

Confidential



# Agenda for

# 20<sup>th</sup> GST Council Meeting

# Volume-1

5 August 2017

New Delhi





**F.No. 134/20<sup>th</sup> Meeting/GST Council/2017**  
**GST Council Secretariat**

Room No.275, North Block, New Delhi  
Dated: 31 July 2017

**Notice for the 20<sup>th</sup> Meeting of the GST Council on 5 August 2017**

The undersigned is directed to refer to the subject cited above and to say that the 20<sup>th</sup> meeting of the GST Council will be held on 5 August 2017 at Hall No. 2-3, Vigyan Bhavan, New Delhi. The schedule of the meeting is as follows:

- i. Saturday, 5 August 2017 : 1530 hours onwards
2. The agenda for the Council meeting is enclosed.
3. In addition, an officers' meeting will be held on Saturday, 5 August 2017 from 0930 - 1330 hours at the same venue, i.e. Hall No. 2-3, Vigyan Bhavan, New Delhi, followed by lunch.
4. Please convey the invitation to the Hon'ble Members of the GST Council to attend the 20<sup>th</sup> GST Council Meeting.

- *Sd* -

**(Dr. Hasmukh Adhia)**  
**Secretary to the Govt. of India and ex-officio Secretary to the GST Council**  
**Tel: 011 23092653**

Copy to:

1. PS to the Hon'ble Minister of Finance, Government of India, North Block, New Delhi with the request to brief Hon'ble Minister about the above said meeting.
2. PS to Hon'ble Minister of State (Finance), Government of India, North Block, New Delhi with the request to brief Hon'ble Minister about the above said meeting.
3. The Chief Secretaries of all the State Governments, Delhi and Puducherry with the request to intimate the Minister in charge of Finance/Taxation or any other Minister nominated by the State Government as a Member of the GST Council about the above said meeting.
4. Chairperson, CBEC, North Block, New Delhi, as a permanent invitee to the proceedings of the Council.
5. Chairman, GST Network

**Agenda items for the 20<sup>th</sup> Meeting of the GST Council on 5 August 2017**

1. Confirmation of the Minutes of the 18<sup>th</sup> GST Council Meeting held on 30 June 2017
2. Confirmation of the Minutes of the 19<sup>th</sup> GST Council Meeting held on 17 July 2017
3. Decisions of the GST Implementation Committee (GIC) for *post-facto* approval
4. Approval of e-Way Bill Rule
5. Recommendations of the Fitment Committee
6. Proposals regarding changes to Central Sales Tax Rules
7. Any other agenda item with the permission of the Chairperson
8. Date of the next meeting of the GST Council

## TABLE OF CONTENTS

<u>Agenda No.</u>	<u>Agenda Item</u>	<u>Page No.</u>
1	Confirmation of the Minutes of the 18 <sup>th</sup> GST Council Meeting held on 30 Jun 2017	6
2	Confirmation of the Minutes of the 19 <sup>th</sup> GST Council Meeting held on 17 Jul 2017	37
3	Decisions of the GST Implementation Committee (GIC) for post-facto approval	48
4	Approval of e-Way Bill Rule	54
5	Recommendations of the Fitment Committee (Goods)	68
6	Proposals regarding changes to Central Sales Tax Rules	135
7	Any other agenda item with the permission of the Chairperson <ul style="list-style-type: none"> <li>i. Amendments to CGST and SGST Rules</li> <li>ii. Constitution of Standing Committee for Anti-Profiteering</li> <li>iii. Development of e-Way Bill system by NIC</li> <li>iv. GST rate on Works Contract Services provided to the Government</li> <li>v. GST on Profit Petroleum and clarification on Cost Petroleum</li> <li>vi. Payment Process for Tax Deducted at Source under GST</li> </ul>	139 159 160 162 165 167

# Discussion on Agenda Items

---

## **Agenda Item 1: Confirmation of the Minutes of the 18<sup>th</sup> GST Council Meeting held on 30 June 2017**

### **Draft Minutes of the 18<sup>th</sup> GST Council Meeting held on 30 June 2017**

The eighteenth meeting of the GST Council (hereinafter referred to as ‘the Council’) was held on 30 June, 2017 in Vigyan Bhawan, New Delhi, under the Chairpersonship of the Hon’ble Union Finance Minister, Shri Arun Jaitley. The list of the Hon’ble Members of the Council who attended the meeting is at **Annexure 1**. The list of officers of the Centre, the States, the GST Council and the Goods and Services Tax Network (GSTN) who attended the meeting is at **Annexure 2**.

2. The following agenda items were listed for discussion in the 18<sup>th</sup> Meeting of the Council –
  1. Confirmation of the Minutes of the 17<sup>th</sup> GST Council Meeting held on 18 June, 2017
  2. Decisions of the GST Implementation Committee (GIC)
  3. Any other agenda item with the permission of the Chairperson
    - i. Rules and Forms for Compounding of Offences
    - ii. Rules and Forms for Enforcement
    - iii. Rules and Forms for Refund (Rule 96 amended to accommodate export without payment of tax)
    - iv. Rules and Forms for Demand and Recovery
    - v. Value for the purpose of levy of GST on transportation of goods by a vessel from a place outside India up to the customs station in India
    - vi. Notification of IGST Rules, 2017
    - vii. Proposal to amend rule 117 (1) of the CGST Rules, 2017
    - viii. High Sea Sales
  4. Date of the next meeting of the GST Council

## **Discussion on Agenda Items**

### **Agenda Item 1: Confirmation of the Minutes of the 17<sup>th</sup> GST Council Meeting held on 18 June, 2017:**

3. The Hon’ble Chairperson welcomed all the Members to the 18<sup>th</sup> Council Meeting and invited comments of the Hon’ble Members on the draft Minutes of the 17<sup>th</sup> Meeting of the Council (hereinafter referred to as ‘Minutes’) held on 18 June, 2017 before its confirmation.
- 4.1. The Secretary, GST Council (hereinafter referred to as ‘Secretary’) invited the Chairman, CBEC to lay before the Council requests received regarding the Minutes. Chairman, CBEC asked Additional Secretary, GST Council to inform the Council about the requests received. Additional Secretary, GST Council stated that a written request was received from the Joint Commissioner, Odisha

to replace the version of the Principal Secretary (Finance), Odisha in paragraph 5.4.4 of the Minutes as follows:

‘Shri Tuhin Kanta Pandey, Principal Secretary (Finance), Odisha stated that presently the State of Odisha has an e-Way Bill system for inter-state movement and not for intra-state movement and in principle, the State was against the implementation of e-Way Bill system. He explained that when one-to-one invoice matching was available in the system, there was no need for an e-Way Bill. He added that this would increase the compliance burden and that efforts should be taken to reduce compliance burden. He further informed that with effect from 1 April 2017, his State had abolished check posts and there was no problem because of that. If at all it is felt necessary to introduce the system, it should be done later after thorough deliberations, so that unnecessary compliance burden is avoided.’

The Council agreed to replace the version of the Principal Secretary (Finance), Odisha as requested.

4.2. Additional Secretary, GST Council further informed that a written request had also been received from Shri Alok Gupta, Commissioner, Commercial Taxes (CCT), Rajasthan to include the views of the Hon’ble Minister from Rajasthan in paragraph 8.7.2 of the Minutes after the views of the Hon’ble Chief Minister of Puducherry as follows:

‘The Hon’ble Minister from Rajasthan stated that room of Rs. 5,000/- plus was not a luxury. He requested to reconsider the rate of GST on hotel rooms and services and to reduce it to 18% from 28% for room tariff up to Rs. 10,000/-.’

The Council agreed to include the version of the Hon’ble Minister from Rajasthan as requested.

4.3. Dr. C. Chandramouli, Additional Chief Secretary, Tamil Nadu informed that the name of the Hon’ble Minister from Tamil Nadu had been left out of Annexure 1 of the Minutes, i.e. List of Ministers who attended the 17<sup>th</sup> GST Council Meeting. Chairman, CBEC mentioned that this was an inadvertent error and that the name of the Hon’ble Minister from Tamil Nadu would be included in Annexure 1 of the Minutes.

4.4. The Hon’ble Minister from Bihar stated that his views regarding palm and date jaggery and *neera* were not recorded in the Minutes. The Council agreed to appropriately include the views of the Hon’ble Minister from Bihar in the Minutes as follows:

‘The Hon’ble Minister from Bihar requested that palm and date jaggery and all kinds of non-intoxicating *neera* be exempted from tax in view of the immense potential for small entrepreneurs and the beneficial effects of *neera* on health.’

4.5. In view of the above discussion, for Agenda item 1, the Council decided to adopt the Minutes of the 17<sup>th</sup> Meeting of the Council with the changes as recorded below: -

- (i) To replace the version of the Principal Secretary (Finance), Odisha in paragraph 5.4.4 of the Minutes with the following:

‘Shri Tuhin Kanta Pandey, Principal Secretary (Finance), Odisha stated that presently the State of Odisha has an e-Way Bill system for inter-state movement and not for intra-state movement and in principle, the State was against the implementation of e-Way Bill system. He explained that when one-to-one invoice matching was available in the system, there was no need for an e-Way Bill. He added that this would increase the compliance burden and that efforts should be taken to reduce compliance burden. He further informed that with effect from 1 April 2017, his State had abolished check posts and there was no problem because of that. If at all it is felt

necessary to introduce the system, it should be done later after thorough deliberations, so that unnecessary compliance burden is avoided.’

- (ii) To include the version of the Hon’ble Minister from Rajasthan as requested in paragraph 8.7.2 after the statement of the Hon’ble Chief Minister of Puducherry as follows:

‘The Hon’ble Minister from Rajasthan stated that room of Rs. 5,000/- plus was not a luxury. He requested to reconsider the rate of GST on hotel rooms and services and to reduce it to 18% from 28% for room tariff up to Rs. 10,000/-.’

- (iii) To include the name of the Hon’ble Minister from Tamil Nadu in Annexure 1 of the Minutes, i.e. List of Ministers who attended the 17<sup>th</sup> GST Council Meeting held on 18 June 2017.

- (iv) To appropriately include the views of the Hon’ble Minister from Bihar as follows:

‘The Hon’ble Minister from Bihar requested that palm and date jaggery and all kinds of non-intoxicating *neera* be exempted from tax in view of the immense potential for small entrepreneurs and the beneficial effects of *neera* on health.’

