

A SUMMARY ON 49TH GST COUNCIL MEET

GST COMPENSATION

Government of India has decided to clear the entire pending balance GST compensation of Rs. 16,982 crore for June'2022 as shown in the table below. Since, there is no amount in the GST compensation Fund, Centre decided to release this amount from its own resources and the same will be recouped from the future compensation cess collection. With this release, Centre would clear the entire provisionally admissible compensation due for five years as envisaged in the GST (Compensation to States) Act'2017. In addition, Centre would also clear the admissible final GST compensation to those States who has provided the revenue figures as certified by the Accountant General of the States amounting to Rs. 16,524 crore.



GST APPELLATE TRIBUNAL

The report that was compiled by the Group of Ministers (GoM) on the GST Appellate Tribunal was approved by the GST Council with some amendment. The members will be asked for their feedback on the final draft of the amendments to the GST laws. The authority to put an end to the discussion has been delegated to the Chairperson.

APPROVAL OF THE REPORT OF GOM ON CAPACITY BASED TAXATION AND SPECIAL COMPOSITION SCHEME IN CERTAIN SECTORS ON GST

With a view to plug the leakages and improve the revenue collection from the commodities like pan masala, gutkha, chewing tobacco, the Council approved the recommendations of the GoM including, inter alia,

- that the capacity based levy not to be prescribed;
- compliance and tracking measures to be taken to plug leakages/evasions;
- exports of such commodities to be allowed only against LUT with consequential refund of accumulated ITC;
- compensation cess levied on such commodities to be changed from ad valorem to specific tax based levy to boost the first stage collection of the revenue

Recommendations relating to GST rates on Goods and Services

- The Goods and Services Tax (GST) rate on “rab” will be lowered from 18% to “NIL.” However, the rate of GST will be reduced to 5% in cases where “rab” is sold in prepackaged and labelled forms. In addition, the payment of the GST on rab during the previous period is to be regularised on an “as is” basis due to genuine doubts regarding the classification of rab and the applicable GST rate;
- The rate of GST that is applied to “pencil sharpeners” will go down from 18% to 12%
- It was decided to suitably amend notification No. 104/94-Customs dated 16.03.1994 so that if a device like tag- tracking device or data logger is already affixed on a container, no separate IGST shall be levied on such affixed device and the ‘nil’ IGST treatment available for the containers under notification No. 104/94-Customs shall also be available to the such affixed device subject to the existing conditions.
- It has been decided to amend entry at Sl. No. 41A of notification No. 1/2017-Compensation Cess (Rate) so that exemption benefit covers both coal rejects supplied to and by a coal washery, arising out of coal on which compensation cess has been paid and no input tax credit thereof has been availed by any person.
- It has been decided to extend the exemption available to educational

- institutions and Central and State educational boards for conduct of entrance examination to any authority, board or a body set up by the Central Government or State Government including National Testing Agency for conduct of entrance examination for admission to educational institutions.
- It has been decided to extend the dispensation available to Central Government, State Governments, Parliament and State Legislatures with regard to payment of GST under reverse charge mechanism (RCM) to the Courts and Tribunals also in respect of taxable services supplied by them such as renting of premises to telecommunication companies for installation of towers, renting of chamber to lawyers etc.

MEASURES FOR FACILITATION OF TRADE

- Extension of time limit for application for revocation of cancellation of registration and one time amnesty for past cases: The Council has recommended amendment in section 30 of CGST Act, 2017 and rule 23 of CGST Rules, 2017 so as to provide that -the time limit for making an application for revocation of cancellation of registration be increased from 30 days to 90 days;
- Where the registered person fails to apply for such revocation within 90 days, the said time period may be extended by the Commissioner or an officer authorised by him in this behalf for a further period not exceeding 180 days.
- The Council has also recommended that an amnesty may be provided in the past cases, where registration has been cancelled on account of non-filing of the returns, but application for revocation of cancellation of registration could not be filed within the time specified in section 30 of CGST Act, by allowing such persons to file such application for revocation by a specified date, subject to certain conditions
- Amendment to Section 62 of CGST Act, 2017 to extend timelines under sub-section (2) thereof and one time amnesty for past cases: As per sub-section (2) of section 62 of CGST Act, 2017, the best judgment assessment order issued under sub-section (1) of the said section is deemed to be withdrawn if the relevant return is filed within 30 days of service of the said assessment order.

- The Council recommended to amend section 62 so as to increase the time period for filing of return for enabling deemed withdrawal of such best judgment assessment order, from the present 30 days to 60 days, extendable by another 60 days, subject to certain conditions.
- The Council has also recommended to provide an amnesty scheme for conditional deemed withdrawal of assessment orders in past cases where the concerned return could not be filed within 30 days of the assessment order but has been filed along with due interest and late fee upto a specified date, irrespective of whether appeal has been filed or not against the assessment order, or whether the said appeal has been decided or not.
- Rationalisation of Late fee for Annual Return: Presently, late fee of Rs 200 per day (Rs 100 CGST + Rs 100 SGST), subject to a maximum of 0.5% of the turnover in the State or UT (0.25% CGST + 0.25% SGST), is payable in case of delayed filing of annual return in FORM GSTR-9. The Council recommended to rationalise this late fee for delayed filing of annual return in FORM GSTR-9 for FY 2022-23 onwards, for registered persons having aggregate turnover in a financial year upto Rs 20 crore, as below:
 - Registered persons having an aggregate turnover of up to Rs. 5 crores in the said financial year: Rs 50 per day (Rs 25 CGST + Rs 25 SGST), subject to a maximum of an amount calculated at 0.04 per cent. of his turnover in the State or Union territory (0.02% CGST + 0.02% SGST).
 - Registered persons having an aggregate turnover of more than Rs. 5 crores and up to Rs. 20 crores in the said financial year: Rs 100 per day (Rs 50 CGST + Rs 50 SGST), subject to a maximum of an amount calculated at 0.04 per cent. of his turnover in the State or Union territory (0.02% CGST + 0.02% SGST).
- Amnesty in respect of pending returns in FORM GSTR-4, FORM GSTR-9 and FORM GSTR-10: To provide relief to a large number of taxpayers, the Council recommended amnesty schemes in respect of pending returns in FORM GSTR-4, FORM GSTR-9 and FORM GSTR-10 by way of conditional waiver/ reduction of late fee.
- Rationalization of provision of place of supply of services of transportation of goods: Council recommended to rationalize the provision of place of supply for services of transportation of goods by deletion of section 13(9) of IGST Act, 2017 so as to provide that the place of supply of services of transportation of goods, in cases where location of supplier of services or location of recipient of services is outside India, shall be the location of the recipient of services.