



48TH GST COUNCIL MEETING RECOMMENDATIONS



IMPORTANT RECOMMENDATIONS

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Non GST Transactions

- Non GST transactions such as High Seas Sale, Merchant Trade, supply from warehouse were exempted by virtue of amendment in Schedule III w.e.f. 01.02.2019.
- However, there was an ongoing litigation with respect to taxability of such transactions for the period 01.07.2017 to 31.01.2019.
- It is hereby proposed above amendment would have retrospective effect from 01.07.2017 and thus would not be subjected to GST.

RCM on residential rent

- GST under RCM was introduced in case of residential renting by a registered person w.e.f 18.07.2022.
- It is hereby proposed that no RCM is payable, if the premises are rented to the registered person in personal capacity (For e.g. proprietor having GST No and paying rent in personal capacity).



Refund to buyers

- Procedure to claim refund by unregistered buyers to be provided by the government.
- It would cover cases wherein the contract has been cancelled but however supplier has not refunded GST on account of time limit of credit note. (specially in case of Real Estate).
- In such cases, buyer would be able to apply for GST refund

Reversal of ITC on account of non payment to vendor

- On account of previous amendment to Rule 37(1) on 01.10.2022, there was a lacuna in Law. Wherein, it was interpreted that even if small portion of outstanding amount to vendor beyond 180 days, entire ITC was liable to be reversed.
- It is hereby recommended that in case of non payment of consideration to vendor, proportionate ITC in the ratio of outstanding amount will only be liable to be reversed.



Decriminalization under GST

- Minimum threshold for launch of prosecution under GST proposed to be raised from existing Rs. 1 Crore to Rs. 2 Crore. However, this would not include cases for fake invoicing.
- Reduce the compounding amount from range of 50-150% to 25 to 100%.
- Decriminalize certain offences such as obstruction or preventing any officer in discharge of his duties; deliberate tempering of material evidence; failure to supply the information.



CIRCULARS TO BE
ISSUED

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GST Rate related

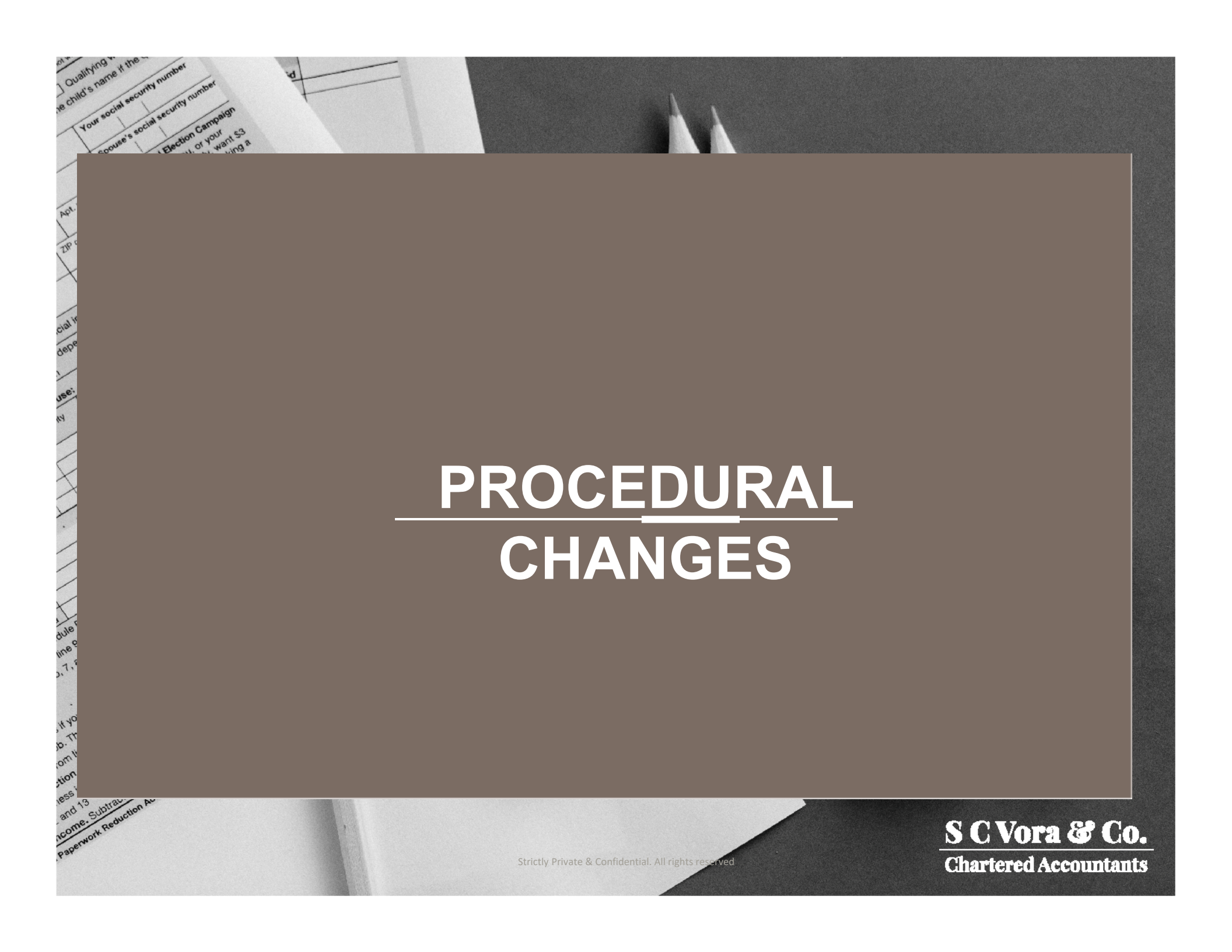
- Classification of Rab (CTH 1702) attracting 18% GST
- Fryums manufacturing (CTH 19059030) attracting 18% GST
- Higher rate of compensation cess of 22% to be applicable on SUV's.

Non GST rate related

- Goods imported for petroleum operations to attract lower rate of 5% and 12% rate applicable only when general rate is more than 12%.
- No claim bonus to be admissible deduction for valuation of insurance services.
- Treatment of statutory dues under GST wherein proceedings are finalized under Insolvency and Bankruptcy Code, 2016.



- Clarity to be provided on whether certified copy of assessment order is required while filing appeal and manner for the same.
- Section 12(8) of IGST Act- Issues pertaining to levy of CGST + SGST or IGST on outward freight services (recently made taxable) and manner of availment of ITC on such transactions
- Verification of ITC by departmental officers as per GSTR 3B vs GSTR 2A mismatch for F.Y. 2017-18 & FY 2018-19
- Applicability of E-invoice



PROCEDURAL CHANGES

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- Proposal to conduct a pilot in Gujarat for Biometric-based Aadhaar authentication and risk based physical verification of registration applicants.
- PAN-linked mobile number and e-mail address to be captured and recorded and OTP-based verification to be conducted at the time of registration to restrict misuse of PAN.
- To restrict filing of returns to a maximum period of 3 years from the due date of filing of the relevant return.
- FORM GSTR-1 to be amended to provide for reporting of details of supplies made through Ecommerce by the supplier.
- Intimation to the taxpayer by GST portal about the difference between liability in GSTR-1 and GSTR-3B. This would facilitate taxpayers to explain the reason for the difference without intervention of the tax officers



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Note-

The recommendations of the GST Council have been presented in press release containing major item of decision in simple language for information of the stakeholders.

The same would be given effect through the relevant circulars notifications/ law amendments which alone shall have the force of law.

Accordingly, it is important to study the exact wordings of the notification as and when notified.

THANK YOU



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