## **Agenda Item 2: Decisions of the GST Implementation Committee (GIC)**

5. Introducing this Agenda item, the Hon’ble Chairperson stated that the GST Council had decided to form the GST Implementation Committee (GIC) comprising of officers from the Central and State Governments to decide on procedural issues since it would not be feasible to bring all such issues to the Council. She invited Shri Upender Gupta, Commissioner (GST Policy Wing) to make a presentation highlighting the key decisions of the GIC for information of the Council. The presentation is included at **Annexure 3**.

5.1. Commissioner, (GST Policy Wing), CBEC explained that certain amendments and changes were discussed in the GIC meetings held on 18<sup>th</sup> June 2017, 23<sup>rd</sup> June 2017 and 28<sup>th</sup> June 2017 and that the GIC had approved the amendments, additions and deletions under the Central Goods and Services Tax Rules, 2017. The decisions of the GIC are recorded below –

- i. To defer by two months, bringing into force Section 51 (TDS) and Section 52 (TCS) of the Central Goods and Services Tax Act (CGST) , 2017/State Goods and Services Tax (SGST) Acts, 2017 owing to the lack of preparedness of government agencies to deduct TDS and the need to be linked to fund settlement mechanism of respective States. It was also pointed out that since GSTR 2 is not getting filed in the first two months, the TDS/TCS benefit cannot be passed on to the tax payer.
- ii. To defer to a later date implementation of provisos to section 42(9) and section 43(9) of the CGST Act, 2017/SGST Acts, 2017.
- iii. To bring into force from a later date section 15 of the Integrated Goods and Services Tax Act, 2017(13 of 2017) dealing with Tourist Refund.
- iv. To exempt those dealing in second hand goods and availing the margin scheme provided in Rule 32(5) of CGST Rules, 2017 from payment of tax under Section 9(4) of CGST Act, 2017/SGST Acts, 2017.
- v. To exempt persons liable to deduct tax under Section 51 from payment of tax under Section 9(4) of CGST Act, 2017 /SGST Acts, 2017, if registered only for TDS as they are not engaged in supply or receipt of goods or services.
- vi. To levy a uniform rate of 18% on all Information Technology (IT) software, irrespective of whether supplied on tangible media or through electronic downloads.



- vii. In respect of guest houses and hotels which are not liable to be registered under Section 22(1), their services to be taxed at the hands of the electronic commerce operator under Section 9(5) of the CGST Act, 2017/SGST Acts, 2017.
- viii. To allow deemed credit of @ 40% on goods which were exempted under Central Excise (such as tractor and textile).
- ix. To approve certain changes in Rules relating to Registration, Composition, Return, Invoices, Refund, ITC & Transition as detailed below –

<u>S. No.</u>	<u>Chapter</u>	<u>Amendments in Rule No.</u>	<u>Addition/Deletion</u>	<u>Reason</u>
1	Registration	1, 10(4), 13(4), second proviso of 19(1), 21(b), 22(3), Second Proviso of 24(1), 26(3), Form GST REG-12, Form REG-25	Rule 24(3A) Addition	To enable deemed registration for migrating assesses also
2	Composition	Form GST CMP-03, CMP-04, GST CMP-07	---	Minor Changes in drafting
3	Return	FORM GSTR-7A, 45(3), 45(4), Rule 61(5)	FORM GSTR-3B (addition)	Shorter return for first two months of roll-out
4	Tax Invoice, Credit and Debit Notes	First proviso of rule 46, Second Proviso to Rule 46	Rule 46 (f) (addition)	Address of Delivery of recipient in the invoice if the recipient requests for the same
5	Refund	-----	New Rule No .96 (addition), second proviso in rule 89 (deletion)	Refund of IGST paid on goods to be refunded through automatic route
6	ITC	42(1)(i)	FORM GST ITC-04	To enable intimation on job work from taxpayer
7	Transition	FORM TRAN 1 & 2	-----	Minor changes in drafting

5.2. The Secretary informed that the decisions of GIC were discussed in the Officers' Meeting and many States were not agreeable to allowing 40% deemed credit on SGST as States would have to allow deemed credit even though they might not have collected any VAT. Therefore, in the Officers' Meeting, it was suggested to not implement the decision of the GIC regarding allowance of deemed credit of 40% on goods which were exempted under Central Excise. The Council agreed to the suggestion.

5.3. The Hon'ble Minister from Meghalaya requested for clarification on the Invoice Rules, whether the limit (for recording address in the Invoice) had been revised to Rs. 20,000/-. Commissioner (GST Policy Wing), CBEC clarified that it was decided to incorporate in the Invoice Rules that if the consumer insisted, even if the value of supply was less than Rs. 50,000/-, the address would be recorded in the Invoice.

5.4. For agenda item 2, the Council took note of the decisions of the GIC as referred to in paragraph 5.1. However, the Council decided not to implement the decision of the GIC regarding allowance of deemed credit of 40% on goods which were exempted under Central Excise /VAT.

### **Agenda Item 3: Any other agenda item with the permission of the Chairperson**

#### **Approval of draft GST Rules and related Forms**

6.1. The Council then took up agenda item 3 for discussion. Commissioner (GST Policy Wing) proceeded to make a presentation on the Rules which is included in **Annexure 3**. The Hon'ble Deputy Chief Minister of Delhi suggested that since these Rules had already been discussed by the officers in the Officers' Meeting held earlier, these could be approved and only issues where there was no consensus among the officers could be flagged. The Chairperson agreed to this suggestion. Commissioner (GST Policy Wing), CBEC added that the officers were in agreement on all issues discussed regarding the Rules.

#### **Agenda Item 3(i) – Compounding of Offences**

6.2.1. Commissioner (GST Policy Wing), CBEC mentioned that some changes suggested by the officers in the Officers' Meeting have been incorporated in the Rules. The modified version of the Compounding of Offences Rules is at **Annexure 4**.

6.2.2. The Council approved the Rules and related Forms on Compounding of Offences including the changes made therein.

#### **Agenda Item 3(ii) – Enforcement (Inspection, Search and Seizure)**

6.3.1. Commissioner (GST Policy Wing), CBEC mentioned that some changes suggested by the officers in the Officers' Meeting have been incorporated in the Rules. The modified version of the Enforcement (Inspection, Search and Seizure) Rules is at **Annexure 5**.

6.3.2. The Council approved the Rules and related Forms on Enforcement (Inspection, Search and Seizure) including the changes made therein.

#### **Agenda Item 3(iii) – Refund (Rule 96 amended to accommodate export without payment of tax)**

6.4.1. Commissioner (GST Policy Wing) stated that with reference to the Refund Rules, it was desirable that the process followed for export of goods from SEZ (Special Economic Zone) should be followed for export of goods under bond also. The agreed amendment to the Refund Rules at **Annexure 6**.

6.4.2. The Council approved the changes made to the Refund Rules and Forms.

#### **Agenda Item 3(iv) – Demand and Recovery**

6.5.1. Commissioner (GST Policy Wing), CBEC mentioned that some changes suggested by the officers in the Officers' Meeting have been incorporated in the Rules. The modified version of the Demand and Recovery Rules is at **Annexure 7**.

6.5.2. The Council approved the Rules and related Forms on Demand and Recovery including the changes made therein.

6.6. Commissioner (GST Policy Wing), CBEC stated that there were two additional agenda items and two table agenda items listed. The Secretary informed that the remaining four items were also

discussed during the Officers' Meeting and that the officers had agreed on all these items and that the Council could approve them. Accordingly, the Council approved the four items listed below. A brief summary of each of these additional agenda items is given below.

**Agenda Item 3(v) – Value for the purpose of levy of GST on transportation of goods by a vessel from a place outside India up to the customs station in India**

6.7.1. In the existing Service Tax Law, with a view to provide level playing field to the Indian shipping companies, it has been provided that in cases where the goods are imported by an importer in India on CIF (Cost, Insurance and Freight) basis and the service of transportation of goods by a vessel from a place outside India up to the customs station in India is provided by a person located in non-taxable territory (a foreign shipping line) to a person located in non-taxable territory (overseas supplier/exporter of goods), the importer in India shall be liable to pay Service Tax on freight. In view of the representations that where the importer purchases goods on CIF basis, he may not have the invoice issued by the shipping line for freight and may not know the amount of freight charged by the foreign shipping line from the foreign supplier; it was stipulated in the Service Tax Rules that in such cases the importer shall have the option to pay an amount calculated @ 1.4% of the CIF value of imported goods. This provision was stipulated on the basis that freight roughly constitutes 10% of the CIF value of goods on an average. Under GST too, it was decided that the liability to pay GST on such transportation service provided by a foreign shipping line to a foreign supplier shall be of the importer in India and the notifications are being issued accordingly. It is proposed that the similar provision deeming value of such service at 10% of the CIF value may be incorporated in the IGST notification. Considering the nature of the service, this provision is not required in the CGST, SGST or UTGST notifications. The Council approved the proposal.

**Agenda Item 3(vi) – Notification of IGST Rules, 2017**

6.8.1. Section 20 of the IGST Act, 2017 provides for application of certain provisions of the CGST Act, 2017 to the IGST Act and Section 22 of the said act provides for making rules for carrying out the provisions of the IGST Act. The Central Goods and Services Tax Rules, 2017 (comprising of chapters on registration and composition levy) were notified under section 164 of the CGST Act, 2017 vide Notification No. 3/2017 – Central Tax dated 19.06.2017 and have come into force with effect from 22.06.2017. Subsequently, minor non-substantive amendments were carried out in the CGST Rules, 2017 vide notification No. 7/2017-Central Tax dated 27.06.2017 and twelve new chapters comprising of provisions for valuation, tax payment, tax invoice, returns, refund, input tax credit, assessment, appeals and revision, etc. were added to the CGST Rules, 2017 vide notification No. 10/2017-Central Tax dated 28.06.2107. The issue relating to issuance of IGST Rules was discussed with the Union Law Ministry, which opined that the Integrated Goods and Services Tax Rules, 2017 are required to be notified under section 22 of the IGST Act, 2017 to carry out the provisions of the said Act. Since the CGST Rules were being adopted, in toto, as IGST Rules, the same were notified vide notification No. 4/2017-Integrated Tax dated 28.06.2017. Rule 2 of the said rules states that the Central Goods and Services Tax Rules, 2017, for carrying out the provisions specified in section 20 of the IGST Act, 2017 shall, as far as may be, apply in relation to the integrated tax as they apply in relation to the central tax. Further, these rules have been deemed to have come into force with effect from 22.06.2017. The Council was requested to grant post facto approval for adopting the CGST Rules as IGST Rules as has been advised by the Union Law Ministry and to notify the IGST Rules with effect from 22.06.2017. The Council agreed to this proposal.

