containing chocolate
55.	Rubber tubes and miscellaneous articles of rubber
56.	Goggles, binoculars, telescope,
57.	Cinematographic cameras and projectors, image projector
58.	Microscope, specified laboratory equipment, specified scientific equipment such as for meteorology, hydrology, oceanography, geology
59.	Solvent, thinners, hydraulic fluids, anti-freezing preparation

- Reduction in GST rate from 28% to 12%

Sr. No.	Description of Goods
1.	Wet grinders consisting of stone as grinder
2.	Tanks and other armoured fighting vehicles

- Reduction in GST rate from 18% to 12%

Sr. No.	Description of Goods
1.	Condensed milk
2.	Refined sugar and sugar cubes
3.	Pasta
4.	Curry paste, mayonnaise and salad dressings, mixed condiments and mixed seasoning
5.	Diabetic food
6.	Medicinal grade oxygen
7.	Printing ink
8.	Hand bags and shopping bags of jute and cotton
9.	Hats (knitted or crocheted)
10.	Parts of specified agricultural, horticultural, forestry, harvesting or threshing machinery
11.	Specified parts of sewing machine
12.	Spectacles frames
13.	Furniture wholly made of bamboo or cane

- Reduction in GST rate from 18% to 5%

Sr. No.	Description of Goods
1.	Puffed rice chikki, peanut chikki, sesame chikki, revdi, tilrevdi, khaza, kazuali, groundnut sweets gatta, kuliya
2.	Puffed rice chikki, peanut chikki, sesame chikki, revdi, tilrevdi,

	khaza, kazuali, groundnut sweets gatta, kuliya
3.	Chutney powder
4.	Fly ash
5.	Sulphur recovered in refining of crude
6.	Fly ash aggregate with 90% or more fly ash content

- o Reduction in GST rate from 12% to 5%

Sr. No.	Description of Goods
1.	Desiccated coconut
2.	Narrow woven fabric including cotton newar [with no refund of unutilised input tax credit]
3.	Idli, dosa batter
4.	Finished leather, chamois and composition leather
5.	Coir cordage and ropes, jute twine, coir products
6.	Coir cordage and ropes, jute twine, coir products
7.	Worn clothing
8.	Fly ash brick

- o Reduction in GST rate from 5% to Nil

Sr. No.	Description of Goods
1.	Guar meal
2.	Hop cone (other than grounded, powdered or in pellet form)
3.	Certain dried vegetables such as sweet potatoes, maniac
4.	Unworked coconut shell
5.	Fish frozen or dried (not put up in unit container bearing a brand name)
6.	Khandsari sugar

○ Other changes/reductions:

- Reduction of GST Rate on aircraft engines from 28%/18% to 5%, aircraft tyres from 28% to 5% and aircraft seats from 28% to 5%.
- GST rate on bangles of lac/shellac from 3% GST rate to Nil.

GSC Comments:

🕒 *New rates to be applicable from 15.11.2017 prospectively after issuance of notification*

🕒 **Changes proposed to made in the Tax Rate of various services:**

Current GST rates in case of restaurants are proposed to be reduced to:

- 5% GST **without availment of ITC**, on all Restaurants, including food parcel (or takeaways) other than those restaurants located in hotel premises having room tariff of more than Rs. 7,500 per unit per day.
- 18% GST **with full availment of ITC**, on restaurants in hotel premises having room tariff of Rs. 7,500 and above per unit per day.
- 5% GST **with full availment of ITC**, on job work services, in relation to manufacture of notified handicraft goods on which casual taxable person making taxable supplied of such goods is exempted from taking registration.

🕒 **Exemption from IGST/GST in certain specified cases:**

- Exemption from IGST on Import of following Goods:
 - Lifesaving medicine supplied free of cost by overseas supplier for patients, subject to certification by DGHS of Centre or State and certain other conditions.

- Goods (other than motor vehicles) under a lease agreement if IGST is paid on the lease amount.
 - Specified goods by a sports person of outstanding eminence, subject to specified conditions.
 - Coverage of more items, such as temporary import of professional equipment by accredited press persons visiting India to cover certain events, broadcasting equipments, sports items, testing equipment, under ATA carnet system. These goods are to be re-exported after the specified use is over.
- Exemption from GST on specified goods, such as scientific or technical instruments, software, prototype supplied to public funded research institution or a university or IISc, or IITs, or NIT.
 - Extension of IGST exemption presently applicable to skimmed milk powder or concentrated milk, when supplied to distinct person under section 25(4) for use in production of milk for distribution through dairy cooperatives to where such milk is distributed through companies registered under the Companies Act.
 - GST on services by way of admission to “protected monuments”.

