

KEY HIGHLIGHTS OF THE 45th GST COUNCIL MEETING

The 45th GST Council met in Lucknow (Uttar Pradesh) on September 17, 2021 under the chairmanship of the Union Finance & Corporate Affairs Minister, Smt. Nirmala Sitharaman

Recommendations made by the GST Council in its 45th Meeting:

A. COVID-19 relief measures:

1. Concessional GST rates on specific COVID-19 treatment drugs¹ extended till December 31, 2021 (from September 30, 2021)
2. Reduction in GST rate to 5% on COVID-19 treatment drugs² up to 31st December, 2021

B. GST Rate changes on Goods effective October 1, 2021 unless otherwise stated:

SI	Description	Existing	Proposed
1	Retro fitment kits for vehicles used by the disabled	Appl. Rate	5%
2	Fortified Rice Kernels for schemes like ICDS etc.	18%	
3	Medicine Keytruda for treatment of cancer	12%	
4	Biodiesel supplied to OMCs for blending with Diesel		
5	Ores and concentrates of metals such as iron, copper, aluminum, zinc and few others	5%	18%
6	Specified Renewable Energy Devices and parts		12%
7	Cartons, boxes, bags, packing containers of paper etc.	12% / 18%	18%
8	All kinds of pens		
9	Waste and scrap of polyurethanes and other plastics	5%	
10	Railway parts, locomotives & other goods in Chapter 86	12%	18%
11	Miscellaneous goods of paper like cards, catalogue, printed material (Chapter 49 of tariff)		Nil
12	IGST on import of medicines for personal use, namely: <ul style="list-style-type: none">• Zolgensma for Spinal Muscular Atrophy• Viltepso for Duchenne Muscular Dystrophy• Other medicines used in treatment of muscular atrophy recommended by Ministry of Health and Family Welfare and Department of Pharmaceuticals		
13	IGST exemption on goods supplied at Indo-Bangladesh Border haats	Appl. Rate	Nil

¹ Amphotericin B – Nil; Remdesivir – 5%; Tocilizumab – NIL; Anti-coagulants like Heparin – 5%

² Itolizumab; Posaconazole; Infliximab; Favipiravir; Casirivimab & Imdevimab; 2-Deoxy-D-Glucose; Bamlanivimab & Etesevimab

14	Unintended waste generated during the production of fish meal except for Fish Oil	Nil (for the period July 1, 2017 to September 30 2019)
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C. Other changes relating to GST rates on Goods:

- Supply of Mentha Oil brought under Reverse Charge Mechanism. Further, export of Mentha Oil allowed only against LUT and consequential refund of input tax credit
- Brick Kilns brought under special composition scheme:
 - Threshold limit Rs.20 lakh
 - Effective date April 1, 2022
 - GST rate (without ITC) 6%
 - GST rate (with ITC) 12%
- Correction in inverted duty structure in footwear & textiles sector to be implemented from January 1, 2022
- Inclusion of specified petroleum products within the ambit of GST was considered in view of the directions of the High Court of Kerala³ and it was decided not to include these products at this stage

D. Clarification in relation to GST rate on Goods:

SI	Description	GST Rate
1	Pure henna powder and paste, having no additives under Chapter 14	5%
2	Brewers' Spent Grain (BSG), Dried Distillers' Grains with Soluble [DDGS] and other such residues, falling under HS code 2303	5%
3	All laboratory reagents and other goods falling under heading 3822	12%
4	Scented sweet supari and flavored and coated illachi falling under heading 2106	18%
5	"Carbonated Fruit Beverages of Fruit Drink and "Carbonated Beverages with Fruit Juice"	28% 12% Cess
6	Tamarind seeds fall under heading 1209 <ul style="list-style-type: none"> For use other than sowing (effective October 1, 2021) For sowing 	5% Nil
7	<ul style="list-style-type: none"> UPS systems / Inverter External batteries sold along with UPS Systems/ Inverter (other than lithium-ion battery) 	18% 28%
8	Paper and paper board containers, whether corrugated or non-corrugated	18%
9	Distinction between fresh, dried fruits and nuts clarified for application of GST rate @ NIL, 5% & 12% respectively	

³ Kerala Pradesh Gandhi Darshanvedhi v. UOI [TS-283-HC(KER)-2021-GST]

10	All pharmaceutical goods under heading 3006 to attract GST at the rate of 12% (not 18%)
11	Essentiality certificate issued by Directorate General of Hydrocarbons on imports would suffice; no need for obtaining Certificate every time on inter-state stock transfer
12	GST on specified Renewable Energy Projects can be paid in terms of the 70:30 ratio for goods and services, respectively, during the period from July 1, 2017 to December 31, 2018 in the same manner as has been prescribed for the period on or after January 1, 2019