### **Agenda Item 3(vii) – Proposal to amend rule 117 (1) of the CGST Rules, 2017**

6.9.1. Rule 117 (1) of the CGST Rules, 2017 currently reads as:

*“(1) Every registered person entitled to take credit of input tax under section 140 shall, within ninety days of the appointed day, submit a declaration electronically in FORM GST TRAN-1, duly signed, on the common portal specifying therein, separately, the amount of input tax credit to which he is entitled under the provisions of the said section: . . .”*

6.9.2 To clarify that there will be no transition of credit of various cesses in GST, it is proposed to add ‘of eligible duties and taxes, as defined in Explanation 2 to section 140’ since cesses are not covered in the definition of ‘eligible duties and taxes’ This will also ensure that it applies uniformly to transition of all credits. The amended sub-rule (1) shall read as:

*“(1) Every registered person entitled to take credit of input tax under section 140 shall, within ninety days of the appointed day, submit a declaration electronically in FORM GST TRAN-1, duly signed, on the common portal specifying therein, separately, the amount of input tax credit of eligible duties and taxes, as defined in Explanation 2 to section 140, to which he is entitled under the provisions of the said section:”*

The Council agreed to this proposal.

### **Agenda Item 3(viii) – High Sea Sales**

6.10.1. “High Sea Sales” is a terminology used in common parlance for “Sales in the course of import.” In such cases, sale taking place by transfer of documents of title to goods before goods are cleared from customs, is a sale in the course of import. There is need to bring clarity on the issue of levy of IGST, when such sale (supply in GST parlance) takes place in high sea and a second-time levy of IGST when goods are cleared through Customs. It is proposed to clarify by way of a circular that when goods sold on high sea sales basis are imported the first time, IGST would be levied at the time of importation and the value addition due to high sea sales shall be part of the value on which IGST is collected. The Council agreed to this proposal.

### **Other Issues**

7.1. The Hon’ble Minister from Haryana complimented the Chairperson for his efforts in ensuring that all decisions taken by the GST Council were unanimous and requested on behalf of Haryana and Punjab to take a relook at the issues of the agriculture sector. He stated that this sector was in some distress right now but the Council had decided to tax fertilisers, a major input for agriculture, at the rate of 12% (which was currently exempted in Haryana). He added that this meant that there would be an additional cost of Rs. 31 for every 50 kg. of urea and that this would, in addition, send a wrong signal on how the Council considered the issues pertaining to farmers. He further added that pesticides were being taxed at the rate of 18% and that tractor parts were taxed at the rate of 28%. He requested that these issues be reconsidered. The Hon’ble Minister from Telangana said that his Government too supported the suggestions of the Hon’ble Minister from Haryana. The Hon’ble Deputy Chief Minister of Gujarat supported the suggestion and added that the rate of tax on fertilisers should be 5% and that this would be in the interest of the farmers as well as the nation. The Hon’ble Minister from Chhattisgarh said that compared to the earlier rate, a rate of 12% would make fertilisers more expensive and that it would be a matter of concern for the farmers. He requested that the rate of tax on fertilisers should be reduced. The Hon’ble Minister from Uttar Pradesh stated that as discussed previously by the Council, gypsum, bio-fertilisers, organic fertilisers and zinc sulphate should also be considered along with fertilisers.

7.2. The Hon'ble Minister from Madhya Pradesh requested to reduce the rate of tax on fertilisers, pesticides and tractor parts. The Hon'ble Ministers from Uttarakhand and Rajasthan supported the proposal to reduce rate of tax on fertilisers. The Hon'ble Minister from Rajasthan also requested that the rate of tax on handicrafts, hand tools and textiles (Jaipur '*rajaai*') should be relooked. The Hon'ble Deputy Chief Minister of Gujarat stated that the cake that came out of crushing cotton seed was not treated as de-oiled cake and that it should be exempted as it was used as cattle feed by cattle herders who were not even land owners. He therefore requested to club this item along with de-oiled cake. The Secretary clarified that oil cake used as cattle feed would be exempt from GST. However, oil cake supplied to solvent extractors will be chargeable to 5% GST. The Hon'ble Minister from Kerala stated that tractor parts should be taxed at the same rate as tractors and that currently, they were taxed at a higher rate. He added that in the case of fertilisers, a rational decision should be taken. The Hon'ble Minister from Andhra Pradesh stated that he agreed with the view expressed regarding tractors and fertilisers.

7.3. The Hon'ble Minister from Karnataka stated that in the case of tractors, it was agreed in the past meetings that any exclusive tractor parts would be kept at 18% and that it was only a matter of establishing that something was an exclusive tractor part. He noted that some exclusively tractor parts had been deemed to be of dual usage and that these could be vetted by an expert taking representations from the tractor industry and those that were exclusively tractor parts could be placed in the 18% rate schedule. The Secretary stated that Government of Haryana had earlier submitted a list of exclusive tractor parts such as the rear wheel of tractors which were agreed to be put in the 18% category and that the tractor industry had submitted a list of items which they claimed could be used only for tractor-making. He added that this was being examined and that if the Chairperson could be authorized, those parts which were established as exclusive tractor parts could be notified (under the 18% category). The Hon'ble Minister from Karnataka supported this suggestion. The Hon'ble Minister from Odisha stated that his state also endorsed the point regarding tractors. The Hon'ble Minister from Bihar stated that tractors were used not only for agricultural purposes but commercially as well and that even in the case of fertilisers, if tax was collected today, benefit could be given back to the farmers in the form of direct benefit transfer to their accounts. He added that the Council had taken a decision and that it could be reviewed after one year. The Hon'ble Minister from Karnataka reiterated the request of the Hon'ble Minister from Kerala to provide information on embedded taxes (on fertilisers) and that a rational decision could then be taken.

7.4. The Hon'ble Minister from Tamil Nadu supported the request to reduce rates on fertilisers and tractor parts and also requested that the rates of unbranded sugar confectionaries, roasted gram (locally known as fried gram), sago, wet grinders and air compressors, fish net, fish net twines and sanitary napkins be reduced. He added that the rate of tax for supply of food and drinks in small restaurants should be brought down to 5% and that a distinction needed to be made between air-conditioned restaurants that served liquor and other air-conditioned restaurants that did not serve liquor. He also added that the proposal to levy tax at 28% on the fireworks industry might harm the sector and pave the way for the market to be flooded with imported fireworks. The Hon'ble Minister from Goa stated that he supported the view of the Hon'ble Minister from Tamil Nadu in the matter of fish nets and that fishermen were very agitated by the rate of tax proposed to be imposed. He added that having decided the rates, it was not prudent to go back and review the rates so soon. He further added that the GST Council was a continuous process and that it would be meeting frequently and would review the rates also accordingly. He requested that the decisions of so many meetings be implemented first.

7.5. The Hon'ble Minister from Karnataka stated that before jumping to any conclusion regarding reduction in rates of tax in the case of fertilisers, the correct data needed to be shared. The Secretary informed that for fertilisers, the rate decided was 12% and that there was an excise duty of 1% currently. He added that there was also an embedded tax of 2.44% on the inputs that went into the manufacture of

fertilisers and that the weighted average of VAT rate of all States was 4.09% (except in States like Punjab and Haryana where VAT rate on fertilisers was nil). The tax components of CST (Central Sales Tax), Octroi, reversal of input tax credit (in the case of depot transfer) were also taken into account and the total incidence came to 9.75%. He added that since the existing rate fell between 5% and 12%, a call had to be taken on which slab to place fertilisers in. The Hon'ble Minister from Assam stated that seeing the unrest among farmers and to give a good message, and also given that not all States had octroi, fertilisers could be placed in the 5% slab. The Hon'ble Minister from Telangana stated that fertilisers should be exempted. The Hon'ble Minister from Kerala wondered whether there would be any credit block if the tax rate (on fertilisers) was brought to 5%. The Secretary stated that there would be two implications – even at the current rate of 12%, the inputs (to fertilisers) were at 18% and there would be requirement to obtain refunds. If the rate was reduced to 5%, there would be an additional requirement for refund which would pose some difficulty for fertiliser units because they would first have to invest in the inputs (at the rate of 18%), there would be a blockage of funds for some time and depending on the sale, they would have to obtain refunds (which would be obtained in sixty days). He added that however, the current situation was tricky in the farming sector, with some fertiliser companies having already announced a price rise from 1 July 2017.

7.6. The Hon'ble Chairperson said that there were two points to consider – one was about what was being said about fertilisers and the second being what would be the process and mechanism for the Council's functioning when such issues came up for discussion after implementation. The Hon'ble Minister from Goa stated that given that data was still being collected, in the present circumstances, a message needed to go out that the GST Council cared for the farmers. The Hon'ble Chairperson stated that factually, fertiliser was exactly in between the two slabs of 5% and 12% and that a decision had been made to include it in the higher bracket and that it would be alright to decide on this either way. He suggested that the views of all the States could be taken on this matter. The Hon'ble Minister from Haryana stated that Punjab had requested him to take up the issue of taxing fertilisers at 5%. Shri Onkar Chand Sharma, Principal Secretary (Excise & Taxation), Himachal Pradesh stated that his state supported the rate of 5%. The Hon'ble Minister from Kerala supported 5% rate but with the caveat that he would not be able to grant refunds. The Secretary stated that this would be regressive on the fertiliser companies who would not be able to take the losses. He added that while being kind to the farmers, it would be unfair to the fertiliser companies and that they would possibly then increase the price of fertilisers to offset the losses due to denial of refund. The Deputy Chief Ministers of Delhi, Manipur, Arunachal Pradesh and the Hon'ble Ministers from Uttarakhand, Jharkhand, Jammu & Kashmir, Haryana, Bihar, Andhra Pradesh, Assam, Manipur, Karnataka, Madhya Pradesh, Odisha and Nagaland all supported a rate of 5% on fertilisers. The Hon'ble Chairperson observed that there was a consensus on a tax rate of 5% on fertilisers and proposed to adopt the same. The Council agreed to the suggestion.