Benefits to service providers:

- Hitherto, service suppliers were not required to take GST registration if they do not cross threshold limit of aggregate turnover of Rs. 20 Lakhs (Rs. 10 Lakhs in Special Category States except Jammu & Kashmir) irrespective of the fact that service providers are engaged in inter-state supplies. Now, supplier of services through e-commerce platform are also not required to obtain GST registration if aggregate turnover does not exceed Rs. 20 Lakhs (Rs. 10 Lakhs in Special Category States except Jammu & Kashmir).

- Exports of services to Nepal and Bhutan are already granted exemption from GST. Now, such exporters will also be eligible to claim Input Tax Credit in respect of goods or services used for effecting such supply of services to Nepal and Bhutan.

 **Explanation and Clarification of certain entries:**

In addition to the above changes, GST Council also announced certain explanation and clarification to advance ease of doing business.

o Exemption Entries, wherein-

- i) Services provided by Fair Price Shops to the Central Government, State Governments or Union Territories by way of sale of food grains, kerosene, sugar, edible oil, etc. under Public Distribution System (PDS) against consideration in the form of commission or margin, is being rationalized so as to remove ambiguity regarding list of items and the category of recipients to whom the exemption is available.
- ii) In case of “services provided to the Central Government, State Government, Union Territory, [a local authority, a Governmental Authority or a Government Entity] by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of civil structures. The word “services” will now be replaced by “Composite Supply of Works Contract”.
- iii) In Intellectual Properties Rights (“IPR” in short) in order to prevent litigation and dispute, that whether permanent transfer of IPR is supply of goods or service, following is proposed-
 - permanent transfer of Intellectual Property **other than Information Technology software** attracts 12% GST; and
 - permanent transfer of Intellectual Property in **respect of Information Technology software** attracts 18% GST.

- Inter-state movement of goods like- rigs, tools, spares and goods on wheel like cranes, not being in the course of furtherance of supply of such goods, not considered as SUPPLY.
- On supply of raw cotton by agriculturist, GST will be liable to be paid but by the recipient of such supply under reverse charge.
- 5% GST on supply of e-waste discarded as waste by consumer or bulk consumer.
- Credit of GST paid on aircraft engines, parts & accessories will be available for discharging GST on inter–state supply of such aircraft engines, parts & accessories by way of inter-state stock transfers between distinct persons as specified in section 25 of the CGST Act.
- A Circular will be issued clarifying that processed products such as tea (i.e. black tea, white tea etc.), processed coffee beans or powder, pulses (de-husked or split), jaggery, processed spices, processed dry fruits & cashew nuts etc. **fall outside the definition of agricultural produce given in notification No. 11/2017-CT(R) and 12/2017-CT(R) and therefore the exemption from GST is not available to their loading, packing, warehousing etc.**
- A suitable clarification will be issued that (i) services provided to the Central Government, State Government, Union territory under any insurance scheme for which total premium is paid by the Central Government, State Government, Union territory are exempt from GST under Sl. No. 40 of notification No. 12/2017-Central Tax (Rate); (ii) services provided by State Government by way of general insurance (managed by government) to employees of the State government/ Police personnel, employees of Electricity Department or students are exempt vide entry 6 of notification No. 12/2017-CT(R) which exempts Services by Central Government, State Government, Union territory or local authority to individuals.

 **Due dates:**

- All assessees have to file FORM GSTR-3B along with payment of tax by 20th of the succeeding month till March, 2018.
- Revised due dates for filing GSTR-1 till March, 2018:

Tax Payer	Periodicity	Period	Due date
Annual Turnover upto Rs. 1.50 Crore	Quarterly	July, 2017 to September, 2017	31.12.2017
		October, 2017 to December, 2017	15.02.2018
		January, 2017 to March, 2017	30.04.2018
Annual Turnover more than Rs. 1.50 Crore	Monthly	July, 2017	31.12.2017
		August, 2017	31.12.2017
		September, 2017	31.12.2017
		October, 2017	31.12.2017
		November, 2017	10.01.2018
		December, 2017	10.02.2018
		January, 2017	10.03.2018
		February, 2017	10.04.2018
March, 2017	10.05.2018		

- Due dates for filing GSTR-2 and GSTR-3 from July, 2017 to March, 2018 would be worked out by a Committee of officers.
- Presently, unless an assessee files all earlier period's returns, the assessee is not allowed to file further period's returns at GSTN Portal. Now, it is recommended that filing of GSTR-1 shall continue without requiring filing of GSTR-2 & GSTR-3 for the previous month/period.

