



Newsflash: Highlights of 45th GST Council Meeting

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Newsflash

Highlights of 45th GST Council Meeting

For Circulation
20 September 2021

The 45th GST Council meeting was held on 17 September 2021, primarily to consider the extension of relief in GST rates especially medical goods, rationalization of GST rates, clarifications etc. The highlights of the recommendations made by the Council are as under:

1. Concessional GST rate on COVID-19 treatment drugs

Earlier, the Government had provided concessional GST rates on the below-mentioned drugs related to COVID-19 treatment till 30 September 2021 which is extended till 31 December 2021:

- Amphotericin B- Nil
- Remdesivir- 5%
- Tocilizumab- Nil
- Anti-coagulants like Heparin- 5%

Further, the Council has recommended a 5% GST rate on COVID-19 treatment-related drugs such as Itolizumab, Posaconazole, Infliximab, etc.

2. Recommendations with respect to rates of Goods and services

- The GST Council has recommended an increase in rates with respect to certain goods such as “Ores and concentrates of metals such as iron, copper, aluminium, zinc and few others”, “Specified renewable energy devices and parts, “Railway parts, locomotives & other goods in chapter 86”, etc.
- The GST Council has recommended a reduction in rates with respect to goods such as “Retro fitment kits for vehicles used by the disabled”, “Medicine Keytruda for treatment of cancer”, etc.
- Validity of GST exemption on the transport of goods by vessel and air from India to outside India is extended up to 30 September 2022.
- Increase in GST rate from 12% to 18% on licensing services/ the right to broadcast and show original films, sound recordings, Radio and Television programmes [to bring parity between distribution and licencing services].

3. Change in GST compliance for E-commerce operators

E-Commerce Operators are being made liable to pay tax on the following services provided through them w.e.f. 1 January 2022:

- Transport of passengers, by any type of motor vehicles through it.

- Restaurant services provided through it with some exceptions.

4. Clarifications in relation to GST rates on goods and services

- Carbonated Fruit Beverages of Fruit Drink" and "Carbonated Beverages with Fruit Juice" attract GST rate of 28% and Cess of 12%. This is being prescribed specifically in the GST rate schedule.
- External batteries sold along with UPS Systems/ Inverter attract GST rate applicable to batteries [28% for batteries other than lithium-ion battery] while UPS/inverter would attract 18%.
- Services by cloud kitchens/central kitchens are covered under 'restaurant service' and attract 5% GST [without ITC].
- Overloading charges at toll plaza are exempt from GST being akin to toll.
- Admission to amusement parks having rides etc. attracts GST rate of 18%. The GST rate of 28% applies only to admission to such facilities that have casinos etc.

5. Correction in Inverted Duty structure in Footwear and Textiles sector

GST rate changes in order to correct inverted duty structure, in footwear and textiles sector, as was discussed in earlier GST Council Meeting and was deferred for an appropriate time, will be implemented with effect from 01.01.2022.

6. Petroleum products not to be included in GST at this moment

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

7. Recommendations relating to law and procedure

- **Relaxation in the requirement of filing Form GST ITC-04**

Requirement of filing FORM GST ITC-04 under rule 45 (3) of the CGST Rules has been relaxed as under:

- (a) Taxpayers whose annual aggregate turnover in preceding financial year is above Rs. 5 crores shall furnish ITC-04 once in six months.
- (b) Taxpayers whose annual aggregate turnover in preceding financial year is upto Rs. 5 crores shall furnish ITC-04 annually.

- **Interest to be charged at 18% on "ITC availed and utilised"**

In the spirit of earlier Council decision that interest is to be charged only in respect of net cash liability, 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.

- **Facility to transfer the cash balance between various GSTIN under same PAN**

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, subject to certain safeguards.

- The GST Council recommended issuing clarification on the scope of intermediary services.
- Provision to be incorporated in CGST Rules, 2017 for removing ambiguity regarding procedure and time limit for filing refund of tax wrongfully paid as specified in section 77(1) of the CGST/SGST Act and section 19(1) of the IGST Act
- Aadhaar authentication of registration to be made mandatory for being eligible for filing refund claim and application for revocation of cancellation of registration
- Late fee for delayed filing of FORM GSTR-1 to be auto-populated and collected in next open return in FORM GSTR-3B.
- Refund to be disbursed in the bank account, which is linked with same PAN on which registration has been obtained under GST.
- 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

[Source: Press Release by Ministry of Finance, dated 17 September 2021]

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