7.7. The Hon'ble Minister from Uttar Pradesh stated that he had requested for reconsideration of rates of some items to which the Hon'ble Chairperson responded that the Fitment Committee would examine the requests. The Hon'ble Minister from Telangana stated that on the subject of works contract, the Hon'ble Chief Minister of Telangana had written a letter to the GST Council stating that a rate of 18% on it would make it very difficult for his State since they had many projects relating to water such as Water Grid, Irrigation, etc. He also raised the issue of granite and *beedis*.

7.8. The Hon'ble Chairperson added that as per the suggestion of the Hon'ble Minister from Karnataka on tractor parts, any items that were exclusively tractor parts would be put in the 18% tax bracket. He added that any further matters could be taken up for discussion by the Council starting from the first Saturday of August.

8. In respect of Agenda Item 3, the Council approved the following –

- i. the Rules and related Forms on Compounding of Offences including the changes made therein.
- ii. the Rules and related Forms on Enforcement (Inspection, Search and Seizure) including the changes made therein.
- iii. the changes made to the Refund Rules (Rule 96 amended to accommodate export without payment of tax) and Forms
- iv. the Rules and related Forms on Demand and Recovery including the changes made therein.
- v. to incorporate a provision in the IGST notification that in cases where the goods are imported by an importer in India on CIF (Cost, Insurance and Freight) basis and the service of transportation of goods by a vessel from a place outside India up to the customs station in India is provided by a person located in non-taxable territory (a foreign shipping line) to a person located in non-taxable territory (overseas supplier/ exporter of goods) and in case the importer did not know the amount of freight charged by the foreign shipping line from the foreign supplier, the deemed value of such service shall be at 10% of the CIF value.
- vi. post facto, adopting the CGST Rules as IGST Rules.
- vii. to amend Rule 117(1) of the CGST Rules, 2017 as follows:  
*“(1) Every registered person entitled to take credit of input tax under section 140 shall, within ninety days of the appointed day, submit a declaration electronically in FORM GST TRAN-1, duly signed, on the common portal specifying therein, separately, the amount of input tax credit of eligible duties and taxes, as defined in Explanation 2 to section 140, to which he is entitled under the provisions of the said section.”*
- viii. to clarify by way of a circular that when goods sold on high sea sales basis are imported the first time, IGST would be levied at the time of importation and the value addition due to high sea sales shall be part of the value on which IGST is collected.
- ix. to include fertilisers in the list of 5% items.
- x. to authorize the Chairperson to, after establishing parts used exclusively in tractors, include those parts in the list of 18% items.

#### **Agenda Item 4: Date of the next meeting of the GST Council**

9. The Hon’ble Chairperson suggested that for the first three or four months (after implementation), the Council could meet on the first Saturday of every month (starting from August 2017) for the Council to review implementation of GST and consider the recommendations of the GIC.

10. The meeting ended with a vote of thanks to the Chair.

**Annexure – 1**

**List of Ministers who attended the 18<sup>th</sup> GST Council Meeting on 30 June 2017**

<b><u>S No</u></b>	<b><u>State/Centre</u></b>	<b><u>Name of the Minister</u></b>	<b><u>Charge</u></b>
1	Govt. of India	Shri Arun Jaitley	Finance Minister
2	Govt. of India	Shri Santosh Kumar Gangwar	Minister of State (Finance)
3	Manipur	Shri Yumnam Joykumar Singh	Deputy Chief Minister
4	Arunachal Pradesh	Shri Chowna Mein	Deputy Chief Minister
5	Delhi	Shri Manish Sisodia	Deputy Chief Minister
6	Gujarat	Shri Nitinbhai Patel	Deputy Chief Minister
7	Andhra Pradesh	Shri Yanamala Ramakrishnudu	Minister - Finance, Planning, Commercial Taxes & Legislative Affairs
8	Assam	Dr. Himanta Biswa Sarma	Finance Minister
9	Bihar	Shri Bijendra Prasad Yadav	Minister - Commercial Taxes & Energy
10	Chhattisgarh	Shri Amar Agrawal	Minister - Commercial Taxes
11	Goa	Shri Mauvin Godinho	Minister - Panchayat
12	Haryana	Captain Abhimanyu	Minister - Excise & Taxation
13	Jammu & Kashmir	Dr. Haseeb A Drabu	Finance Minister
14	Jharkhand	Shri C.P. Singh	Minister - Urban Development, Housing & Transport
15	Karnataka	Shri Krishna Byre Gowda	Minister - Agriculture
16	Kerala	Dr. Thomas Isaac	Finance Minister
17	Madhya Pradesh	Shri Jayant Malaiya	Finance Minister
18	Maharashtra	Shri Sudhir Mungantiwar	Finance Minister
19	Meghalaya	Shri Zenith Sangma	Minister - Taxation
20	Mizoram	Shri Lalsawta	Minister - Taxation
21	Nagaland	Shri Vikheho Swu	Minister - Roads & Bridges
22	Odisha	Shri Shashi Bhusan Behera	Minister - Finance & Excise
23	Rajasthan	Shri Rajpal Singh Shekhawat	Minister - Industries
24	Tamil Nadu	Shri D. Jayakumar	Minister - Fisheries, Finance, Personnel & Administrative Reforms
25	Telangana	Shri Etela Rajender	Finance Minister
26	Uttar Pradesh	Shri Rajesh Agarwal	Finance Minister
27	Uttarakhand	Shri Prakash Pant	Finance Minister



**Annexure – 2**

**List of Officials who attended the 18<sup>th</sup> GST Council Meeting on 30 June 2017**

<b>S No</b>	<b>State/Centre</b>	<b>Name of the Officer</b>	<b>Charge</b>
1	Govt. of India	Dr. Hasmukh Adhia	Revenue Secretary
2	Govt. of India	Ms. Vanaja N. Sarna	Chairman, CBEC
3	Govt. of India	Dr. Arvind Subramanian	Chief Economic Adviser
4	Govt. of India	Shri Mahender Singh	Member (GST), CBEC
5	Govt. of India	Shri R.K. Mahajan	Member (Budget), CBEC
6	Govt. of India	Shri P.K. Jain	Chief Commissioner, (AR), CESTAT, CBEC
7	Govt. of India	Shri B.N. Sharma	Additional Secretary, Dept of Revenue
8	Govt. of India	Shri P.K. Mohanty	Advisor (GST), CBEC
9	Govt. of India	Shri P.K. Srivastava	Joint Secretary (UT), MHA
10	Govt. of India	Shri Alok Shukla	Joint Secretary (TRU), Dept of Revenue
11	Govt. of India	Shri Simanchala Dash	OSD to FM
12	Govt. of India	Shri Upender Gupta	Commissioner (GST), CBEC
13	Govt. of India	Shri Udai Singh Kumawat	Joint Secretary, Dept of Revenue
14	Govt. of India	Shri Amitabh Kumar	Joint Secretary (TRU), Dept of Revenue
15	Govt. of India	Shri Manish Kumar Sinha	Commissioner, CBEC
16	Govt. of India	Shri G.D. Lohani	Commissioner, CBEC
17	Govt. of India	Shri D.S. Malik	ADG, PIB
18	Govt. of India	Ms Sheyphali B. Sharan	ADG, PIB
19	Govt. of India	Shri Hemant Jain	OSD to MoS (Finance)
20	Govt. of India	Shri S.K. Rai	Director (UT), Ministry of Home Affairs
21	Govt. of India	Shri G.G. Pai	Director, TRU
22	Govt. of India	Shri Reyaz Ahmed	Director, TRU
23	Govt. of India	Shri Saurabh Shukla	PS to FM
24	Govt. of India	Ms. Aarti Saxena	Deputy Secretary, Dept of Revenue
25	Govt. of India	Shri Pramod Kumar	Deputy Secretary, TRU
26	Govt. of India	Ms. Himani Bhayana	Joint Commissioner
27	Govt. of India	Shri Ravneet Singh Khurana	Joint Commissioner
28	Govt. of India	Shri Vishal Pratap Singh	Joint Commissioner

<b>S No</b>	<b>State/Centre</b>	<b>Name of the Officer</b>	<b>Charge</b>
29	Govt. of India	Shri Paras Sankhla	OSD to FM
30	Govt. of India	Shri Arjun Raghavendra M	OSD to Revenue Secretary
31	Govt. of India	Shri Manjunath AN	Assistant Commissioner, GST Policy
32	Govt. of India	Ms. Rachna	OSD, TRU
33	GST Council	Shri Arun Goyal	Additional Secretary
34	GST Council	Shri Dheeraj Rastogi	Commissioner
35	GST Council	Shri Gauri Shankar Sinha	Joint Commissioner
36	GST Council	Shri Jagmohan	Joint Commissioner
37	GST Council	Ms. Thari Sitkil	Deputy Commissioner
38	GST Council	Shri Rakesh Agarwal	Assistant Commissioner
39	GST Council	Shri Kaushik TG	Assistant Commissioner
40	GST Council	Shri Shekhar Khansili	Superintendent
41	GST Council	Shri Sandeep Bhutani	Superintendent
42	GST Council	Shri Mukesh Gaur	Superintendent
43	GST Council	Shri Amit Soni	Inspector
44	GST Council	Shri Anis Alam	Inspector
45	GSTN	Shri Navin Kumar	Chairman
46	GSTN	Shri Prakash Kumar	CEO
47	GSTN	Shri Nitin Mishra	EVP (Technology)
48	GSTN	Shri Jagmal Singh	VP
49	Andaman & Nicobar	Shri S.C.L. Das	Principal Secretary (Finance)
50	Andhra Pradesh	Dr. Sambasiva Rao	Special Chief Secretary
51	Andhra Pradesh	Shri J. Syamala Rao	Commissioner, Commercial Taxes
52	Andhra Pradesh	Shri T. Ramesh Babu	Additional Commissioner, Commercial Taxes
53	Arunachal Pradesh	Shri Marnya Ete	Commissioner (Tax & Excise)
54	Assam	Dr. Ravi Kota	Principal Secretary (Finance)
55	Assam	Shri Anurag Goel	Commissioner, Commercial Taxes
56	Bihar	Ms. Sujata Chaturvedi	Principal Secretary & Commissioner, Commercial Taxes
57	Bihar	Shri Arun Kumar Mishra	Additional Secretary
58	Chandigarh	Shri Parimal Rai	Adviser/Chief Secretary