- Revised due date of other returns/statements:

Return/ Statement	Category of persons	Period (Month)	Due date ¹	Extended Due Date
GSTR-4	Composite Dealer	July to September, 2017	15.11.2017	24.12.2017
GSTR-6	Input Service Distributor	July, 2017	15.11.2017	31.12.2017
GSTR-5	Non-resident taxable person	July, 2017	20.08.2017 or 7 days from the last date of registration, whichever is earlier	11.12.2017
GSTR-5A	OIDAR provided from outside India to a non- taxable online recipient	July, 2017	20.11.2017	15.12.2017

¹ Original Due date or extended due date from time to time

- Revised due date of other returns/statements/forms:

Return/ Statement	Details of Return/Statement	Period	Due date ²	Extended Due Date
GST TRAN-1	Carry forward of transitional Credits to GST	Credits till 30.06.2017	30.11.2017	31.12.2017
Revised GST TRAN-1	Following transitional details: <ul style="list-style-type: none"> Carry forward of transitional Credits to GST Declaration to be made in cases where Service tax and VAT both were paid in pre-GST era and supplies are made in post-GST era Details of stock held by principal and job worker Details of goods sent on approval basis 	Credits till 30.06.2017	30.11.2017	31.12.2017
GST ITC-04	Details of goods sent to job worker or received back	July to September, 2017	30.11.2017	31.12.2017

- Revised due dates for subsequent periods would be announced in due course.

² Original Due date or extended due date from time to time

 **Late filing fees:**

- Late filing fees for late filing of GSTR-3B for July, 2017 to September, 2017 was waived off. For refunding back the amount of late filing fees paid for July, August or September, 2017, the amount would be re-credited as 'tax' to Electronic Cash Ledger as against 'fees' head. This decision would be implemented post changes in software systems.
- From October, 2017 onwards, late filing fees per day would be reduced to 20/- (10/- CGST + 10/- SGST) from 200/- (100/- CGST + 100/- SGST) in case of returns with NIL tax liability.

 **Amendments in Composition Scheme:**

- Uniform rate of tax @ 1% under composition scheme for manufacturers and traders. Further, for traders, only supply of taxable goods would be counted in turnover.
- Following amendments to be made only after amendments in CGST and SGST Acts:
 - A Composition taxpayer would be allowed to supply services upto Rs. 5 Lakhs per annum by way of exemption
 - Eligibility criteria for composition scheme will be increased to annual turnover of Rs. 2 Crores from the present limit of Rs. 1 Crore. Eligibility for composition will be increased to Rs. 1.5 Crore per annum.

 **Benefits for Diplomatic Missions/UN organizations:**

To reduce compliance burden on Foreign Diplomatic Missions/UN Organizations, a centralized UIN will be issued to every Foreign Diplomatic Mission/UN Organization by the Central Government and all compliance for such agencies will be done by the Central Government in co-ordination with the Ministry of External Affairs.

 **Manual filing of Advance ruling application:**

Applicants may file application for advance ruling manually for the time being.

Relevant notifications for all of the above decisions will be issued shortly, so as to be effective from 15.11.2017.

GSC Comments:

- ☉ *Before announcement of these revised due dates, various tax payers have already uploaded their returns. For example, a small and medium enterprise having turnover less than 1.5 Crore have filed GSTR-1 for July, 2017. The unanswered question is how would such assessee file quarterly return for July, 2017 to September, 2017 i.e. whether the turnover of July, 2017 would be required to be reported once again or not.*
- ☉ *Due dates for GSTR-2 and GSTR-3 for July, 2017 to March, 2018 would be announced subsequently. Now, the challenge before Government and tax payers is to implement matching concept smoothly to clear backlogs and regularize return processes in shorter span.*
- ☉ *The above is the gist of press release on the basis of recommendations made by GST Council. To analyse the actual impact, one should wait for issuance of relevant notifications.*

Abbreviations used:

- GST** : Goods and Services tax
- CGST Act** : Central Goods and Services tax Act, 2017
- IGST Act** : Integrated Goods and Services tax Act, 2017
- CGST** : Central Goods and Services tax
- ITC** : Input Tax Credit
- HSN** : Harmonized System of Nomenclature

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