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Newsflash: Highlights of 37th GST Council Meeting

1.0 Background

The GST Council has met 37th time on 20th September 2019 in Goa to discuss and rationalise some burning issues faced by the industry. Important recommendations made by the GST Council are described below.

2.0 Important recommendations made by GST Council

2.1 Changes in GST rates on goods

Sr. No	Description of goods	Recommended	Existing
1	Parts of slide fasteners	12%	18%
2	Marine Fuel	5%	18%
3	Cut and polished semi-precious stones	0.25%	3%
4	Goods falling under Chapter 86 like railways wagon, coaches, rolling stock	12%	5%
5	Caffeinated beverages	28%	18%

2.2 Recommendation to exempt following goods from GST

- Exemption from GST
 - At the time of import on Silver/Platinum by specified nominated agencies.
 - Supply of Silver/Platinum by specified nominated agency to exporters for export of jewellery.
- Doubt regarding applicability of GST on Fishmeal has been cleared by Council and has recommended to treat it as exempt for the period 1st July 2017 to 30th September 2019, however, any taxes already collected need to be deposited.
- Recommended to provide exemption to supply of goods related to FIFA Under-17 Women's World Cup 2020.

2.3 Other recommendations in relation to goods

- Aerated drink manufacturers shall be excluded from composition scheme.
- Clarified that parts like Solar Evacuation tubes for solar power-based devices like solar water heater, solar steam, generation systems, would be eligible to 5% GST rate.

2.4 Reduction in GST rate for hotel accommodation and outdoor catering service providers

- Council has recommended following GST rate structure for hotel accommodation

Transaction value per unit per day	GST rate
Rs.1,000 and less	Nil
Rs.1,001 to Rs.7,500	12%
Rs.7,501 and more	18%

- Council has recommended following GST rate structure for outdoor catering services:
 - Where service is rendered at premises having daily tariff of unit accommodation of Rs.7,501 and above: 18% GST with ITC benefits
 - Other cases: 5% GST without ITC.

2.5 Reduction in GST rate on job work service

1. Recommended to reduce rate from 5% to 1.5% on supply of job work services in relation to diamonds.
2. Recommended to reduce rate from 18% to 12% on supply of machine job work such as in engineering industry, except supply of job work in relation to bus body building which would remain at 18%.

2.6 Exemption from GST on services

1. Recommended to exempt services by way of storage or warehousing of cereals, pulses, fruits, nuts and vegetables, spices, copra, etc.
2. Recommended to extend validity of conditional exemption of GST on export freight by air or sea by another year, i.e. till 30th September 2020.
3. Recommended to exempt services provided by an intermediary to a supplier of goods or recipient of goods when both the supplier and recipient are located outside the taxable territory.
4. Recommended to provide exemption to services related to FIFA Under-17 Women's World Cup 2020.

2.7 Other recommendations in relation to services

1. Council has recommended to allow the registered authors an option to pay GST on royalty charged from publishers under forward charge and observe regular GST compliance.
2. Recommended to notify grant of liquor license by State Governments against payment of license fee as a "no supply" to remove implementational ambiguity on the subject.
3. Recommended to allow payment of GST on securities lending service under reverse charge at GST rate of 18%.
4. Recommended to allow RCM to suppliers paying GST at 5% on renting of vehicles, from registered person other than body corporate (LLP, Proprietorship) when services provided to body corporate entities.
5. Clarification on taxability of Passenger Service Fee (PSF) and User Development Fee (UDF) levied at airport operators.

2.8 Relaxation on GST Annual Return

1. For registered person having aggregate turnover up to Rs.2 crores, filing of Annual Return for F.Y. 2017-18 and F.Y. 2018-19 has made optional.
2. Committee is to be constituted to examine simplification of Annual Return and Reconciliation Statement.

2.9 New return system now to be introduced from April, 2020 (earlier proposed from October, 2019).

2.10 Council has recommended for imposition of restriction on availment of input tax credit by recipient in cases where details of outward supplies are not furnished by the supplier in GSTR-1

Note: Recommendation in relation to GST rate or exemption on goods and services shall be made effective from 01st October 2019 subject to issuance of relevant notification.

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