

Highlights of the 47th GST council meeting

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The 47th GST Council met under the chairmanship of Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman in Chandigarh on 28th and 29th of June, 2022. The meeting was attended by Union Minister of State for Finance, besides Finance Ministers of States & officers of Central, States & UTs. The GST Council has proposed an array of significant reforms and improvements in relation to GST rates on supply of goods and services, as well as GST law and procedure. The recommendations pertaining to GST rate changes shall be made effective from July 18, 2022, while those pertaining to GST law and procedure, shall be implemented from January 01, 2023.

The GST Council has inter-alia made the following recommendations including changes in law and procedure and GST rates:

Important changes in law and procedure

GSTR-3B amendments to be allowed: GST Council allowed amendments in GSTR-3B (monthly return). Further, it permitted auto-population of most details in Form GSTR-3B and annual returns in Form GSTR-9 for better compliance and ease in compliance. The Council was clear that the new GST return system would be withdrawn as it is no longer relevant. A proposal for comprehensive alterations in GSTR-3B will be placed before the public for seeking input.

GSTR-9 to continue with some relaxations: GSTR-9 and GSTR-9A continue to not be applicable to those with threshold turnover below Rs.2 crore for FY 2021-22. The limitation under Section 73 of the CGST Act for FY 2017-18 for issuance of orders relating to demands linked with the due date of annual return, is extended till 30th September 2023.

Relief to e-commerce suppliers: The Council allowed the e-commerce suppliers to register under the composition scheme for intrastate supplies easing their registration hassles and for reducing tax outgo. It will be implemented on 1st Jan 2023 once the IT system is ready.

Deadline extensions to composition taxpayers: GSTR-4 for FY 2021-22 to get a waiver of late fee for filing up to 28th July 2022 as against earlier extension of up to 30th June 2022. Also CMP-08 deadline for Apr-Jun 2022 (Q1 of FY 2022-23) to get an extension up to 30th July 2022 from 18th July 2022.

Changes in rates on Goods & Services

A. Rate rationalization to remove inverted duty structure

S. No.	Description	From	To
GOODS			
1	Printing, writing or drawing ink	12%	18%
2	Knives with cutting blades, Paper knives, Pencil sharpeners and blades therefor, Spoons, forks, ladles, skimmers, cake-servers etc.	12%	18%
3	Power driven pumps primarily designed for handling water such as centrifugal pumps, deep tube-well turbine pumps, submersible pumps; Bicycle pumps	12%	18%
4	Machines for cleaning, sorting or grading, seed, grain pulses; Machinery used in milling industry or for the working of cereals etc. Pawan Chakki that is Air Based Atta Chakki, Wet grinder;	5%	18%
5	Machines for cleaning, sorting or grading eggs, fruit or other agricultural produce and its parts, Milking machines and dairy machinery	12%	18%
6	LED Lamps, lights and fixture, their metal printed circuits board;	12%	18%
7	Drawing and marking out instruments	12%	18%
8	Solar Water Heater and system;	5%	12%
9	Prepared/finished leather/chamois leather / composition leathers;	5%	12%
10	Refund of accumulated ITC not to be allowed on flowing goods: i. Edible oils ii. Coal		
Services			
11	Services supplied by foreman to chit fund	12%	18%
12	Job work in relation to processing of hides, skins and leather	5%	12%

Services			
13	Job work in relation to manufacture of leather goods and footwear	5%	12%
14	Job work in relation to manufacture of clay bricks	5%	12%
15	Works contract for roads, bridges, railways, metro, effluent treatment plant, crematorium etc.	12%	18%
16	Works contract supplied to central and state governments, local authorities for historical monuments, canals, dams, pipelines, plants for water supply, educational institutions, hospitals etc. & sub-contractor thereof	12%	18%
17	Works contract supplied to central and state governments, union territories & local authorities involving predominantly earthwork and sub-contracts thereof	5%	12%

B. Other changes

S. No.	Description	From	To
Goods			
1.	Ostomy Appliances	12%	5%
2.	Orthopedic appliance- Splints and other fracture appliances; artificial parts of the body; other appliances which are worn or carried, or implanted in the body, to compensate for a defect or disability; intraocular lens	12%	5%
3.	Tetra Pak (Aseptic Packaging Paper)	12%	18%
4.	Tar (whether from coal, coal gasification plants, producer Gas plants and Coke Oven Plants.	5%/18%	18%
5.	IGST on import of Diethylcarbazine (DEC) tablets supplied free of cost for National Filariasis Elimination Programme	5%	Nil
6.	Cut and Polished diamonds	0%	2%
7.	IGST on specified defence items imported by private entities/vendors, when end-user is the Defence forces.	Applicable rate	Nil
Services			
1	Transport of goods and passengers by ropeways.	18%	5% (with ITC of services)
2	Renting of truck/goods carriage where cost of fuel is included	18%	12%

C. Withdrawal of exemptions

1. Hitherto, GST was exempted on specified food items, grains etc. when not branded, or right on the brand has been foregone. It has been recommended to revise the scope of exemption to exclude from it prepackaged and pre-labelled retail pack in terms of Legal Metrology Act, including pre-packed, pre-labelled curd, lassi and butter milk.

