

**DECISIONS TAKEN IN 37th GST COUNCIL MEETING HELD ON**  
**20th SEPTEMBER 2019, AT GOA**

**Decisions regarding GST Rate Change**

<b>Rate Reduced</b>		
<b>Item</b>	<b>Current Rate (Up to 30th September 2019)</b>	<b>New Rate (Applicable from 1st October 2019)</b>
Parts of Slide Fasteners	18%	12%
Marine Fuel 0.5% (FO)	18%	5%
Wet Grinders (consisting stone as a grinder)	12%	5%
Dried tamarind	5%	NIL
Plates and cups made up of leaves/ flowers/bark	5%	NIL
cut and polished semi- precious stones	3%	.25%
Specified goods for petroleum operation under HELP*	Applicable Rate	5%
Cess on <u>Petrol Motor Vehicles</u> (1200 cc and length not exceeding 4000mm)-Capacity of 10-13 passengers[Previously capacity was 9 persons]	15%	1%
Cess on <u>Diesel Motor Vehicles</u> (1500 cc and length not exceeding 4000mm)-Capacity of 10-13 passengers[Previously capacity was 9 persons]	15%	3%
<b>Job Work Service</b> - Supply of job work services related to diamonds	5%	1.5%
<b>Job Work Service</b> - Supply of machine job work services related to engineering industry (except bus bodybuilding)	18%	12%
<b>Hospitality and tourism Sector</b> - Outdoor Catering (without ITC)	18%	5%
<b>Hospitality and tourism Sector</b> - Hotels (Room Tariff of Rs.7501 or above)	28%	18%
<b>Hospitality and tourism Sector</b> - Hotels (Room Tariff from Rs 1,001 to Rs 7,500)	18%	12%
<b>Hospitality and tourism Sector</b> - Hotels (Room Tariff Rs 1,000 and less)	Nil	NIL

<b>Rate Increased</b>		
<b>Item</b>	<b>Current Rate (Up to 30th September 2019)</b>	<b>New Rate (Applicable from 1st October 2019)</b>
Goods, falling under chapter 86 of tariff like railway wagons, coaches, rolling stock (without refund of accumulated ITC).	5%	12%
Caffeinated Beverages	18%	28% +12%
<p><b>Exempted from GST</b></p> <ul style="list-style-type: none"> <li>• Imports of specified defence goods not being manufactured indigenously (upto 2024)</li> <li>• Supply of goods and services to FIFA and other specified persons for organizing the Under-17 Women's Football World Cup in India.</li> <li>• Supply of goods and services to Food and Agriculture Organisation (FAO) for specified projects in India</li> <li>• <b>Warehousing Sector</b> - The following products stored at a warehouse or at storage units would be exempted from GST- <ul style="list-style-type: none"> <li>✓ Cereals</li> <li>✓ Pulses</li> <li>✓ Fruits</li> <li>✓ Nuts and vegetables</li> <li>✓ Spices</li> <li>✓ Copra</li> <li>✓ Sugarcane</li> <li>✓ Jiggery</li> <li>✓ Raw vegetable fibres such as cotton, flax, jute etc.</li> <li>✓ Indigo</li> <li>✓ Unmanufactured tobacco</li> <li>✓ Betel leaves</li> <li>✓ Tendu leaves</li> <li>✓ Rice</li> <li>✓ Coffee and tea</li> </ul> </li> <li>• <b>Transportation Sector</b> - To increase the validity of conditional exemption of GST on export freight by air or sea by another year, i.e. till 30.09.2020.</li> <li>• <b>Insurance Sector</b> - <ul style="list-style-type: none"> <li>✓ Bangla Shasya Bima (BSB): Farmers in West Bengal who have applied for BSB insurance scheme shall be exempted from GST charges.</li> <li>✓ Central Armed Paramilitary Forces: Life insurances provided to Central Armed Paramilitary Forces or to the family members under the group insurance schemes by Ministry of Home Affairs, shall be exempted from GST charges.</li> </ul> </li> </ul> <p>All these will be effective from 1st October 2019</p>		

## Measures for Export Promotion

### a) Exemption from GST/IGST:-

(i) at the time of import on Silver/Platinum by specified nominated agencies

(ii) supply of Silver/Platinum by specified nominated agency to exporters for exports of Jewellery,

**b)** Inclusion of Diamond India Limited (DIL) in the list of nominated agencies eligible for IGST exemption on imports of Gold/ Silver/Platinum so as to supply at Nil GST to Jewellery exporters.

**c)** To exempt services provided by an intermediary to a supplier of goods or recipient of goods when both the supplier and recipient are located outside the taxable territory.

**d)** To issue a notification under Section 13(13) of IGST Act notifying the place of supply of specified R&D services (such as Integrated discovery and development, Evaluation of the efficacy of new chemical/ biological entities in animal models of disease, Evaluation of biological activity of novel chemical/ biological entities in in-vitro assays, Drug metabolism and pharmacokinetics of new chemical entities, Safety Assessment/ Toxicology, Stability Studies, Bio Equivalence and Bio Availability Studies, Clinical trials, Bio analytical studies) provided by Indian pharma companies to foreign service recipients, as the place of effective use and enjoyment of a service i.e. location of the service recipient.

