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THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
(Statutory Body under an Act of Parliament)



55th GST Council Meeting Recommendations

Tax Research Department

TAX RATE REDUCTIONS AND EXEMPTIONS - GOODS - RATES

- GST on Fortified Rice Kernel (FRK) reduced to 5%.
- Gene Therapy fully exempted from GST.
- Food Inputs for Free Distribution Programs:
Concessional 5% GST rate extended.
- Inspection Equipment for IAEA: IGST exemption on imports for inspection purposes.
- LRSAM Systems: IGST exemption extended to systems, sub-systems, and related equipment.



TAX RATE REDUCTIONS AND EXEMPTIONS - GOODS - CLARIFICATIONS

- Autoclaved Aerated Concrete (AAC) Blocks: Over 50% fly ash attracts 12% GST.
- Pepper and Raisins: Exempt from GST if supplied by farmers.
- Popcorn
 - a. Salted popcorn: 5% (if unpackaged) or 12% (if packaged).
 - b. Sweetened popcorn (e.g., caramel): 18%.



TAX RATE REDUCTIONS AND EXEMPTIONS - SERVICES- RATES

- Contributions to Motor Vehicle Accident Fund:
Exempt from GST to aid accident victims.
- Penal Charges by Banks/NBFCs: Exempt from GST if
levied for loan non-compliance.
- Sponsorship Services: Shifted to Forward Charge
Mechanism.



COMPLIANCE AND LEGAL REFORMS

Appeals:

- Pre-deposit for penalty-related appeals reduced to 10% (from 25%) for both appellate authorities and tribunals.

Input Tax Credit (ITC):

- Plant and Machinery Definition: Reworded for clarity in ITC eligibility. Change applied retrospectively from July 1, 2017.
- Ex-Works Contracts: Goods delivered at supplier's premises are eligible for ITC claims.



COMPLIANCE AND LEGAL REFORMS

Late Fee Waivers:

- GSTR-9C filings from 2017-18 to 2022-23 waived for late fees if filed by March 31, 2025.

Composition Levy Changes:

- Reverse Charge Exemption: Taxpayers under the composition scheme exempted from reverse charge on commercial property rentals from unregistered persons.



TRADE FACILITATION

Vouchers:

- Transactions with vouchers treated as neither goods nor services.
- No GST on unredeemed vouchers.
- GST applicable only on commission for agent-based voucher distribution.

Track and Trace Mechanism:

- Unique identification marks for specific goods to reduce tax evasion.



TRADE FACILITATION

Special Zones:

- Transactions involving warehoused goods in SEZs/FTWZ before clearance treated as neither supply of goods nor services.

Online Services:

- Tax invoices for services like gaming and OIDAR must include recipient state details to identify the place of supply.



INDUSTRY-SPECIFIC CHANGES

Automobiles:

- GST on old and used vehicles increased from 12% to 18% (applicable only on margin between purchase and selling price).

Food Sector:

- Pre-Packaged Goods: Simplified definition for goods under 25 kg/liters to align with metrology rules.
- Food Inputs for Distribution Programs: Concessional GST extended.



INDUSTRY-SPECIFIC CHANGES

Insurance:

- Contributions to Motor Vehicle Accident Fund exempted from GST.

Hospitality Sector:

- Declared Tariff Definition: Removed to clarify GST on accommodation and restaurant services in hotels.



PROCEDURAL IMPROVEMENTS

Invoice Management System (IMS):

- Streamlined with legal provisions for credit notes, output tax adjustments, and alignment with GSTR filings.

Temporary Identification Numbers (TINs):

- Introduced for unregistered individuals needing to make payments.

ISD Mechanism:

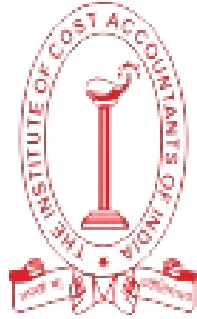
- Updated to include inter-state Reverse Charge Mechanism (RCM) transactions under the IGST Act.



OTHER DECISIONS

- Compensation Cess: Reduced to 0.1% for supplies to merchant exporters, aligning with GST rates.
- Natural Disaster Policy: Group of Ministers (GoM) tasked to create a uniform levy policy during calamities.
- FSI Charges by Municipalities: Decision deferred for further examination





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Tax Research Department

CMA Bhawan

12 ,Sudder Street ,KolKata - 700016