



ISO 9001 : 2015

FTCCI Review

CIN No.U91110TG1964NPL001030

THE FEDERATION OF TELANGANA CHAMBERS OF COMMERCE & INDUSTRY

Vol.II No.36 | September 22, 2021 | Rs.15/-

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45th Meeting of the GST Council, Lucknow**17th September, 2021**

PRESS RELEASE

The GST Council's 45th meeting was held today in Lucknow under the chairmanship of the Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman. The GST Council has *inter-alia* made the following recommendations relating to changes in GST rates on supply of goods and services and changes related to GST law and procedure:

I. Recommendations relating to GST rates on goods and services**A. COVID-19 relief measure in form of GST rate concessions**

1. Extension of existing concessional GST rates (currently valid till 30th September, 2021) on following Covid-19 treatment drugs, up to 31st December, 2021, namely-
 - i. Amphotericin B-nil
 - ii. Remdesivir 5%
 - iii. Tocilizumab -nil
 - iv. Anti-coagulants like Heparin 5%
2. Reduction of GST rate to 5% on more Covid-19 treatment drugs, up to 31st December, 2021, namely.
 - i. Itolizumab
 - ii. Posaconazole
 - iii. Infliximab
 - iv. Favipiravir
 - v. Casirivimab & Imdevimab
 - vi. 2-Deoxy-D-Glucose
 - vii. Bamlanivimab & Etesevimab

B. Major recommendations on GST rate changes in relation to Goods [w.e.f 1.10.2021 unless otherwise stated]

S.No.	Description	From	To
GST Rate Changes			
1.	Retro fitment kits for vehicles used by the disabled	Appl. Rate	5%
2.	Fortified Rice Kernels for schemes like ICDS etc.	18%	5%
3.	Medicine Keytruda for treatment of cancer	12%	5%
4.	Bio-diesel supplied to OMCs for blending with Diesel	12%	5%
5.	Ores and concentrates of metals such as iron, copper, aluminum, zinc and few others	5%	18%
6.	Specified Renewable Energy Devices and parts	5%	12%
7.	Cartons, boxes, bags, packing containers of paper etc.	12%/18%	18%
8.	Waste and scrap of polyurethanes and other plastics	5%	18%

S.No.	Description	From	To
9.	All kinds of pens	12%/18%	18%
10.	Railway parts, locomotives & other goods in Chapter 86	12%	18%
11.	Miscellaneous goods of paper like cards, catalogue, printed material (Chapter 49 of tariff)		
12.	IGST on import of medicines for personal use, namely i. Zolgensma for Spinal Muscular Atrophy ii. Viltepso for Duchenne Muscular Dystrophy iii. Other medicines used in treatment of muscular atrophy recommended by Ministry of Health and Family Welfare and Department of Pharmaceuticals.	12%	Nil
13.	IGST exemption on goods supplied at Indo-Bangladesh Border haats	Appl. Rate	Nil
14.	Unintended waste generated during the production of fish meal except for Fish Oil	Nil for the Period 1.7.2017, 30.9.2019	

C. Other changes relating to GST rates on goods

- Supply of mentha oil from unregistered person has been brought under reverse charge. Further, Council has also recommended that exports of Mentha oil should be allowed only against LUT and consequential refund of input tax credit.
- Brick kilns would be brought under special composition scheme with threshold limit of Rs. 20 lakhs, with effect from 1.4.2022. Bricks would attract GST at the rate of 6% without ITC under the scheme. GST rate of 12% with ITC would otherwise apply to bricks.

D. 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.

E. 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.

F. Major GST changes in relation to rates and scope of exemption on Services [w.e.f 1.10.2021 unless otherwise stated]

S.No.	Description	From	To
1.	Validity of GST exemption on transport of goods by vessel and air from India to outside India is extended upto 30.9.2022.	-	Nil
2.	Services by way of grant of National Permit to goods carriages on payment of fee	18%	Nil
3.	Skill Training for which Government bears 75% or more of the expenditure [presently exemption applies only if Govt funds 100%].	18%	Nil
4.	Services related to AFC Women's Asia Cup 2022.	18%	Nil
5.	Licensing services/ the right to broadcast and show original films, sound recordings, Radio and Television programmes [to bring parity between distribution and licencing services]	12%	18%
6.	Printing and reproduction services of recorded media where content is supplied by the publisher (to bring it on parity with <i>Colour printing of images from film or digital media</i>)	12%	18%
7.	Exemption on leasing of rolling stock by IRFC to Indian Railways withdrawn.		
8.	E Commerce Operators are being made liable to pay tax on following services provided through them (i) transport of passengers, by any type of motor vehicles through it [w.e.f. 1st January, 2022] (ii) restaurant services provided through it with some exceptions [w.e.f. 1st January, 2022]		
9.	Certain relaxations have been made in conditions relating to IGST exemption relating to import of goods on lease, where GST is paid on the lease amount, so as to allow this exemption even if (i) such goods are transferred to a new lessee in India upon expiry or termination of lease; and (ii) the lessor located in SEZ pays GST under forward charge.		