<b>S No</b>	<b>State/Centre</b>	<b>Name of the Officer</b>	<b>Charge</b>
59	Chhattisgarh	Shri Amitabh Jain	Principal Secretary (Finance)
60	Chhattisgarh	Ms. Sangeetha P	Commissioner, Commercial Taxes
61	Daman & Diu/Dadra Nagar Haveli	Shri J.B. Singh	Advisor to Administrator
62	Delhi	Shri S. N. Sahai	Principal Secretary (Finance)
63	Delhi	Shri H. Rajesh Prasad	Commissioner, VAT
64	Goa	Shri Dipak Bandekar	Commissioner, Commercial Taxes
65	Gujarat	Shri Anil Mukim	Additional Chief Secretary
66	Gujarat	Dr. P.D. Vaghela	Commissioner, Commercial Taxes
67	Gujarat	Shri Sanjiv Kumar	Secretary (Economic Affairs)
68	Haryana	Shri Sanjeev Kaushal	Additional Chief Secretary
69	Haryana	Shri Rajeev Chaudhary	Deputy Commissioner
70	Himachal Pradesh	Shri Onkar Chand Sharma	Principal Secretary (Excise & Taxation)
71	Himachal Pradesh	Shri Pushpendra Rajput	Commissioner, Excise & Taxation
72	Jammu & Kashmir	Shri P.I. Khateeb	Commissioner, Commercial Taxes
73	Jharkhand	Shri K.K. Khandelwal	Principal Secretary & Commissioner, Commercial Taxes
74	Jharkhand	Shri Sanjay Kumar Prasad	Joint Commissioner, Commercial Taxes
75	Karnataka	Shri Ritvik Pandey	Commissioner, Commercial Taxes
76	Kerala	Dr. Rajan Khobragade	Commissioner, Commercial Taxes
77	Madhya Pradesh	Shri Manoj Shrivastav	Principal Secretary (Finance)
78	Madhya Pradesh	Shri Raghendra Kumar Singh	Commissioner, Commercial Taxes
79	Madhya Pradesh	Shri Sudip Gupta	Deputy Commissioner
80	Maharashtra	Shri Rajiv Jalota	Commissioner, Sales Tax
81	Maharashtra	Shri Dhananjay Akhade	Joint Commissioner, Commercial Taxes
82	Manipur	Shri Vivek Kumar Dewangan	Commissioner (Finance) & Finance Secretary
83	Manipur	Shri Hrisheekesh Modak	Commissioner, Commercial Taxes
84	Mizoram	Shri Vanlalchhuanga	Secretary (Taxation)
85	Mizoram	Shri Kailiana Ralte	Joint Commissioner (Taxation)
86	Nagaland	Shri Abhijit Sinha	Finance Commissioner
87	Nagaland	Shri Wochamo Odyuo	Additional Commissioner, Commercial Taxes
88	Odisha	Shri Tuhin Kanta Pandey	Principal Secretary (Finance)

<b>S No</b>	<b>State/Centre</b>	<b>Name of the Officer</b>	<b>Charge</b>
89	Odisha	Shri Sahadev Sahu	Joint Commissioner, Commercial Taxes
90	Puducherry	Dr. V. Candavelou	Secretary (Finance)
91	Puducherry	Shri G. Srinivas	Commissioner, Commercial Taxes
92	Rajasthan	Shri Alok Gupta	Commissioner, Commercial Taxes
93	Rajasthan	Shri Ketan Sharma	Deputy Commissioner
94	Tamil Nadu	Dr. C. Chandramouli	Additional Chief Secretary
95	Tamil Nadu	Shri D. Soundararajapandian	Joint Commissioner
96	Telangana	Shri Somesh Kumar	Principal Secretary (Revenue)
97	Telangana	Shri Anil Kumar	Commissioner, Commercial Taxes
98	Telangana	Shri Laxminarayan Jannu	Joint Commissioner, Commercial Taxes
99	Tripura	Shri M. Nagaraju	Principal Secretary (Finance)
100	Uttarakhand	Shri Sridharbabu Addanki	Commissioner, Commercial Taxes
101	Uttarakhand	Shri Piyush Kumar	Additional Commissioner, Commercial Taxes
102	Uttar Pradesh	Shri R.K. Tiwari	Additional Chief Secretary
103	Uttar Pradesh	Shri Mukesh Kumar Meshram	Commissioner, Commercial Taxes
104	Uttar Pradesh	Shri Vivek Kumar	Additional Commissioner, Commercial Taxes
105	West Bengal	Ms. Smaraki Mahapatra	Commissioner, Commercial Taxes
106	West Bengal	Shri Khalid Anwar	Senior Joint Commissioner

## Annexure 3

### Presentation on Decisions of the GIC and GST Rules



## Agenda



- Key GIC Decisions
- Compounding of Offences
- Enforcement (Inspection, Search, Seizure and Arrest)
- Refund (Amendment to Rule 96)
- Demand and Recovery

## Key GIC Decisions – Policy and Exemptions



- Delegation of Power to GIC in the 17<sup>th</sup> GSTC Meeting
- Sections to be brought into force from a later date
  - TDS (section 51) & TCS (Section 52)
  - Proviso to Section 42(9) & 43(9)
  - Tourist refund (Section 15 of IGST Act)
- Exemption from applicability of section 9(4)
  - Persons dealing with second hand goods and availing margin scheme
  - Persons (mostly Govt. agencies) registered for TDS but not making supplies

## Key GIC Decisions – Policy and Exemptions



- All IT Software, irrespective of the media on which it is supplied should be taxed at 18%
- Hotels / Guest Houses not liable to be registered - tax to be paid by Aggregator in terms of Section 9(5)
- Deemed credit @ 40% for goods which were earlier exempted (for example tractor and textile)
- Certain changes in Rules relating to Registration, Composition, Return, Invoices, Refund, ITC & Transition

## Key GIC Decisions – Amendment in Notfn.



Sr. No.	Chapter	Amendments in Rule No.	Addition/Deletion	Reason
1	Registration	1, 10(4), 13(4), second proviso of 19(1), 21(b), 22(3), Second Proviso of 24(1), 26(3), Form GST REG-12, Form REG-25	24(3A) Addition	To enable deemed registration for migrating assesses also
2	Composition	Form GST CMP-03, CMP-04, GST CMP-07	---	Minor Changes in drafting
3	Return	FORM GSTR-7A, 45(3), 45(4), Rule 61(5)	FORM GSTR-3B (addition)	Shorter return for first two months of roll-out

## Key GIC Decisions – Amendment in Notfn.



Sr. No.	Chapter	Amendments in Rule No.	Addition/Deletion	Reason
4	Tax Invoice, Credit and Debit Notes	First proviso of rule 46, Second Proviso to Rule 46	Rule 46 (f) (addition)	Address of Delivery of recipient in the invoice if the recipient requests for the same
5	Refund	-----	New Rule No .96 (addition) second proviso in rule 89 (deletion)	Refund of IGST paid on goods to be refunded through automatic route
6	ITC	42(1)(i)	FORM GST ITC-04	To enable provision intimation on job work from taxpayer
7	Transition	FORM TRAN 1 & 2	-----	Minor changes in drafting

## Compounding of offences Rules

---



- Application for compounding of offences – before or after institution of prosecution
- Commissioner can pass order for compounding
- Compounding amount to be paid within thirty days of order
- Immunity can be withdrawn at any time if information given during compounding was incorrect

## Enforcement (Inspection, Search, Seizure and Arrest)

---



- JC and above rank officer to issue for authorization of search & inspection in a **standard form**
- **Standard format** for seizure of goods or documents
- Goods can be handed over for safe upkeep to the person from whose custody they have been seized
- **Order for prohibition** to be served if the goods cannot be seized
- Goods may be provisionally released on execution of bond & furnishing a security for an amount equal to tax, interest and penalty
- Procedure for disposal of perishable or hazardous nature provided



## Amendment in Rule 96 - Refund

---



- Rule 96 (Refund rules) already notified vide Notification 10 / 2017 dated 28.06.2017
- To provide for procedure for export of goods without payment of duty – under Bond or Letter or Undertaking
- Undertakes to pay tax
  - if the goods are not exported within 3 months from date of invoice
  - if the foreign exchange is not received within one year from date of invoice of services
- Facility for export without payment may be withdrawn if goods are not exported or payment is not made by the exporter

## Demand and Recovery (1/3)

---



- Notice under Section 73 / 74 is served with summary of details of amount payable (for electronic tracking)
- Standardized procedure for taxpayer for payment of tax, interest and penalty before issue of SCN or within 30 days of service of SCN
- Final order passed after adjudication also to be passed with electronic summary
- Provision for rectification of order
- Standardized procedure for recovery of Arrears
- E-Auction for sale of goods under control of proper officer

## Demand and Recovery (2/3)



- 
- Standardized procedure for recovery
    - by sale of goods
    - from third person
    - through execution of a decree etc.
    - by sale of movable or immovable property
  - No officer is allowed for bidding or purchase of property
  - No sale on holidays
  - Disposal of proceeds of sale of goods and movable or immovable property
  - Recovery process for land revenue authority, court and surety

## Demand and Recovery (3/3)



- 
- Procedure for payment of tax and other amounts in not more than 24 installments
  - Payment in installments not permitted in certain cases
  - Provisional attachment of property and bank accounts
  - Procedure for recovery from company in liquidation

## Annexure 4

### **Compounding of Offences (Offences and Penalties)**

162. Procedure for compounding of offences.- (1) An applicant may, either before or after the institution of prosecution, make an application under sub-section (1) of section 138 in FORM GST CPD-01 to the Commissioner for compounding of an offence.

(2) On receipt of the application, the Commissioner shall call for a report from the concerned officer with reference to the particulars furnished in the application, or any other information, which may be considered relevant for the examination of such application.

(3) The Commissioner, after taking into account the contents of the said application, may, by order in FORM GST CPD-02, on being satisfied that the applicant has co-operated in the proceedings before him and has made full and true disclosure of facts relating to the case, allow the application indicating the compounding amount and grant him immunity from prosecution or reject such application within ninety days of the receipt of the application.

