



Newsflash: 49th GST Council Meeting's Outcome

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1.0 BACKGROUND

The GST Council, headed by Union Finance Minister Smt. Nirmala Sitharaman conducted its 49th meeting on 18 February 2023 in New Delhi.

The key recommendations made by Council are encapsulated as under-

2.0 CHANGES IN GST RATES

Below changes in rates have been proposed:

Sr. No.	Description	From	To
1.	'Rab'	18%	5% - if sold prepackaged and labelled Nil – if sold otherwise
2.	Pencil Sharpener	18%	12%

3.0 CLARIFICATION ON GST RATES

Several clarifications on GST Rates where there were doubts as to applicable rate have been provided such as:

- a) Regularization of GST payment on 'Rab' in relation to the concluded period on 'as is basis'.
- b) Amendment of **Notification No. 104/94-Customs dated 16-03-1994** so that no separate levy of IGST on tag- tracking device or data logger affixed on a container is attracted, thereby making 'NIL' IGST applicable to such affixed devices when available for the containers subject to the existing conditions.
- c) Amendment of **Notification No. 01/2017** – Compensation Cess (Rate) thereby providing exemption coverage to both 'coal rejects' supplied to and by a coal washery, arising out of coal on which compensation cess has been discharged and no corresponding input tax credit has been availed by any person.
- d) Extension of GST exemption to any authority, board or a body set up by the Central/State Government including National Testing Agency for conduct of entrance examination for

admission to educational institutions, presently available to educational institutions and Central/State educational boards for conduct of entrance examination.

- e) Extension of non-applicability of liability under reverse charge mechanism to the Courts and Tribunals in respect of taxable services supplied by them (e.g. renting of premises to telecommunication companies for installation of towers, renting of chamber to lawyers etc.), presently the said dispensation is available to Central/State Governments, Parliament and State Legislatures.

4.0 MEASURES FOR FACILITATION OF TRADE

4.1 Extension of time limit for application for revocation of cancellation of registration and provision of one time amnesty to past cases

It has been recommended that the time limit for making an application for revocation of cancellation of registration be increased from a period of 30 days to 90 days, which may be further extended for a period not exceeding 180 days by the commissioner or an officer authorized by him.

It is further proposed that amnesty scheme may be provided in cases of suo-moto cancellation of GST registration on non-filing of GST returns where application for revocation of cancellation of registration could not be filed within the specified time-limit.

4.2 Amendment of timelines in case of assessment of non-filers of GST Returns and provision of one time amnesty

Section 62 of CGST Act 2017 provides for assessment of non-filers of GST Returns. However, the best judgement assessment order passed in such cases is deemed to be withdrawn if the concerned taxpayer files the relevant returns within 30 days of issuance of the said assessment order. GST Council here recommends to increase the time period for filing of return post the assessment order from a period of 30 days to 60 days, extendable by more 60 days, subject to certain conditions. The same would be made effective by way of an amendment to Section 62 of CGST Act 2017.

The Council has further recommended to provide an amnesty scheme for conditional deemed withdrawal of assessment orders passed under the said section if the concerned return though not filed within the existing prescribed timeline of 30 days is filed up to a specified date along with interest and late fees as applicable. The said amnesty be provided regardless of appeal being filed or not against the said assessment order, and even in case of pendency of the appeal.

4.3 Rationalisation of late-fees in case of delayed filing of GST Annual Return i.e. GSTR 9

GST Council has recommended rationalization of applicable late fees in case of belated GSTR 9 filings for FY 2022-23 onwards as under:

Particulars	Amount (in INR)	Late fees (in INR)
Aggregate turnover in the financial year	Up to 5 crores	50 per day (CGST 25 + SGST 25) subject to a maximum of 0.04% turnover in the state/UT
	More than 5 crores and up to 20 crores	100 per day (CGST 50 + SGST 50) subject to a maximum of 0.04% turnover in the state/UT
	More than 20 crores	200 per day (CGST 100 + SGST 100) subject to a maximum of 0.5% turnover in the state/UT

4.4 Introduction of amnesty scheme in case of pending returns in Form GSTR 4, GSTR 9 and GSTR 10:

GST Council has recommended amnesty schemes by way of conditional waiver/reduction of late fees in respect of below pending returns:

- GSTR 4 – Return filed by composition taxpayers
- GSTR 9 – Annual return filed under GST
- GSTR 10 – Final return filed by taxpayers after surrendering of GST Registration

4.5 Recommendation to rationalize place of supply in case of services by way of transportation of goods

GST Council has recommended deletion of sub-section (9) of Section 13 of CGST Act 2017 thereby seeking to rationalize place of supply of services of transportation of goods where location of supplier or recipient is outside India, thereby making it applicable under generic provision i.e. place of supply in such cases would be the location of recipient of services

5.0 MISCELLANEOUS

- a) GST Council adopted the report submitted by GoM (Group of Ministers) on formation of GST Appellate Tribunal with certain modifications.
- b) Report of GoM on capacity based taxation and special composition scheme has been approved by the GST Council with an intent to check revenue leakages and enhance GST collections from commodities such as pan masala, gutkha, chewing tobacco.

[Source: Press Release issued by PIB Delhi dated 18 February 2023]

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