G. Clarification in relation to GST rate on Goods

1. Pure henna powder and paste, having no additives, attract 5% GST rate under Chapter 14.
2. Brewers' Spent Grain (BSG), Dried Distillers' Grains with Soluble [DDGS] and other such residues, falling under HS code 2303 attract GST at the rate of 5%.
3. All laboratory reagents and other goods falling under heading 3822 attract GST at the rate of 12%.
4. Scented sweet supari and flavored and coated illachi falling under heading 2106 attract GST at the rate of 18%
5. 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.
6. Tamarind seeds fall under heading 1209, and hitherto attracted nil rate irrespective of use. However, henceforth they would attract 5% GST rate (w.e.f. 1.10.2021) for use other than sowing. Seeds for sowing will continue at nil rate.
7. 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%.
8. GST on specified Renewable Energy Projects can be paid in terms of the 70:30 ratio for goods and services, respectively, during the period from 1.7.2017 to 31.12.2018, in the same manner as has been prescribed for the period on or after 1st January 2019.
9. Due to ambiguity in the applicable rate of GST on Fibre Drums, the supplies made at 12% GST in the past have been regularised. Henceforth, a uniform GST rate of 18% would apply to all paper and paper board containers, whether corrugated or non-corrugated.
10. Distinction between fresh and dried fruits and nuts is being clarified for application of GST rate of "nil" and 5%/12% respectively;
11. It is being clarified that all pharmaceutical goods falling under heading 3006 attract GST at the rate of 12% [not 18%].
12. Essentiality certificate issued by Directorate General of Hydrocarbons on imports would suffice; no need for taking a certificate every time on inter-state stock transfer.

H. Clarification in relation to GST rate on services

1. Coaching services to students provided by coaching institutions and NGOs under the central sector scheme of 'Scholarships for students with Disabilities" is exempt from GST
 2. Services by cloud kitchens/central kitchens are covered under 'restaurant service', and attract 5% GST [without ITC].
 3. Ice cream parlor sells already manufactured ice- cream. Such supply of ice cream by parlors would attract GST at the rate of 18%.
 4. Overloading charges at toll plaza are exempt from GST being akin to toll.
 5. The renting of vehicle by State Transport Undertakings and Local Authorities is covered by expression 'giving on hire' for the purposes of GST exemption
 6. The services by way of grant of mineral exploration and mining rights attracted GST rate of 18% w.e.f. 01.07.2017.
 7. 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.
 8. Alcoholic liquor for human consumption is not food and food products for the purpose of the entry prescribing 5% GST rate on job work services in relation to food and food products.
- II. On the issue of compensation scenario, a presentation was made to the Council wherein it was brought out that the revenue collections from Compensation Cess in the period beyond June 2022 till April 2026 would be exhausted in repayment of borrowings and debt servicing made to bridge the gap in 2020-21 and 2021-22. In this context various options, as have been recommended by various committees/ forums were presented. The Council deliberated at length on the issue. The Council decided to set up a GoM to examine the issue of correction of inverted duty structure for major sectors; rationalize the rates and review exemptions from the point of view of revenue augmentation, from GST. It was also decided to set up a GoM to discuss ways and means of using technology to further improve compliance including monitoring through improved e-way bill systems, e-invoices, FASTag data and strengthening the institutional mechanism for sharing of intelligence and coordinated enforcement actions by the Centre and the States.

Full details - Visit our website : www.ftcci.in



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The Federation of Telangana Chambers of Commerce and Industry

Webinar on

Key action points before filing September Returns - GST

27th September 2021 at 04.00 PM to 6.00 PM

Click Here for Register

CA Mohd. Irshad Ahmed
Partner, M I A & Associates

Why September, 2021 is important to monitor for GST Compliance

- ✓ Taking credit on inputs pertaining to FY 2020 -21
- ✓ Issuance of credit note for invoices pertaining to FY 2020 -21
- ✓ Reconciliation
- ✓ Accounting of rejection and return of goods
- ✓ Adjustment for deficiency provision of service

Registration fee: Rs.500/- (Inclusive GST)
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The Federation of Telangana Chambers of Commerce and Industry

In Association with

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&
Indonesian Trade Promotion Centre (ITPC), Chennai

Cordially invite you and your business associates to a **Register Here**

Virtual Interactive Discussion on Enhancing Trade & Investment Relations between India-Indonesia & "Invitation to Visit Trade Expo Indonesia 2021"

Date & Time : 5th October, 2021 at 4.00 PM

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The Federation of Telangana Chambers of Commerce and Industry (FTCCI)
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FTCCI HELP DESK

We are very happy to inform that FTCCI has created a helpdesk for the benefit of all our members to support them with necessary guidance in the following areas.

- ▶ Direct Taxes
- ▶ Indirect Taxes
- ▶ Human Relations, IR, (HR Compliances)
- ▶ Banking
- ▶ Insurance
- ▶ MSMEs
- ▶ Energy
- ▶ International Trade.
- ▶ Company Law; IBC; CSR
- ▶ Legal

The main purpose of the helpdesk is to provide guidance to the members in getting the necessary help to resolve the problems.

All the members are requested to make use of this help desk facility

Forward your queries to helpdesk@ftcci.in

We welcome Your Participation

FTCCI Review attempts to keep abreast its members with latest information on various developments taking place around the globe. If you have any news/information on the issues related to Government policies, programs and latest developments that you may like to share with the FTCCI members, please write to sujatha@ftcci.in