

Addendum to Agenda Item 3 for the 16th GST Council Meeting

A. Proposed IGST exemption

I. Bilateral Commitments – Imports under Agreement between India and Pakistan / Bangladesh for regulation of Bus Service

S. No.	Notification No.	Gist of the notification	Comments
1.	No. 4/99-Customs, dated 08.01.1999	1. Passenger bus; and 2. Spares, fuel and consumables for the passenger bus imported under the Agreement between India and Pakistan for regulation of Bus Service between New Delhi and Lahore or under the Agreement between India and Bangladesh for regulation of Bus Service between Calcutta and Dhaka.	1. This exemption flows from Bilateral Agreements . 2. The exemption is subject to the conditions, inter alia, that <ol style="list-style-type: none">The passenger bus is re-exported before the expiry of 3 months from the date of its importation into India or within such extended period not exceeding further 3 months at a time as permitted by the Central Government or the Commissioner of Customs;Spares and consumables are imported along with the passenger bus and are intended for the proper running of the passenger bus or to carry out necessary repair on the passenger bus during the course of journey;Such spares and consumables, as are not used during the course of the journey, are re-exported at the time of re-export of the passenger bus; andThe fuel is contained in the fuel tank of the passenger bus and such quantity of fuel as is not consumed during the course of the journey is re-exported at the time of re-export of the passenger bus.Similar exemption would be required for other modes of transportation.

II Technical Exemptions for Temporary import/Re-Import

S. No.	Notification No.	Gist of the notification	Comments
2.	40/2015-Cus dated 21.07.2015	Import of Diamonds for Certification / Grading & Re-export in terms of Para 4.42 of the FTP 2015-20 , by the agencies mentioned in Para 4.42 of FTP, without payment of all Customs duties after executing bond with Customs.	<ol style="list-style-type: none"> 1. Import of Diamonds for Certification / Grading & Re-export in terms of Para 4.42 of the FTP 2015-20, by the specified agencies has been exempted from customs duties, as such imports are temporary imports subject to condition of re-export. 2. To avoid unproductive assessment at the time of import and subsequent refunds at the time of re-export, such imports may be exempt from IGST.
3.	9/2012-Cus dated 09.03.2012	<p>An exporter (with annual export turnover of Rs 5 crore for each of the last three years) may export cut & polished diamonds (each of 0.25 carat or above) to specified testing agencies/laboratories abroad [as mentioned under paragraph 4.74 of the Handbook of Procedures] for testing.</p> <p>On their re-import [within 3 months from the date of export] such cut and polished diamonds are exempt from customs duties [BCD, CVD and SAD].</p>	<ol style="list-style-type: none"> 1. Such Cut & polished diamonds are exported for testing and on their re-import [within three months] are exempt from customs duties. 2. This is a technical exemption on re-import of goods, we may provide exemption from IGST.
4.	No exemption at present	<ol style="list-style-type: none"> a) Interstate movement of Any mode of conveyance, including <ol style="list-style-type: none"> i. Trains ii. Buses iii. Trucks iv. Tankers v. Trailers vi. Vessels vii. Containers a) Carrying goods or passengers or both; or b) For repairs and maintenance. 	<ol style="list-style-type: none"> 1. May be exempt from IGST. 2. However, applicable GST/IGST will apply on repairs and maintenance done. 3. Appropriate notification/clarification will be issued in consultations with Ministry of Law & Justice. 4. However, in case of repair or maintenance CGST/SGST/IGST will apply as per rules in this regard. <p>A suitable instrument may be issued after consultation with Ministry of Law.</p>

B. GST Rate on job work services in relation to printing of books, journals and periodicals [Heading 4901, 4902 of HSN]:

GST rate on supply of newspapers, journals, periodicals and printed books (including braille books) is Nil. GST rate on selling of space for advertisements in print media is 5%. Keeping in view the fact that sale of space for advertisements in newspapers will attract GST @ 5%, GST Council has decided that job work services in relation to printing of newspapers will attract GST @ 5%. However, job work services in relation to printing of books, journals and periodicals shall attract GST rate of 18% as against the currently applicable NIL rate of Service Tax. [It may be recalled that it was decided to withdraw the exemption in respect of job-work services relating to printing by the GST Council in Srinagar. As a result, these job-work services will attract the standard rate of 18%.]

2. This may create tax inversion and consequent ITC accumulation in case of journals and periodicals and additional cost in case of books. This would also create a tax disadvantage for publishers of books, journals and periodicals who outsource printing to job workers vis a vis those publishers who carry out all processes in house. This would discourage outsourcing and would be against the interest of job workers in these sectors. This would also create disparity between job workers/printers who print newspapers and those who print books, journals and periodicals.

3. In view of the above, it is proposed that like job work services in relation to printing of newspapers, job work services in relation to printing of books (including braille books), journals and periodicals, may also be taxed at the rate of 5%.