(4) The application shall not be decided under sub-rule (3) without affording an opportunity of being heard to the applicant and recording the grounds of such rejection.

(5) The application shall not be allowed unless the tax, interest and penalty liable to be paid have been paid in the case for which the application has been made.

(6) The applicant shall, within a period of thirty days from the date of the receipt of the order under sub-rule (3), pay the compounding amount as ordered by the Commissioner and shall furnish the proof of such payment to him.

(7) In case the applicant fails to pay the compounding amount within the time specified in sub-rule (6), the order made under sub-rule (3) shall be vitiated and be void.

(8) Immunity granted to a person under sub-rule (3) may, at any time, be withdrawn by the Commissioner, if he is satisfied that such person had, in the course of the compounding proceedings, concealed any material particulars or had given false evidence. Thereupon such person may be tried for the offence with respect to which immunity was granted or for any other offence that appears to have been committed by him in connection with the compounding proceedings and the provisions the Act shall apply as if no such immunity had been granted.”;

## Annexure 5

### **Enforcement (Inspection, Search and Seizure)**

139. Inspection, search and seizure.- (1) Where the proper officer not below the rank of a Joint Commissioner has reasons to believe that a place of business or any other place is to be visited for the purposes of inspection or search or, as the case may be, seizure in accordance with the provisions of section 67, he shall issue an authorisation in FORM GST INS-01 authorising any other officer subordinate to him to conduct the inspection or search or, as the case may be, seizure of goods, documents, books or things liable to confiscation.

(2) Where any goods, documents, books or things are liable for seizure under sub-section (2) of section 67, the proper officer or an authorised officer shall make an order of seizure in FORM GST INS-02.

(3) The proper officer or an authorised officer may entrust upon the owner or the custodian of goods, from whose custody such goods or things are seized, the custody of such goods or things for safe upkeep and the said person shall not remove, part with, or otherwise deal with the goods or things except with the previous permission of such officer.

(4) Where it is not practicable to seize any such goods, the proper officer or the authorised officer may serve on the owner or the custodian of the goods, an order of prohibition in FORM GST INS-03 that he shall not remove, part with, or otherwise deal with the goods except with the previous permission of such officer.

(5) The officer seizing the goods, documents, books or things shall prepare an inventory of such goods or documents or books or things containing, inter alia, description, quantity or unit, make, mark or model, where applicable, and get it signed by the person from whom such goods or documents or books or things are seized.

140. Bond and security for release of seized goods.- (1) The seized goods may be released on a provisional basis upon execution of a bond for the value of the goods in FORM GST INS-04 and furnishing of a security in the form of a bank guarantee equivalent to the amount of applicable tax, interest and penalty payable.

Explanation.- For the purposes of the rules under the provisions of this Chapter, the “applicable tax” shall include central tax and State tax or central tax and the Union territory tax, as the case may be and the cess, if any, payable under the Goods and Services Tax (Compensation to States) Act, 2017 (15 of 2017).

(2) In case the person to whom the goods were released provisionally fails to produce the goods at the appointed date and place indicated by the proper officer, the security shall be encashed and adjusted against the tax, interest and penalty and fine, if any, payable in respect of such goods.

141. Procedure in respect of seized goods.- (1) Where the goods or things seized are of perishable or hazardous nature, and if the taxable person pays an amount equivalent to the market price of such goods or things or the amount of tax, interest and penalty that is or may become payable by the taxable person, whichever is lower, such goods or, as the case may be, things shall be released forthwith, by an order in FORM GST INS-05, on proof of payment.

(2) Where the taxable person fails to pay the amount referred to in sub-rule (1) in respect of the said goods or things, the Commissioner may dispose of such goods or things and the amount realized thereby shall be adjusted against the tax, interest, penalty, or any other amount payable in respect of such goods or things.

## Annexure 6

### Amendment to Refund Rules (Rule 96 amended to accommodate export without payment of tax)

96. Refund of integrated tax paid on goods exported out of India and export of goods or services under bond or Letter of Undertaking.-(1) The shipping bill filed by an exporter shall be deemed to be an application for refund of integrated tax paid on the goods exported out of India and such application shall be deemed to have been filed only when:-

(a) the person in charge of the conveyance carrying the export goods duly files an export manifest or an export report covering the number and the date of shipping bills or bills of export; and

(b) the applicant has furnished a valid return in FORM GSTR-3 or FORM GSTR-3B, as the case may be;;

(2) The details of the relevant export invoices contained in FORM GSTR-1 shall be transmitted electronically by the common portal to the system designated by the Customs and the said system shall electronically transmit to the common portal, a confirmation that the goods covered by the said invoices have been exported out of India.

(3) Upon the receipt of the information regarding the furnishing of a valid return in FORM GSTR-3 from the common portal, the system designated by the Customs shall process the claim for refund and an amount equal to the integrated tax paid in respect of each shipping bill or bill of export shall be electronically credited to the bank account of the applicant mentioned in his registration particulars and as intimated to the Customs authorities.

(4) The claim for refund shall be withheld where,-

(a) a request has been received from the jurisdictional Commissioner of central tax, State tax or Union territory tax to withhold the payment of refund due to the person claiming refund in accordance with the provisions of sub-section (10) or sub-section (11) of section 54; or

(b) the proper officer of Customs determines that the goods were exported in violation of the provisions of the Customs Act, 1962.

(5) Where refund is withheld in accordance with the provisions of clause (a) of sub-rule (4), the proper officer of integrated tax at the Customs station shall intimate the applicant and the jurisdictional Commissioner of central tax, State tax or Union territory tax, as the case may be, and a copy of such intimation shall be transmitted to the common portal.

(6) Upon transmission of the intimation under sub-rule (5), the proper officer of central tax or State tax or Union territory tax, as the case may be, shall pass an order in Part B of FORM GST RFD-07.

(7) Where the applicant becomes entitled to refund of the amount withheld under clause (a) of sub-rule (4), the concerned jurisdictional officer of central tax, State tax or Union territory tax, as the case may be, shall proceed to refund the amount after passing an order in FORM GST RFD-06.

(8) The Central Government may pay refund of the integrated tax to the Government of Bhutan on the exports to Bhutan for such class of goods as may be notified in this behalf and where such refund is paid to the Government of Bhutan, the exporter shall not be paid any refund of the integrated tax.

(9) Any registered person availing the option to supply goods or services for export without payment of integrated tax shall furnish, prior to export, a bond or a Letter of Undertaking in FORM

GST RFD-11 to the jurisdictional Commissioner, binding himself to pay the tax due along with the interest specified under sub-section (1) of section 50 within a period of—

(a) fifteen days after expiry of three months from the date of issue of invoice for export if the goods are not exported out of India; or

(b) fifteen days after expiry of one year, or such further period as may be allowed by the Commissioner, from the date of issue of invoice for export if the payment of such services is not received by the exporter in convertible foreign exchange.

(10) The details of export invoices contained in FORM GSTR-1 furnished on the common portal shall be electronically transmitted to the system designated by Customs and a confirmation that the goods covered by the said invoices have been exported out of India shall be electronically transmitted to the common portal from the said system.

(11) Where the goods are not exported within the time specified in sub-rule (9) and the registered person fails to pay the amount mentioned in the said sub-rule, the facility to allow export under bond or Letter of Undertaking shall be withdrawn forthwith and the said amount shall be recovered from the registered person in accordance with the provisions of section 79.

(12) The facility to allow export under bond or Letter of Undertaking withdrawn in terms of sub-rule (11) shall be restored immediately when the registered person pays the amount due.

(13) The Board, by way of notification, may specify the conditions and safeguards under which a Letter of Undertaking may be furnished instead of a bond.

## Annexure 7

### DEMANDS AND RECOVERY

142. Notice and order for demand of amounts payable under the Act.- (1) The proper officer shall serve, along with the

(a) notice under sub-section (1) of section 73 or sub-section (1) of section 74 or sub-section (2) of section 76, a summary thereof electronically in FORM GST DRC-01,

(b) statement under sub-section (3) of section 73 or sub-section (3) of section 74, a summary thereof electronically in FORM GST DRC-02,

specifying therein the details of the amount payable.

(2) Where, before the service of notice or statement, the person chargeable with tax makes payment of the tax and interest in accordance with the provisions of sub-section (5) of section 73 or, as the case may be, tax, interest and penalty in accordance with the provisions of sub-section (5) of section 74, he shall inform the proper officer of such payment in FORM GST DRC-03 and the proper officer shall issue an acknowledgement, accepting the payment made by the said person in FORM GST DRC-04.

(3) Where the person chargeable with tax makes payment of tax and interest under sub-section (8) of section 73 or, as the case may be, tax, interest and penalty under sub-section (8) of section 74 within thirty days of the service of a notice under sub-rule (1), he shall intimate the proper officer of such payment in FORM GST DRC-03 and the proper officer shall issue an order in FORM GST DRC-05 concluding the proceedings in respect of the said notice.

(4) The representation referred to in sub-section (9) of section 73 or sub-section (9) of section 74 or sub-section (3) of section 76 shall be in FORM GST DRC-06.

(5) A summary of the order issued under sub-section (9) of section 73 or sub-section (9) of section 74 or sub-section (3) of section 76 shall be uploaded electronically in FORM GST DRC-07, specifying therein the amount of tax, interest and penalty payable by the person chargeable with tax.

(6) The order referred to in sub-rule (5) shall be treated as the notice for recovery.

(7) Any rectification of the order, in accordance with the provisions of section 161, shall be made by the proper officer in FORM GST DRC-08.

143. Recovery by deduction from any money owed.- Where any amount payable by a person (hereafter referred to in this rule as “the defaulter”) to the Government under any of the provisions of the Act or the rules made thereunder is not paid, the proper officer may require, in FORM GST DRC-09, a specified officer to deduct the amount from any money owing to such defaulter in accordance with the provisions of clause (a) of sub-section (1) of section 79.

Explanation.- For the purposes of this rule, “specified officer” shall mean any officer of the Central Government or a State Government or the Government of a Union territory or a local authority, or of a Board or Corporation or a company owned or controlled, wholly or partly, by the Central Government or a State Government or the Government of a Union territory or a local authority.

