

B P Shah Consultants LLP
159/4, Smruti building, Jawahar nagar, road no. 2, goregaon (W),
Mumbai - 400062

Tel: 9870148084 email: shahpathik123@gmail.com

Important points in 47th GST Council meeting

The GST Council's 47th meeting was held in Chandigarh on 28th and 29th June, 2022 under the chairmanship of the Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman. The GST Council has ~~it~~ 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. Rate Rationalization to remove inverted duty structure [Approval of recommendations made by GoM on rate rationalization]

<i>S. No.</i>	<i>Description</i>	<i>From</i>	<i>To</i>
<i>GOODS</i>			
1.	Printing, writing or drawing ink	12%	18%

B. Other GST rate changes recommended by the Council

<i>S. No.</i>	<i>Description</i>	<i>From</i>	<i>To</i>
<i>Services</i>			
1	Renting of truck/goods carriage where cost of fuel is included	18%	12%

C Withdrawal of exemptions [Approval of recommendations made by GoM on rate rationalization]

C1. Hitherto, GST was exempted on specified food items, grains etc when not branded, or right on the brand has been foregone. It has been recommended to revise the scope of exemption to exclude from it prepackaged and pre-labelled retail pack in terms of Legal Metrology Act, including pre-packed, pre-labelled curd, lassi and butter milk.

C.2 In case of the following goods, exemption from GST will be withdrawn:

<u><i>S. No.</i></u>	<u><i>Description of goods</i></u>	<i>From</i>	<i>To</i>
<i>GST rate changes</i>			
1.	Cheques, lose or in book form	Nil	18%

C3. In case of Services, following exemptions are being rationalized:

S. No.	Description
1	Exemption on following services is being withdrawn. (a) Renting of residential dwelling to business entities (registered persons).
2.	Hotel accommodation priced upto Rs. 1000/day shall be taxed at 12%

C4 .Clarification in relation to GST rate on Services

1. Services associated with transit cargo both to and from Nepal and Bhutan are covered by exemption under entry 9B of notification No. 12/2017-CT(R) dated 28.06.2017.
2. Activity of selling of space for advertisement in souvenirs published in the form of books is eligible for concessional GST at 5%.
3. Renting of vehicle with operator for transportation of goods on time basis is classifiable under Heading 9966 (rental services of transport vehicles with operators) and attracts GST at 18%. GST on such renting where cost of fuel is included in the consideration charged is being prescribed at 12%.
4. Renting of motor vehicles for transport of passengers to a body corporate for a period (time) is taxable in the hands of body corporate under RCM.

The rate changes recommended by the 47th GST Council will be made effective from **18th July, 2022.**

II. Further, the GST Council has inter-alia made the following recommendations relating to GST law and procedure:

A. Measures for Trade facilitation:

1. In-principal approval for relaxation in the provisions for suppliers making supplies through E-Commerce Operators (ECOs)

- I. Waiver of requirement of mandatory registration under section 24(ix) of CGST Act for person supplying goods through ECOs, subject to certain conditions, such as-**

- i. the aggregate turnover on all India basis does not exceed the turnover specified under sub-section (1) of section 22 of the CGST Act and notifications issued thereunder.
 - ii. the person is not making any inter-State taxable supply

- II. Composition taxpayers would be allowed to make intra-State supply through e-commerce operators subject to certain conditions.**

The details of the scheme will be worked out by the Law Committee of the Council. The scheme would be tentatively implemented with effect from 01.01.2023, subject to preparedness on the portal as well as by ECOs.

2. **Amendment in formula prescribed in sub-rule (5) of rule 89 of CGST Rules, 2017 for calculation of refund of unutilized Input Tax Credit on account of inverted rated structure**

- a. Change in formula for calculation of refund under rule 89(5) to take into

account utilization of ITC on account of inputs and input services for payment of output tax on inverted rated supplies in the same ratio in which ITC has been availed on inputs and input services during the said tax period. **This would help those taxpayers who are availing ITC on input services also.**

3. **Amendment in CGST Rules for handling of pending IGST refund claims:** In some cases where the exporter is identified as **risky exporter** requiring verification by GST officers, or where there is a violation of provisions of Customs Act, the refund claims in respect of **export of goods** are suspended/withheld.

Amendment in rule 96 of the CGST Rules has been recommended to provide for transmission of such IGST refund claims on the portal in a system generated **FORM GST RFD-01** to the jurisdictional GST authorities for processing. **This would result in expeditious disposal of such IGST refund claims, after due verification by GST officers, thus benefitting such exporters.**

4. **Re-credit of amount in electronic credit ledger** to be provided in those cases where erroneous refund amount sanctioned to a taxpayer on account of accumulated ITC or on account of IGST paid on zero rated supply of goods or services, in contravention of rule 96(10) of the CGST Rules, is deposited by him along with interest and penalty, wherever applicable. A new **FORM GST PMT-03A** is introduced for the same.

This will enable the taxpayers to get re-credit of the amount of erroneous refund, paid back by them, in their electronic credit ledger.