**e)** To clarify that the place of supply of chip design software R&D services provided by Indian companies to foreign clients by using sample test kits in India is the location of the service recipient and section 13(3)(a) of IGST Act, 2017 is not applicable for determining the place of supply in such cases.

## **Rationalisation/Trade Facilitation Measures**

**Reverse Charge Mechanism:** Security lending services can be filed at 18% under the reverse charge mechanism. For security lending services filed before the reverse charge mechanism, GST charges can be filed on a forward charge basis.

IGST will be applicable for services rendered and in case if CGST, SGST or UTGST has been paid, taxpayers are not required to pay again.

Services rendered by suppliers for body corporate entities on renting vehicles, a registered person other than LLP, proprietorship can avail 5% GST under reverse charge mechanism.

## **GST concession in certain cases for specific period**

- Exemption to Fishmeal for the period 01.07.17 to 30.09.19. There were doubts as regards taxability of fishmeal in view of the interpretational issues. However, any tax collected for this period shall be required to be deposited.
- 12% GST during the period 1.07.2017 to 31.12.2018, on pulley, wheels and other parts (falling under heading 8483) and used as parts of agricultural machinery.

## **Other Recommendation regarding GST Rate Change**

- A uniform GST rate of 12% on Polypropylene/Polyethylene Woven and Non- Woven Bags and sacks, whether or not laminated, of a kind used for packing of goods (from present rates of 5%/12%/18%)
- Aerated drink manufacturers shall be excluded from composition scheme.
- Option to pay GST at the rate of 18% on transaction value at the time of disposal of specified goods for petroleum operations (on which concessional GST rate of 5% was paid at the time of original

supply) provided that the goods are certified by Directorate General of Hydrocarbons (DGH) as non-serviceable.

- Restriction on refund of compensation cess on tobacco products (in case of inverted duty structure)
- Prescribing modalities for allowing concessions on spare parts imported temporarily by foreign airlines for repair of their aircraft, while in India in transit in terms of the Chicago Convention on Civil Aviation
- To allow payment of GST on securities lending service under reverse charge mechanism (RCM) at the merit rate of 18% and to clarify that GST on securities lending service for period prior to RCM period shall be paid on forward charge basis. IGST shall be payable on supply of these services and in cases where CGST/SGST/UTGST have been paid, such taxpayers will not be required to pay tax again.
- To allow RCM to suppliers paying GST @ 5% on renting of vehicles, from registered person other than body corporate (LLP, proprietorship) when services provided to body corporate entities.
- Registered authors can pay GST on the royalty amount claimed from the publishers. The GST can be filed under forwarding charge.
- To notify grant of liquor licence by State Governments against payment of license fee as a “no supply” to remove implementational ambiguity on the subject.

## **Recommendation regarding GST Annual Return and GST New Return**

- Small Regular Tax Payers having Turnover of sale or/and Services in preceding FY upto Rs.2 Crore are not required to upload Annual Return in form no. GSTR-9 for the FY-2017-2018 and FY-2018-2019 as it is made optional.
- Small Composition Tax Payers having Turnover of sale or/and Services in preceding FY upto Rs.2 Crore are not required to upload Annual Return in form no. GSTR-9A for the FY-2017-2018 and FY-2018-2019 as it is abolished.
- New GST returns in form no. GST Ret -1-Normal-Monthly, GST-Ret-1-Normal-Quarterly, Sahaj and Sugam shall be applicable from tax period April-2020. Earlier it was proposed to be applicable from October-2019
- Extension of last date for filing of appeals against orders of Appellate Authority before the GST Appellate Tribunal as the Appellate Tribunals are yet not functional
- In order to nudge taxpayers to timely file their statement of outward supplies, imposition of restrictions on availment of input tax credit by the recipients in cases where details of outward supplies are not furnished by the suppliers in the statement under section 37 of the CGST Act, 2017.

## **Other Recommendations**

Issuance of circulars for uniformity in application of law across all jurisdictions:

- a. procedure to claim refund in FORM GST RFD-01A subsequent to favourable order in appeal or any other forum;
- b. eligibility to file a refund application in FORM GST RFD-01A for a period and category under which a NIL refund application has already been filed; and

c. clarification regarding supply of Information Technology enabled Services (ITeS services) (in supersession of Circular No. 107/26/2019-GST dated 18.07.2019) being made on own account or as intermediary

Rescinding of Circular No.105/24/2019-GST dated 28.06.2019, ab-initio, which was issued in respect of post-sales discount.

Suitable amendments in CGST Act, UTGST Act, and the corresponding SGST Acts in view of creation of UTs of Jammu & Kashmir and Ladakh.

Integrated refund system with disbursal by single authority to be introduced from 24th September, 2019.

In principle decision to link Aadhar with registration of taxpayers under GST and examine the possibility of making Aadhar mandatory for claiming refunds.

In order to tackle the menace of fake invoices and fraudulent refunds, in principle decision to prescribe reasonable restrictions on passing of credit by risky taxpayers including risky new taxpayers