2. In case of the following goods, exemption from GST will be withdrawn:

S. No.	Description of goods	From	To
1.	Cheques, loose or in book form	Nil	18%
2.	Maps and hydrographic or similar charts of all kinds, including atlases, wall maps, topographical plans and globes, printed	Nil	12%
3.	Parts of goods of heading 8801	Nil	18%

3. In case of the following goods, the exemption in form of a concessional rate of GST is being rationalized:

S. No.	Description of goods	From	To
1.	Petroleum/ Coal bed methane	5%	12%
2.	Scientific and technical instruments supplied to public funded research institutes	5%	Applicable rate
3.	E-waste	5%	18%

4. In case of Services, following exemptions are being rationalized:

S. No.	Description
1	Exemption on transport of passengers by air to and from NE states & Bagdogra is being restricted to economy class
2	Exemption on following services is being withdrawn. <ol style="list-style-type: none"> Transportation by rail or a vessel of railway equipment and material. storage or warehousing of commodities which attract tax (nuts, spices, copra, jaggery, cotton etc.) Fumigation in a warehouse of agricultural produce. Services by RBI, IRDA, SEBI, FSSAI, GSTN. Renting of residential dwelling to business entities (registered persons). Services provided by the cord blood banks by way of preservation of stem cells
3	Like CETPs, common bio-medical waste treatment facilities for treatment or disposal of biomedical waste shall be taxed at 12% so as to allow them ITC
4	Hotel accommodation priced upto Rs. 1000/day shall be taxed at 12%

S. No.	Description
5	Room rent (excluding ICU) exceeding Rs 5000 per day per patient charged by a hospital shall be taxed to the extent of amount charged for the room at 5% without ITC.
6	Tax exemption on training or coaching in recreational activities relating to arts or culture, or sports is being restricted to such services when supplied by an individual.

D. Other changes

1. 1.All taxable service of Department of Posts would be subject to forward charge. Hitherto certain taxable services of Department of post were taxed on reverse charge basis.
2. Goods transport agency (GTA) is being given option to pay GST at 5% or 12% under forward charge; option to be exercised at the beginning of Financial Year. Reverse Charge Mechanism (RCM) option to continue.
3. Service provided by Indian tour operator to a foreign resident for a tour partially in India and partially outside India is to be subject to tax proportionate to the tour conducted in India for such foreign tourist subject to conditions that this concession does not exceed half of tour duration.

GST Collection for the months of April, May & June 2022

April 2022: The gross GST revenue collected in the month of April, 2022 is Rs 1,67,540 crore of which CGST is Rs 33,159 crore, SGST is Rs 41,793 crore, IGST is Rs 81,939 crore (including Rs 36,705 crore collected on import of goods) and cess is Rs 10,649 crore (including Rs 857 crore collected on import of goods). The government has settled Rs 33,423 crore to CGST and Rs 26962 crore to SGST from IGST. The total revenue of Centre and the States in the month of April 2022 after regular settlement is Rs 66,582 crore for CGST and Rs 68,755 crore for the SGST.

The revenues for the month of April 2022 are 20% higher than the GST revenues in the same month last year. During the month, revenues from import of goods were 30% higher and the revenues from domestic transaction (including import of services) are 17% higher than the revenues from these sources during the same month last year. Total number of eway bills generated in the month of March 2022 was 7.7 crore, which is 13% higher than 6.8 crore e-

way bills generated in the month of February 2022, which reflects recovery of business activity at faster pace.

May 2022: The gross GST revenue collected in the month of May 2022 is Rs1,40,885 crore of which CGST is Rs25,036 crore, SGST is Rs32,001 crore, IGST is Rs73,345 crore (including Rs37469 crore collected on import of goods) and cess is Rs10,502 crore (including Rs931 crore collected on import of goods).The government has settled Rs27,924 crore to CGST and Rs23,123 crore to SGST from IGST. The total revenue of Centre and the States in the month of May 2022 after regular settlement is Rs52,960 crore for CGST and Rs55,124 crore for the SGST.

The revenues for the month of May 2022 are 44% higher than the GST revenues in the same month last year of Rs 97,821 crore. During the month, revenues from import of goods were 43% higher and the revenues from domestic transaction (including import of services) are 44% higher than the revenues from these sources during the same month last year. Total number of e-way bills generated in the month of April 2022 was 7.4 crore, which is 4% lesser than 7.7 crore e-way bills generated in the month of March 2022.

June 2022: The gross GST revenue collected in the month of June 2022 is Rs144,616 crore of which CGST is Rs25,306 crore, SGST is Rs32,406 crore, IGST is Rs75887 crore (including Rs40102 crore collected on import of goods) and cess is Rs11,018 crore (including Rs 1197 crore collected on import of goods). The government has settled Rs29,588 crore to CGST and Rs24,235 crore to SGST from IGST. In addition, Centre has also settled Rs27,000 crore of IGST on ad-hoc basis in the ratio of 50:50 between Centre and States/UTs in this month. The total revenue of Centre and the States in the month of June 2022 after regular and adhoc settlement is Rs68,394 crore for CGST and Rs70,141 crore for the SGST.

The revenues for the month of June 2022 are 56% higher than the GST revenues in the same month last year of Rs92,800 crore. During the month, revenues from import of goods were 55% higher and the revenues from domestic transaction (including import of services) are 56% higher than the revenues from these sources during the same month last year. Total number of e-way bills generated in the month of May 2022 was 7.3 crore, which is 2% less than 7.4 crore e-way bills generated in the month of April 2022.