5. **Clause (c) of section 110 and section 111 of the Finance Act, 2022 to be notified by Central Government at the earliest.** These provisions relate to-

- a. retrospective amendment in section 50(3) of CGST Act, with effect from 01.07.2017, to provide that interest will be payable on the wrongly availed ITC only when the same is utilized;
- b. amendment in sub-section (10) of section 49 of CGST Act to provide for transfer of balance in electronic cash ledger of a registered person to electronic cash ledger of CGST and IGST of a distinct person.

The rules providing for the manner of calculation of interest under section 50 of CGST Act have also been recommended for more clarity. This will remove ambiguities regarding manner of calculation of interest and will also provide for transfer of balance in CGST and IGST cash ledgers between distinct persons, thereby improving liquidity and cash flows of such taxpayers.

6. **Waiver of late fee for delay in filing FORM GSTR-4 for FY 2021-22 and extension of due date for filing FORM GST CMP-08 for Q1 of FY 2022-23:**

- a. **To extend the waiver of late fee** under section 47 for delay in filing **FORM GSTR-4** for FY 2021-22 by approximately four more weeks, i.e. **till 28.07.2022** ~~(The waiver is for period 01.07.2022 to 01.08.2022)~~
- b. **To extend the due date of filing of FORM GST CMP-08** for the 1st quarter of FY 2022-23 from 18.07.2022 to **31.07.2022**.

GSTN has also been asked to expeditiously resolve the issue of negative balance in Electronic Cash Ledger being faced by some of the composition taxpayers.

7. **Present exemption of IGST on import of goods under AA/EPCG/EOU**

schemeto be continued and E-wallet scheme not to be pursued further.

8. **Issuance of the following circulars in order to remove ambiguity and legal disputes on various issues, thus benefiting taxpayers at large:**
 - a. *Clarification on issue of claiming refund under inverted duty structure where the supplier is supplying goods under some concessional notification.*
 - b. *Clarification on various issues relating to applicability of demand and penalty provisions under the CGST Act in respect of transactions involving fake invoices.*
 - c. *Clarification on mandatory furnishing of correct and proper information of inter-State supplies and amount of ineligible/blocked Input Tax Credit and reversal thereof in return in **FORM GSTR-3B**.*
 - d. **Clarification in respect of certain GST related issues:**
 - i. *Clarification on the issues pertaining to refund claimed by the recipients of supplies regarded as deemed export;*
 - ii. *Clarification on various issues relating to interpretation of section 17(5) of the CGST Act;*
 - iii. *Clarification on the issue of perquisites provided by employer to the employees as per contractual agreement;*
 - iv. *Clarification on utilization of the amounts available in the electronic credit ledger and the electronic cash ledger for payment of tax and other liabilities.*
9. *Exemption from filing annual return in **FORM GSTR-9/9A** for FY 2021-22 to be provided to taxpayers having AATO upto Rs. 2 crores.*
10. *Explanation 1 after rule 43 of CGST Rules to be amended to provide that there is no requirement of reversal of input tax credit for exempted supply of **Duty Credit Scrips** by the exporters.*
11. *UPI & IMPS to be provided as an additional mode for payment of Goods and Services Tax to taxpayers under Rule 87(3) of CGST Rules.*
12. *In respect of refunds pertaining to supplies to SEZ Developer/Unit, an Explanation to be inserted in sub-rule (1) of rule 89 of CGST Rules to clarify that “specified officer” under the said sub-rule shall mean the “specified officer” or “authorized officer”, as defined under SEZ Rules, 2006.*

B. Measures for streamlining compliances in GST

1. *Provision for automatic revocation of suspension of registration in cases where suspension of registration was done by the system under Rule 21A(2A) of CGST Rules, for non-compliance in terms of clause (b) or clause (c) of sub-section (2) of section 29 [continuous non-filing of specified number of returns], once all the pending returns are filed on the portal by the taxpayer. (Amendment in rule 21A)*
2. *Proposal for comprehensive changes in **FORM GSTR-3B** to be placed in public domain for seeking inputs/suggestions of the stakeholders.*
3. **Time period from 01.03.2020 to 28.02.2022 to be excluded from calculation of the limitation period for filing refund claim by an applicant under section 54 and 55 of CGST Act, as well as for issuance of demand/ order (by proper officer) in**

respect of erroneous refunds under section 73 of CGST Act. Further, limitation under section 73 for FY 2017-18 for issuance of order in respect of other demands linked with due date of annual return, to be extended till 30th September, 2023.

- C. The Council has decided to constitute a Group of Ministers to address various concerns raised by the States in relation to constitution of GST Appellate Tribunal and make recommendations for appropriate amendments in CGST Act.*
- D. The GST Council approved ad-hoc apportionment of IGST to the extent of Rs. 27,000 crores and release of 50% of this amount, i.e. Rs. 13,500 crores to the States.*
- E. The GoM on IT Reforms, inter alia, recommended that the GSTN should put in place the AI/ML based mechanism to verify the antecedents of the registration applicants and an improved risk-based monitoring of their behavior postregistration so that non-compliant tax payers could be identified in their infancy and appropriate action be taken so as to minimize risk to exchequer.*

Note: The recommendations of the GST Council have been presented in this release containing major item of decisions in simple language for information of all stakeholders. The same would be given effect through relevant Circulars/ Notifications/ Law amendments which alone shall have the force of law.