



54th GST COUNCIL MEETING RECOMMENDATIONS



Rate changes for Goods...

1. GST rate Namkeens and Extruded/Expanded Savoury food products reduced from 18% to 12%
2. The GST rate on cancer drugs to be reduced from 12% to 5%.
3. **RCM to be introduced on supply of metal scrap by unregistered person to registered person.**
4. To clarify that RMPU Air Conditioning Machines for Railways would be classified under HSN 8415 attracting GST of 28%.
5. GST rate on car seats classifiable under 9401 to be increased from 18% to 28%.

Rate changes for Services...

1. GST Council recommended to constitute a Group of Ministers (GoM) to holistically look into the issues pertaining to GST on the life insurance and health insurance.
2. The GST Council recommended to exempt supply of research and development services by a Government Entity; or a research association, university, college or other institution, using Government or private grants.
3. To clarify that location charges or Preferential Location Charges (PLC) paid along with the consideration for the construction services of residential/commercial/industrial complex before issuance of completion certificate forms part of composite supply and are eligible for same tax treatment as the main supply that is construction service.
4. To clarify that affiliation services provided by educational boards like CBSE are taxable.



....Rate changes for Services

5. Affiliation services provided by universities to their constituent colleges are not covered within the ambit of exemptions provided to educational institutions and chargeable to 18% GST.
6. To exempt import of services by an establishment of a foreign airlines company from a related person or any of its establishment outside India, when made without consideration.
7. **To bring renting of commercial property by unregistered person to a registered person under Reverse Charge Mechanism (RCM) to prevent revenue leakage.**
8. To clarify that when ancillary/intermediate services are provided by GTA in the course of transportation of goods by road and GTA also issues consignment note, the service will constitute a composite supply and all such ancillary/intermediate services like loading/unloading, packing/unpacking, transshipment, temporary warehousing etc. will be treated as part of the composite supply.

Measures for facilitation of trade.....

Waiver of interest & penalty

- Issue circular to clarify various issues related to availment of waiver of interest or penalty or both as per section 128A of CGST Act

Relaxation in ITC condition of S. 16(4)

- Newly introduced section 16(4) & S. 16(5) to be notified at the earliest.
- The Council also recommended that a special procedure for rectification of orders may be notified for persons whose 16(4) demand has been confirmed and where appeal against the said order has not been filed.
- Council also recommended issuance of a circular to clarify the procedure and various issues related to implementation S. 16(5) & S. 16(6)

....Measures for facilitation of trade..

Amendment in Rule 89 & 96 of CGST Rules

- Considering the difficulty being faced by the exporters due to restriction in respect of refund on exports, imposed vide rule 96(10), rule 89(4A) & rule 89(4B) of CGST Rules, 2017, the Council recommended to prospectively omit rule 96(10), rule 89(4A) & rule 89(4B) from CGST Rules, 2017.

Relevant Clarificatory Circulars

- Clarification on the Place of Supply of advertising services provided by Indian advertising companies to foreign entities.
- Clarification regarding availability of Input Tax Credit on demo vehicles by the dealers of the vehicle manufacturers.
- Clarification on Place of Supply of data hosting services provided by service providers located in India to cloud computing service providers located outside India.

Other Important Changes

B2C E-invoicing

- The council recommended roll out of a pilot for B2C e-Invoicing, following the successful implementation of e-invoicing in the B2B sector.
- The pilot will be rolled out on voluntary basis in selected Sectors and States.

Invoice Management System (IMS)

- IMS will allow the taxpayers to accept, reject, or to keep the invoices pending for the purpose of availment of Input Tax Credit.
- This will be an optional facility for taxpayers to reduce errors in claiming input tax credit and improve reconciliation. This is expected to reduce notices issued on account of ITC mismatch in the returns.

THANK YOU



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