E. GST rate changes and scope of exemption on Services effective October 1, 2021 unless otherwise stated:

SI	Description	Existing	Proposed
1	GST exemption on transport of goods by vessel and air from India to outside India extended upto September 30, 2022	Nil	Nil
2	Services by way of grant of National Permit to goods carriages on payment of fee	18%	
3	Skill Training for which Government bears 75% or more of the expenditure [currently exemption applies only if Government funds 100%]		
4	Services related to AFC Women's Asia Cup 2022		
5	Licensing services / right to broadcast and show original films, sound recordings, Radio and Television programs (to bring parity between distribution and licensing services)	12%	18%
6	Printing and reproduction services of recorded media where content is supplied by the publisher (to bring it on parity with color printing of images from film or digital media)		
7	Exemption on leasing of rolling stock by Indian Railway Finance Corporation (IRFC) to Indian Railways withdrawn		
8	E-commerce Operators will be made liable to pay tax on following services provided through them effective January 1, 2022: <ul style="list-style-type: none">transport of passengers by any type of motor vehiclesrestaurant services with some exceptions		
9	Certain relaxations have been made in conditions relating to IGST exemption relating to import of goods on lease, where GST is paid on the lease amount, so as to allow this exemption even if: <ul style="list-style-type: none">such goods are transferred to a new lessee in India upon expiry or termination of lease; andthe lessor located in SEZ pays GST under forward charge		

F. Clarification in relation to GST rate on Services:

SI	Description	Proposed
1	Coaching services to students provided by coaching institutions and NGOs under the central sector scheme of 'Scholarships for students with Disabilities'	Exempt
2	Services by cloud kitchens / central kitchens covered under 'restaurant service'	5% (without ITC)
3	Ice cream parlors selling manufactured ice-cream	18%
4	Overloading charges at toll plaza	Exempt
5	Renting of vehicle by State Transport Undertakings and Local Authorities covered by expression 'giving on hire'	Exempt
6	Services by way of grant of mineral exploration and mining rights effective July 1, 2017	18%
7	Admission to amusement parks having rides etc: <ul style="list-style-type: none"> Excluding Casinos Including Casinos 	18% 28%
8	Alcoholic liquor for human consumption is not 'food and food products' for the purpose of prescribing 5% GST rate on job work services in relation to 'food and food products'	

G. Key trade facilitation measures:

1. Relaxation in the requirement of filing of declaration in Form GST ITC-04 to be filed by a registered manufacturer in case of job work:

SI	Description	Existing	Proposed
1	Taxpayers whose annual aggregate turnover in preceding financial year		
(i)	Above Rs. 5 crores	Quarterly	Half-yearly
(ii)	Upto Rs. 5 crores		Annually

2. In light of the earlier decision to charge interest only on net cash liability, section 50(3) of the CGST Act to be amended retrospectively effective July 1, 2017 to provide interest @ 18% only on 'ineligible ITC availed and utilized' and not merely on 'ineligible ITC availed'
3. Unutilized balance in CGST and IGST cash ledger allowed to be transferred between distinct persons (entities having same PAN but registered in different states) without going through the refund procedure, subject to certain safeguards
4. CGST Rules to be amended to provide for procedure & time limit for claiming refund of incorrectly paid tax as per CGST Act IGST Act

H. Measures for streamlining compliances in GST

1. Aadhaar authentication made mandatory for
 - Filing refund claim
 - Filing application for revocation of cancellation of registration
2. Late fee for delayed filing of Form GSTR-1 to be auto-populated and collected in the next open return in Form GSTR-3B
3. GST refund to be disbursed in the bank account linked with same PAN on which GST registration has been obtained
4. Effective January 1, 2022, Form GSTR-1 will not be permitted to be filed in case Form GSTR-3B for the preceding month is pending
5. Restrict ITC availment only on invoice / debit note furnished by registered person in Form GSTR-1 / IFF and communicated to recipient through Form GSTR-2B

I. Other Measures:

1. Issuance of Circulars on the following aspects recommended to remove ambiguity & legal disputes:
 - i. Clarification on scope of “intermediary services”
 - ii. Interpretation of the term ‘merely establishment of a distinct person’ in the definition of ‘export of services’ in case of separate legal entities incorporated in India and any other country
 - iii. Date of issuance of debit note (and not the date of underlying tax invoice) to be relevant for determining timeline to avail ITC
 - iv. No requirement for carrying physical copy of tax invoice in case of ‘e-invoices’ generated in accordance with Rule 48(4) of the CGST Rules with a valid Invoice Reference Number (IRN)
 - v. Only those goods subjected to export duty will be covered under the restriction imposed under section 54(3) of CGST Act, 2017 from availment of refund of accumulated ITC
2. Pursuant to the discussion on the exhaustion of revenue collections from compensation cess, the Council decided to set up a Group of Ministers (GoM):
 - i. To examine correction of the inverted duty structure for major sectors, rationalize rates and review exemptions from the GST revenue augmentation perspective; and
 - ii. To discuss ways and means of using technology to improve compliance; monitoring through improved e-way bill systems, e-invoices, and FASTag data; strengthening institutional mechanisms for sharing of intelligence; and coordinated enforcement actions by the Centre and the State Governments.

As per the Press Release dated September 17, 2021