144. Recovery by sale of goods under the control of proper officer.- (1) Where any amount due from a defaulter is to be recovered by selling goods belonging to such person in accordance with the provisions of clause (b) of sub-section (1) of section 79, the proper officer shall prepare an inventory and estimate the market value of such goods and proceed to sell only so much of the goods as may be

required for recovering the amount payable along with the administrative expenditure incurred on the recovery process.

(2) The said goods shall be sold through a process of auction, including e-auction, for which a notice shall be issued in FORM GST DRC-10 clearly indicating the goods to be sold and the purpose of sale.

(3) The last day for submission of bid or the date of auction shall not be earlier than fifteen days from the date of issue of the notice referred to in sub-rule (2):

Provided that where the goods are of perishable or hazardous nature or where the expenses of keeping them in custody are likely to exceed their value, the proper officer may sell them forthwith.

(4) The proper officer may specify the amount of pre-bid deposit to be furnished in the manner specified by such officer, to make the bidders eligible to participate in the auction, which may be returned to the unsuccessful bidders, forfeited in case the successful bidder fails to make the payment of the full amount, as the case may be.

(5) The proper officer shall issue a notice to the successful bidder in FORM GST DRC-11 requiring him to make the payment within a period of fifteen days from the date of auction. On payment of the full bid amount, the proper officer shall transfer the possession of the said goods to the successful bidder and issue a certificate in FORM GST DRC-12.

(6) Where the defaulter pays the amount under recovery, including any expenses incurred on the process of recovery, before the issue of the notice under sub-rule (2), the proper officer shall cancel the process of auction and release the goods.

(7) The proper officer shall cancel the process and proceed for re-auction where no bid is received or the auction is considered to be non-competitive due to lack of adequate participation or due to low bids.

145. Recovery from a third person.- (1) The proper officer may serve upon a person referred to in clause (c) of sub-section (1) of section 79 (hereafter referred to in this rule as “the third person”), a notice in FORM GST DRC-13 directing him to deposit the amount specified in the notice.

(2) Where the third person makes the payment of the amount specified in the notice issued under sub-rule (1), the proper officer shall issue a certificate in FORM GST DRC-14 to the third person clearly indicating the details of the liability so discharged.

146. Recovery through execution of a decree, etc.- Where any amount is payable to the defaulter in the execution of a decree of a civil court for the payment of money or for sale in the enforcement of a mortgage or charge, the proper officer shall send a request in FORM GST DRC- 15 to the said court and the court shall, subject to the provisions of the Code of Civil Procedure, 1908 (5 of 1908), execute the attached decree, and credit the net proceeds for settlement of the amount recoverable.

147. Recovery by sale of movable or immovable property.- (1) The proper officer shall prepare a list of movable and immovable property belonging to the defaulter, estimate their value as per the prevalent market price and issue an order of attachment or distraint and a notice for sale in FORM GST DRC- 16 prohibiting any transaction with regard to such movable and immovable property as may be required for the recovery of the amount due:

Provided that the attachment of any property in a debt not secured by a negotiable instrument, a share in a corporation, or other movable property not in the possession of the defaulter except for property deposited in, or in the custody of any Court, shall be attached in the manner provided in rule 151.



(2) The proper officer shall send a copy of the order of attachment or distraint to the concerned Revenue Authority or Transport Authority or any such Authority to place encumbrance on the said movable or immovable property, which shall be removed only on the written instructions from the proper officer to that effect.

(3) Where the property subject to the attachment or distraint under sub-rule (1) is-

(a) an immovable property, the order of attachment or distraint shall be affixed on the said property and shall remain affixed till the confirmation of sale;

(b) a movable property, the proper officer shall seize the said property in accordance with the provisions of chapter XIV of the Act and the custody of the said property shall either be taken by the proper officer himself or an officer authorised by him.

(4) The property attached or distrained shall be sold through auction, including e-auction, for which a notice shall be issued in FORM GST DRC- 17 clearly indicating the property to be sold and the purpose of sale.

(5) Notwithstanding anything contained in the provision of this Chapter, where the property to be sold is a negotiable instrument or a share in a corporation, the proper officer may, instead of selling it by public auction, sell such instrument or a share through a broker and the said broker shall deposit to the Government so much of the proceeds of such sale, reduced by his commission, as may be required for the discharge of the amount under recovery and pay the amount remaining, if any, to the owner of such instrument or a share.

(6) The proper officer may specify the amount of pre-bid deposit to be furnished in the manner specified by such officer, to make the bidders eligible to participate in the auction, which may be returned to the unsuccessful bidders or, forfeited in case the successful bidder fails to make the payment of the full amount, as the case may be.

(7) The last day for the submission of the bid or the date of the auction shall not be earlier than fifteen days from the date of issue of the notice referred to in sub-rule (4):

Provided that where the goods are of perishable or hazardous nature or where the expenses of keeping them in custody are likely to exceed their value, the proper officer may sell them forthwith.

(8) Where any claim is preferred or any objection is raised with regard to the attachment or distraint of any property on the ground that such property is not liable to such attachment or distraint, the proper officer shall investigate the claim or objection and may postpone the sale for such time as he may deem fit.

(9) The person making the claim or objection must adduce evidence to show that on the date of the order issued under sub-rule (1) he had some interest in, or was in possession of, the property in question under attachment or distraint.

(10) Where, upon investigation, the proper officer is satisfied that, for the reason stated in the claim or objection, such property was not, on the said date, in the possession of the defaulter or of any other person on his behalf or that, being in the possession of the defaulter on the said date, it was in his possession, not on his own account or as his own property, but on account of or in trust for any other person, or partly on his own account and partly on account of some other person, the proper officer shall make an order releasing the property, wholly or to such extent as he thinks fit, from attachment or distraint.

(11) Where the proper officer is satisfied that the property was, on the said date, in the possession of the defaulter as his own property and not on account of any other person, or was in the possession of some other person in trust for him, or in the occupancy of a tenant or other person paying rent to him, the proper officer shall reject the claim and proceed with the process of sale through auction.

(12) The proper officer shall issue a notice to the successful bidder in FORM GST DRC-11 requiring him to make the payment within a period of fifteen days from the date of such notice and after the said payment is made, he shall issue a certificate in FORM GST DRC-12 specifying the details of the property, date of transfer, the details of the bidder and the amount paid and upon issuance of such certificate, the rights, title and interest in the property shall be deemed to be transferred to such bidder:

Provided that where the highest bid is made by more than one person and one of them is a co-owner of the property, he shall be deemed to be the successful bidder.

(13) Any amount, including stamp duty, tax or fee payable in respect of the transfer of the property specified in sub-rule (12), shall be paid to the Government by the person to whom the title in such property is transferred.

(14) Where the defaulter pays the amount under recovery, including any expenses incurred on the process of recovery, before the issue of the notice under sub-rule (4), the proper officer shall cancel the process of auction and release the goods.

(15) The proper officer shall cancel the process and proceed for re-auction where no bid is received or the auction is considered to be non-competitive due to lack of adequate participation or due to low bids.

148. Prohibition against bidding or purchase by officer.- No officer or other person having any duty to perform in connection with any sale under the provisions of this Chapter shall, either directly or indirectly, bid for, acquire or attempt to acquire any interest in the property sold.

149. Prohibition against sale on holidays.- No sale under the rules under the provision of this chapter shall take place on a Sunday or other general holidays recognized by the Government or on any day which has been notified by the Government to be a holiday for the area in which the sale is to take place.

150. Assistance by police.- The proper officer may seek such assistance from the officer-in-charge of the jurisdictional police station as may be necessary in the discharge of his duties and the said officer-in-charge shall depute sufficient number of police officers for providing such assistance.

151. Attachment of debts and shares, etc.- (1) A debt not secured by a negotiable instrument, a share in a corporation, or other movable property not in the possession of the defaulter except for property deposited in, or in the custody of any court shall be attached by a written order in FORM GST DRC-16 prohibiting.-

(a) in the case of a debt, the creditor from recovering the debt and the debtor from making payment thereof until the receipt of a further order from the proper officer;

(b) in the case of a share, the person in whose name the share may be standing from transferring the same or receiving any dividend thereon;

(c) in the case of any other movable property, the person in possession of the same from giving it to the defaulter.

(2) A copy of such order shall be affixed on some conspicuous part of the office of the proper officer, and another copy shall be sent, in the case of debt, to the debtor, and in the case of shares, to

the registered address of the corporation and in the case of other movable property, to the person in possession of the same.

(3) A debtor, prohibited under clause (a) of sub-rule (1), may pay the amount of his debt to the proper officer, and such payment shall be deemed as paid to the defaulter.

152. Attachment of property in custody of courts or Public Officer.- Where the property to be attached is in the custody of any court or Public Officer, the proper officer shall send the order of attachment to such court or officer, requesting that such property, and any interest or dividend becoming payable thereon, may be held till the recovery of the amount payable.

153. Attachment of interest in partnership.- (1) Where the property to be attached consists of an interest of the defaulter, being a partner, in the partnership property, the proper officer may make an order charging the share of such partner in the partnership property and profits with payment of the amount due under the certificate, and may, by the same or subsequent order, appoint a receiver of the share of such partner in the profits, whether already declared or accruing, and of any other money which may become due to him in respect of the partnership, and direct accounts and enquiries and make an order for the sale of such interest or such other order as the circumstances of the case may require.

(2) The other partners shall be at liberty at any time to redeem the interest charged or, in the case of a sale being directed, to purchase the same.

154. Disposal of proceeds of sale of goods and movable or immovable property.- The amounts so realised from the sale of goods, movable or immovable property, for the recovery of dues from a defaulter shall,-

- (a) first, be appropriated against the administrative cost of the recovery process;
- (b) next, be appropriated against the amount to be recovered;
- (c) next, be appropriated against any other amount due from the defaulter under the Act or the Integrated Goods and Services Tax Act, 2017 or the Union Territory Goods and Services Tax Act, 2017 or any of the State Goods and Services Tax Act, 2017 and the rules made thereunder; and
- (d) any balance, be paid to the defaulter.

155. Recovery through land revenue authority.- Where an amount is to be recovered in accordance with the provisions of clause (e) of sub-section (1) of section 79, the proper officer shall send a certificate to the Collector or Deputy Commissioner of the district or any other officer authorised in this behalf in FORM GST DRC- 18 to recover from the person concerned, the amount specified in the certificate as if it were an arrear of land revenue.

