



55th GST Council Meeting

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55th GST Council

- **The GST rate on Fortified Rice Kernel (FRK), classified under 1904, is proposed to be reduced to 5% to encourage fortified rice consumption and enhance affordability.**
- **It is proposed that ready-to-eat salted and spiced popcorn be classified under HS 2106 90 99, attracting 5% GST when supplied unpackaged and 12% GST when supplied pre-packaged and labelled.**
- **It is proposed that popcorn mixed with sugar (e.g., caramel popcorn) be classified under HS 1704 90 90 and attract 18% GST.**
- **It is proposed to amend the definition of 'pre-packaged and labelled' to include all retail commodities up to 25 kg/litre that require labeling under the Legal Metrology Act, ensuring uniform GST application on such goods.**



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- **Recommendation to increase the GST rate on the sale of all old and used vehicles, including EVs, from 12% to 18%, except for specific large petrol, diesel vehicles, and SUVs which are already taxed at 18%.**
- **GST applies only to the seller's margin (purchase price vs. selling price) and does not apply to unregistered sellers.**
- **It is recommended to clarify that Autoclaved Aerated Concrete (ACC) blocks containing more than 50% fly ash be classified under HS 6815 and attract 12% GST to ensure consistent tax treatment.**
- **The GST Council has proposed that the supply of pepper (fresh or dried) and raisins by an agriculturist will be exempt from GST.**
- **Gene therapy will be exempt from GST. This aims to reduce treatment costs and support advanced medical care.**



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- **The GST Council has proposed to extend IGST exemption to parts, tools, and software used for assembling or manufacturing the LRSAM system under Notification 19/2019-Customs. This measure aims to support domestic defense production and reduce associated costs.**
- **A proposal has been received to reduce the Compensation Cess on supplies to merchant exporters to 0.1%, aligning it with the GST rate applicable to such supplies.**
- **A proposal has been made to exempt imports of equipment and consumable samples by International Atomic Energy Agency (IAEA) inspection teams from IGST, subject to specified conditions.**
- **A proposal will be placed before the GST Council to apply a concessional 5% GST rate to food inputs classified under HSN 19 or 21, used in the preparation of food distributed to economically weaker sections under government programs.**



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- **The GST Council has recommended that sponsorship services provided by body corporates be taxed under the Forward Charge Mechanism**
- **The GST Council has recommended exempting GST on contributions made by general insurance companies from third-party motor vehicle premiums to the Motor Vehicle Accident Fund**
- **This fund provides compensation and cashless treatment to road accident victims.**
- **The GST Council has recommended removing the term "declared tariff" and linking hotel accommodation tax rates to the actual value of supply.**
- **From 01.04.2025, restaurant services in hotels will be taxed at 18% with ITC if any room's value exceeded ₹7,500 in the previous year, or 5% without ITC otherwise, with an option for hotels to choose 18% with ITC by declaration.**



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- **The GST Council has recommended excluding taxpayers under the composition levy scheme from the reverse charge mechanism for renting commercial property by unregistered persons to registered persons, as per Notification No. 09/2024-CTR. It also recommended regularizing transactions from 10.10.2024 until the new notification is issued.**
- **The GST Council has recommended clarifying that the explanation on ground clearance under Sl. No. 52B of Notification No. 1/2017-Compensation Cess (Rate) is applicable from 26.07.2023.**
- **A recommendation has been received to clarify that RBI-regulated Payment Aggregators qualify for GST exemption under Sl. No. 34 of Notification No. 12/2017-CT(R) as they fall under the definition of 'acquiring banks.'**
- **It is also recommended to clarify that this exemption does not extend to payment gateways or fintech services that do not involve fund settlement.**



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- **The GST Council has recommended clarifying that no GST will apply to penal charges collected by banks and NBFCs from borrowers for not complying with loan terms.**
- **The GST Council has recommended inserting a clause in Schedule III of the CGST Act to clarify that the supply of goods warehoused in SEZ or FTWZ, before clearance for export or domestic sale, will not be treated as a supply of goods or services. This aligns SEZ/FTWZ transactions with the treatment of goods in Customs bonded warehouses under GST.**
- **The GST Council has recommended removing sections and rules related to vouchers to resolve ambiguities in their tax treatment. It clarified that vouchers are not treated as goods or services, with GST applying only to agent fees, additional services, and not on unredeemed vouchers.**



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- **Proposal for issue Circular for following :**
 1. **Clarification on ITC Reversal for E-Commerce Operators under Section 9(5) of CGST Act:**
 2. **Clarification on ITC Eligibility for Ex-Works Contracts under Section 16(2)(b) of CGST Act:**
 3. **Clarification on Late Fee for Delay in Filing FORM GSTR-9C and Waiver for 2017-18 to 2022-23**
- **The GST Council has proposed adding a new section, Section 148A, to the CGST Act, 2017. This section will allow the government to introduce a Track and Trace Mechanism for certain goods that are more likely to face tax evasion.**
- **The GST Council has proposed a clarification regarding the supply of online services like online money gaming and OIDAR (Online Information and Database Access or Retrieval) services to unregistered recipients.**



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- **The GST Council has proposed an amendment to Section 17(5)(d) of the CGST Act, 2017, to clarify the intent of the law. The phrase "plant or machinery" in Section 17(5)(d) will be replaced with "plant and machinery". This change will apply retroactively from July 1, 2017.**
- **The GST Council has proposed reducing the pre-deposit for filling appeals on penalty to 10% under Sections 107 and 112 of the CGST Act, 2017.**
- **The GST Council has proposed an amendment to Section 2(69)(c) of the CGST Act, 2017, to clarify the meaning of 'Local Fund' and 'Municipal Fund'.**
- **The GST Council has proposed amendments to the provisions related to Input Service Distributors (ISD) in the CGST Act, 2017 and CGST Rules, 2017 to ensure better alignment with inter-state reverse charge mechanism (RCM) transactions.**



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- **The GST Council has proposed inserting Rule 16A into the CGST Rules, 2017, to allow tax officers to issue a Temporary Identification Number (TIN) for individuals or entities not required to register under GST but needing to make specific payments under Rule 87(4).**
- **The GST Council has proposed amending Rule 19(1) of the CGST Rules, 2017, to allow taxpayers who opt for the composition levy via FORM CMP-02 to update their "category of registered person" in Table 5 through FORM GST REG-14.**
- **The GST Council has recommended amendments to the CGST Act and Rules to align with the Invoice Management System (IMS) for generating FORM GSTR-2B and ensure ITC reversals for credit notes. It also proposed changes to adjust output tax against credit notes and link GSTR-3B filing to the availability of GSTR-2B.**



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- **The Council discussed whether charges collected by municipalities for granting FSI (including additional FSI) should attract GST under reverse charge (where the recipient pays GST).**
- **The matter was deferred for further review at the request of the Central Government, as the charges relate to municipalities or local authorities.**
- **The Central Government emphasized the need for careful examination to avoid taxing public services unnecessarily.**
- **The GST Council has agreed to the recommendations made by a committee of officers to address various concerns raised by States regarding the settlement of IGST (Integrated Goods and Services Tax). The Council has asked the committee to finalize and implement the necessary changes by March 2025.**
- **The GST Council has reviewed the procedural rules that outline how the GST Appellate Tribunal (GSTAT) will function internally.**



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- **The Council also decided to extend the time frame for the Group of Ministers on the restructuring of the GST Compensation till 30th June 2025.**
- **The State of Andhra Pradesh requested a policy on imposing a levy during natural disasters or calamities**

