

HIGHLIGHTS OF 45th GST COUNCIL MEETING DECISIONS

TEAM TRD

On 17th September 2021, 45th GST Council meeting was conducted at Lucknow. Mainly recommendations were made related to extension of existing concessional GST rates on certain COVID-19 treatment drugs, reduction of GST rates on various other medicines, revision and clarification of GST rates of various Goods and Services which will be effected through issuance of subsequent notifications and circulars.

Extension of existing concessional GST rates- Existing concessional GST rates on following COVID-19 treatment drugs has been extended up to 31 December, 2021 instead of 30th September 2021

- (i) Amphotericin B -nil
- (ii) Remdesivir - 5%
- (iii) Tocilizumab -nil
- (iv) Anti-coagulants like Heparin - 5%

On the following COVID 19 treatment drugs, GST rate has been reduced to 5% up to 31 December, 2021

- (i) Itolizumab
- (ii) Posaconazole
- (iii) Infliximab
- (iv) Favipiravir
- (v) Casirivimab & Imdevimab
- (vi) 2-Deoxy-D-Glucose
- (vii) Bamlanivimab & Etesevimab

IGST on import of following medicines has been reduced from 12% to NIL,

- (i) Zolgensma for Spinal Muscular Atrophy
- (ii) Viltepso for Duchenne Muscular Dystrophy
- (iii) Other medicines used in treatment of muscular atrophy recommended by Ministry of Health and Family Welfare and Department of pharmaceuticals.

Measures to adjust ITC accumulated due to inverted duty structure

GST Rate on following goods has been decided to be increased to help mines and industries

ITEM	PRESENT RATE	PROPOSED RATE
Ores and concentrates of metals such as iron, copper, aluminum, zinc	5%	18%
Specified Renewable Energy Devices and parts	5%	12%
Cartons, boxes, bags, packing containers of paper	12/18%	18%
Waste and scrap of polyurethanes and other plastics	5%	18%
All kinds of pens	12/18%	18%
Railway parts, locomotives & other goods in Chapter 86	12%	18%
Miscellaneous goods of paper like cards, catalogue and printed material (Chapter 49 of tariff)	12%	18%

Other changes relating to GST rates on goods

1. Supply of mentha oil from unregistered person has been brought under reverse charge. Further, Council has also recommended that exports of Mentha oil should be allowed only against LUT and consequential refund of input tax credit.
2. Brick kilns would be brought under special composition scheme with threshold limit of Rs. 20 lakhs, with effect from 1.4.2022. Bricks would attract GST at the rate of 6% without ITC under the scheme. GST rate of 12% with ITC would otherwise apply to bricks.

In terms of the recent directions of the Hon'ble High Court of Kerala, the issue of whether specified petroleum products should be brought within the ambit of GST was placed for consideration before the Council. After due deliberation, the Council was of the view that it is not appropriate to do so at this stage.

Major GST changes in relation to rates and scope of exemption on Services [w.e.f 1.10.2021 unless otherwise stated]

No.	Description	From	To
1.	Validity of GST exemption on transport of goods by vessel and air from India to outside India is extended upto 30.9.2022.	-	Nil
2.	Services by way of grant of National Permit to goods carriages on payment of fee	18%	Nil
3.	Skill Training for which Government bears 75% or more of the expenditure [presently exemption applies only if Govt funds 100%].	18%	Nil

4.	Services related to AFC Women's Asia Cup 2022.	18%	Nil
5.	Licensing services/ the right to broadcast and show original films, sound recordings, Radio and Television programmes [to bring parity between distribution and licencing services]	12%	18%
6.	Printing and reproduction services of recorded media where content is supplied by the publisher (to bring it on parity with <i>Colour printing of images from film or digital media</i>)	12%	18%
7.	Exemption on leasing of rolling stock by IRFC to Indian Railways withdrawn.		
8.	E Commerce Operators are being made liable to pay tax on following services provided through them (i) transport of passengers, by any type of motor vehicles through it [w.e.f. 1 st January, 2022] (ii) restaurant services provided through it with some exceptions [w.e.f. 1 st January, 2022]		
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 (i) such goods are transferred to a new lessee in India upon expiry or termination of lease; and (ii) the lessor located in SEZ pays GST under forward charge.		

Decisions related to amendment in GST laws and Provisions

- ❖ It has been proposed that Unutilized balance in CGST and IGST cash ledger may be allowed to be transferred between distinct persons (entities having same PAN but registered in different states), without going through the refund procedure.
- ❖ Requirement of filing FORM GST ITC-04 under rule 45 (3) of the CGST Rules has been relaxed as under:
 - Taxpayers whose annual aggregate turnover in preceding financial year is above Rs. 5 crores shall furnish ITC-04 once in six months;
 - Taxpayers whose annual aggregate turnover in preceding financial year is upto Rs. 5 crores shall furnish ITC-04 annually.
- ❖ It has been clarified that section 50(3) of the CGST Act to be amended retrospectively, w.e.f. 01.07.2017, to provide that interest is to be paid by a taxpayer on “ineligible ITC availed and utilized” and not on “ineligible ITC availed”. It has also been decided that interest in such cases should be charged on ineligible ITC availed and utilized at 18% w.e.f. 01.07.2017.
- ❖ It has been proposed that there is no need to carry the physical copy of tax invoice in cases where invoice has been generated from e-invoice portal having IRN.
- ❖ It has been decided that GST law will be amended to restrict registered person from filing of FORM GSTR-1, if he has not furnished the return in FORM GSTR-3B for the preceding month. Currently the condition is on non-filing of FORM GSTR-3B for the preceding two months.

Measures for streamlining the compliances in GST

1. It has been proposed to mandate Aadhaar authentication of registration for being eligible for filing refund claim and application for revocation of cancellation of registration.
2. Late fee for delayed filing of FORM GSTR-1 to be auto-populated and collected in next open return in FORM GSTR-3B.
3. Refund to be disbursed in the bank account, which is linked with same PAN on which registration has been obtained under GST.
4. Rule 59(6) of the CGST Rules to be amended with effect from 01.01.2022 to provide that a registered person shall not be allowed to furnish FORM GSTR-1, if he has not furnished the return in FORM GSTR-3B for the preceding month. [Right now this provision is applicable if the taxpayer has not furnished the return in FORM GSTR-3B for the preceding 2 month]
5. Rule 36(4) of CGST Rules, 2017 to be amended, once the proposed clause (aa) of section 16(2) of CGST Act, 2017 is notified, to restrict availment of ITC in respect of invoices/ debit notes, to the extent the details of such invoices/ debit notes are furnished by the supplier in FORM GSTR-1/ IFF and are communicated to the registered person in FORM GSTR-2B.

For more details, please follow - <https://pib.gov.in/PressReleaseDetail.aspx?PRID=1755925>