

Recommendations in 54th GST Council Meeting

As we approach a new milestone in the evolution of GST, the 54th GST Council meeting, held on 09/09/2024, marked a significant step in refining our tax system.

Under the Chairmanship of Smt. Nirmala Sitharaman, this meeting addressed critical issues affecting taxpayers, revenue authorities, State Governments, and various sectors of trade and industry.

The Council has introduced several important amendments and rate adjustments designed to enhance compliance, clarify ambiguities, and streamline processes.

SIGNIFICANT RECOMMENDATIONS THAT REQUIRE ATTENTION

- 🕒 **Waiver of Interest and Penalty for July 2017 to March 2020 under Section 128A of CGST Act**
 - 🕒 Section 128A to come into effect from 01.11.2024.
 - 🕒 Payment of tax to be made on or before 31.03.2025 for taking benefit.
 - 🕒 A new rule, Rule 164 to be inserted laying down the procedure, conditions and corresponding forms for facilitating implementation of waiver of interest and penalty.
 - 🕒 Circular to be issued clarifying various issues in this regard

- 🕒 **Providing of a mechanism for ITC denied and availability of ITC in case of restoration of registration which was cancelled earlier [Section 16(5) and Section 16(6) of CGST Act, 2017]**
 - 🕒 Sub section (5) and sub section (6) in Section 16 of CGST Act. 2017 to be notified at the earliest retrospectively from 01.07.2017
 - 🕒 Procedure for Rectification of orders which were passed denying ITC availment to be notified where no appeals were filed

- ☺ Circular to be issued for clarification and implementation

- ☺ Discontinuance of restriction cast by Rule 96(10) of CGST Rules 2017 on export with payment of tax where benefit of exemption of IGST on inward supplies is taken by EOU as well as where goods are received by availing benefit under advance authorization, EPCG scheme, deemed exports, merchant export. Similarly, restriction cast by Rule 89(4)(A) and 89(4)(B) of CGST Rules to be removed.

RECOMMENDATIONS ON GST RATES/CLARIFICATIONS

CHANGES IN RATE

- ⊙ GST rate on cancer drugs namely Trastuzumab Deruxtecan, Osimertinib and Durvalumab reduced from 12% to 5%
- ⊙ Extruded savoury/salted products (other than un-fried or un-cooked snack pellets manufactured through extrusion process) falling under HS 1905 90 30 reduced from 18% to 12% bringing in line with namkeen, bhujia, mixture, etc.
- ⊙ Rate of car seats classified under 9401 and thus tax rate is increased from 18% to 28% prospectively in line with that of motorcycle seats
- ⊙ Clarification to be provided for taxability of affiliation services provided by education boards such as CBSE . However, exemption is proposed to affiliation services provided by State/Central educational boards and councils to Govt. schools prospectively. Notification to be issued for prescribing tax rate of 5% on Transport of passengers by helicopters on seat share basis.. However, to clarify that charter of helicopter is chargeable at 18%

EXEMPTIONS

- ⊙ Circular to be issued clarifying that approved training courses conducted by DGCA approved Flying Training Organisations (FTOs) are exempt
- ⊙ R&D services by a Government Entity, or a research association, university, college, or other institution, using Government or private grants. Past demands to be regularized on an 'as is where is' basis.
- ⊙ Import of services by an establishment of a foreign airline company from a related person or distinct persons outside India without consideration is to be exempted from GST. Past period to be regularized on an 'as is where is' basis.
- ⊙ Services supplied pertaining to application fees for providing electricity connections, rental charges for electricity meters, testing Fees for meters, transformers, capacitors, labor charges for shifting meters/service lines, charges for duplicate Bills

along with supply of transmission and distribution of electricity are to be exempted from GST

RCM

- ⊙ Supply of metal scrap by an unregistered person to a registered person is liable to RCM.
- ⊙ Further, 2% TDS will be applicable when registered persons sales metal scrap in a B2B transaction.
- ⊙ Renting commercial property by an unregistered person to a registered person will attract GST under RCM.

COMPOSITE SUPPLY

- ⊙ Preferential Location Charges (PLC) paid alongwith consideration paid for purchase of residential/commercial/industrial apartments before the issuance of a completion certificate would fall under composite supply of services and chargeable at the tax rate of construction services.
- ⊙ Services such as loading/unloading, packing/unpacking, transshipment, temporary warehousing, etc. provided by a Goods Transport Agency (GTA) who issues a consignment note during the course of transportation of goods by road shall be part of composite supply. However, the same shall not form of composite supply if they are supplied independently.

Circulars to be issued for clarifying ambiguity and legal disputes

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

Other Points:

- 🕒 Govt. to roll out B2C E-Invoicing on pilot basis
- 🕒 Introduction of new Ledgers on GSTIN portal, such as Reverse Charge Mechanism (RCM) ledger, Input Tax Credit Reclaim ledger
- 🕒 An Invoice Management System (IMS) will be rolled out. This 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

Disclaimer

This document is based on the press release issued pursuant to the 54th GST Council Meeting. The press release merely highlights the important recommendations of GST Council. The amendments in GST law, based on the GST Council's recommendations, is yet to be effectuated. Updates will be provided for any such amendment in the GST law.

This document is not a written opinion. This document is meant for internal circulation for introduction/basic understanding purposes only. A detailed consultation with us is required before taking any tax/business decision based on this document. GSC, its employees or directors are in no way responsible for any loss arising due to reliance placed on this document.

How GSC can be of your assistance?

Knowledge
partner

Implementation
partner

Compliance
partner

Assurance
partner

Reach Us?



West Region

6th Level, HDIL Kaledonia-A,
Sahar Road, Andheri (East),
Mumbai – 400 069.

North Region

A-36, 1st Floor, Ring Road,
Rajouri Garden, New Delhi – 110 027.

East Region

Unit No. 7, 2nd Floor,
Vasundhara, Sarat Bose Road,
Kolkata – 700 020.

South Region

64, Thirumalai Pillai Road,
T. Nagar, Chennai – 600 017.



www.gscintime.com



+91 22 4612 5600

+91 98210 12151



jayeshgogri@gscintime.com

info@gscintime.com