156. Recovery through court.- Where an amount is to be recovered as if it were a fine imposed under the Code of Criminal Procedure, 1973, the proper officer shall make an application before the appropriate Magistrate in accordance with the provisions of clause (f) of sub-section (1) of section 79 in FORM GST DRC- 19 to recover from the person concerned, the amount specified thereunder as if it were a fine imposed by him.

157. Recovery from surety.- Where any person has become surety for the amount due by the defaulter, he may be proceeded against under this Chapter as if he were the defaulter.

158. Payment of tax and other amounts in instalments.- (1) On an application filed electronically by a taxable person, in FORM GST DRC- 20, seeking extension of time for the payment of taxes or any amount due under the Act or for allowing payment of such taxes or amount in instalments in accordance

with the provisions of section 80, the Commissioner shall call for a report from the jurisdictional officer about the financial ability of the taxable person to pay the said amount.

(2) Upon consideration of the request of the taxable person and the report of the jurisdictional officer, the Commissioner may issue an order in FORM GST DRC- 21 allowing the taxable person further time to make payment and/or to pay the amount in such monthly instalments, not exceeding twenty-four, as he may deem fit.

(3) The facility referred to in sub-rule (2) shall not be allowed where-

(a) the taxable person has already defaulted on the payment of any amount under the Act or the Integrated Goods and Services Tax Act, 2017 or the Union Territory Goods and Services Tax Act, 2017 or any of the State Goods and Services Tax Act, 2017, for which the recovery process is on;

(b) the taxable person has not been allowed to make payment in instalments in the preceding financial year under the Act or the Integrated Goods and Services Tax Act, 2017 or the Union Territory Goods and Services Tax Act, 2017 or any of the State Goods and Services Tax Act, 2017;

(c) the amount for which instalment facility is sought is less than twenty-five thousand rupees.

159. Provisional attachment of property.- (1) Where the Commissioner decides to attach any property, including bank account in accordance with the provisions of section 83, he shall pass an order in FORM GST DRC-22 to that effect mentioning therein, the details of property which is attached.

(2) The Commissioner shall send a copy of the order of attachment to the concerned Revenue Authority or Transport Authority or any such Authority to place encumbrance on the said movable or immovable property, which shall be removed only on the written instructions from the Commissioner to that effect.

(3) Where the property attached is of perishable or hazardous nature, and if the taxable person pays an amount equivalent to the market price of such property or the amount that is or may become payable by the taxable person, whichever is lower, then such property shall be released forthwith, by an order in FORM GST DRC-23, on proof of payment.

(4) Where the taxable person fails to pay the amount referred to in sub-rule (3) in respect of the said property of perishable or hazardous nature, the Commissioner may dispose of such property and the amount realized thereby shall be adjusted against the tax, interest, penalty, fee or any other amount payable by the taxable person.

(5) Any person whose property is attached may, within seven days of the attachment under sub-rule (1), file an objection to the effect that the property attached was or is not liable to attachment, and the Commissioner may, after affording an opportunity of being heard to the person filing the objection, release the said property by an order in FORM GST DRC- 23.

(6) The Commissioner may, upon being satisfied that the property was, or is no longer liable for attachment, release such property by issuing an order in FORM GST DRC- 23.

160. Recovery from company in liquidation.- Where the company is under liquidation as specified in section 88, the Commissioner shall notify the liquidator for the recovery of any amount representing tax, interest, penalty or any other amount due under the Act in FORM GST DRC -24.

161. Continuation of certain recovery proceedings.- The order for the reduction or enhancement of any demand under section 84 shall be issued in FORM GST DRC- 25.

## **Agenda Item 2: Confirmation of the Minutes of the 19<sup>th</sup> GST Council Meeting held on 17 July 2017**

### **Draft Minutes of the 19<sup>th</sup> GST Council Meeting held on 17<sup>th</sup> July, 2017**

The nineteenth Meeting of the GST Council (hereinafter referred to as ‘the Council’) was held on 17 July, 2017 through video conference in Prime Minister’s Office, New Delhi, under the Chairpersonship of the Hon’ble Union Finance Minister, Shri Arun Jaitley. The list of the Hon’ble Members of the Council who attended the meeting is at **Annexure 1**. The list of officers of the Centre, the States, the GST Council and the Goods and Services Tax Network (GSTN) who attended the meeting is at **Annexure 2**.

2. The following agenda items were listed for discussion in the 19<sup>th</sup> Meeting of the Council: –

1. Confirmation of the Minutes of the 18<sup>th</sup> GST Council Meeting held on 30 June 2017.

2. Change in the rate of Compensation Cess.

3. Date of the next meeting of the GST Council.

3. In his opening remarks, the Hon’ble Chairperson welcomed all the Members to the 19<sup>th</sup> Council Meeting. He observed that though officers of the GST Implementation Committee (GIC) had been authorised to take decisions on issues of urgent nature, as the present agenda item was very important, it was appropriate to place it before the Council by calling this urgent meeting of the Council.

### **Discussion on Agenda Items:**

#### **Agenda Item 1: Confirmation of the Minutes of the 18<sup>th</sup> GST Council Meeting held on 30 June, 2017:**

4. The Hon’ble Chairperson observed that discussion on the draft Minutes of the 18<sup>th</sup> Meeting of the Council could be taken up either in this meeting or in the next meeting of the Council. He expressed his preference for taking up discussion on the Minutes in the next regular meeting of the Council as this would facilitate a more detailed discussion. The Hon’ble Ministers from Maharashtra, Karnataka and West Bengal supported this proposal. The Council agreed to take up discussion on the draft Minutes of the 18<sup>th</sup> Meeting of the Council in the next (i.e. 20<sup>th</sup>) Meeting of the Council.

4.1. For Agenda Item 1, the Council agreed to take up discussion on the draft Minutes of the 18<sup>th</sup> Council meeting (held on 30 June, 2017) in its next regular meeting (i.e. the 20<sup>th</sup> Meeting of the Council).

#### **Agenda Item 2: Change in the rate of Compensation Cess:**

5. The Hon’ble Chairperson stated that the meeting of the Council was convened essentially to discuss an increase in the rate of compensation cess for cigarettes. He explained that earlier, the rate of compensation cess for cigarettes had been fixed at 5% plus a specific rate per thousand cigarettes for different lengths of filter and non-filter cigarettes. He informed that when these rates had been put into implementation, it came to light that the method of calibrating the rate of cess did not take into consideration the cascading of taxes of the earlier regime as VAT was charged on the value inclusive of the Central Excise duty. This had resulted in lowering of the total tax incidence on cigarettes in the

GST regime as compared to the total taxes in the pre-GST regime. He observed that effect of this could be a windfall profit for tobacco companies to the tune of about Rs. 5,000 crore per annum. He added that if the reduced incidence of tax was passed on to the customers, it would lead to reduction in price of cigarettes, which was also not desirable for a 'sin' product. He stated that the proposed increase in the rate of compensation cess on cigarettes was meant to address this anomaly and this was likely to yield additional annual revenue to the exchequer of about Rs. 5,000 crore. He stated that keeping this in view, it was proposed to increase the rate of compensation cess for non-filter and filter cigarettes ranging from Rs.485 per thousand to Rs.792 per thousand, and for one category of cigarettes i.e. filter cigarettes of length exceeding 75 mm, to increase the rate of compensation cess by 31% as the specific duty component for this category was already at the scheduled ceiling rate whereas for the *ad valorem* component, the scheduled ceiling rate was 290%. The Hon'ble Chairperson invited views of the Hon'ble Members on this proposal.

5.1. The Hon'ble Minister from Maharashtra supported the proposal. He observed that if cigarette price got reduced, this would affect the health of the Country's youth and the GST Council should not encourage this. He suggested to further increase the rate of compensation cess on cigarettes. The Hon'ble Ministers from Assam, Bihar, Chhattisgarh, Gujarat, Kerala, Karnataka, Madhya Pradesh, Manipur, Mizoram, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttarakhand, Uttar Pradesh and West Bengal supported the proposal to increase the rate of compensation cess on cigarettes contained in the agenda note. The Hon'ble Chief Minister of Puducherry also supported the proposal and sought a clarification as to whether this increase in the rate would come into effect prospectively or retrospectively. The Hon'ble Chairperson clarified that it would come into effect prospectively with effect from 12.00 a.m. that night i.e. from 18 July, 2017.

5.2. The Hon'ble Minister from Jammu & Kashmir supported the proposal. He further suggested to use this opportunity to rationalise the rate structure for cigarettes so as to have only two rates of tax for filter and non-filter cigarettes and to do away with the classification of rates based on the length of cigarettes. The Hon'ble Chairperson stated that this proposal could be considered at a later date but at this juncture, it would be advisable to retain the same description of cigarettes for the rate structure.

5.3. The Hon'ble Minister from Goa expressed his support for increasing the rate of compensation cess on cigarettes. He supported the proposal of the Hon'ble Minister from Jammu & Kashmir to rationalise the rate structure of cigarettes. He also suggested to further increase the rate of compensation cess on cigarettes in order to increase the annual revenue from tobacco by about Rs. 6,000 crore per annum instead of the presently projected increase of Rs. 5,000 crore per annum. The Hon'ble Minister from Madhya Pradesh also suggested that if possible, the rate of compensation cess on cigarettes could be further increased. The Hon'ble Chairperson observed that at this stage, it was important to restore the original structure of tax on cigarettes in order to avoid windfall profit to the tobacco companies. The Hon'ble Minister from Uttarakhand suggested that the rate of tax for tariff item 8703 (applicable to luxury cars like BMW) should also be increased. The Hon'ble Minister from Haryana supported the proposal to increase the rate of compensation cess on cigarettes and suggested that a similar anomaly in respect of the rate of tax on high-end luxury cars also needed to be looked into.

5.4. The officers representing the States of Andhra Pradesh, Arunachal Pradesh, Delhi, Himachal Pradesh, Jharkhand, Sikkim and Tripura also supported the proposal to increase the rate of compensation cess on cigarettes. The Hon'ble Chairperson thanked the Hon'ble Ministers and officers for their support to the proposal to increase the rate of compensation cess on cigarettes.

5.5. For Agenda Item 2, the Council approved the following increase in the rate of compensation cess on cigarettes: -

HSN Code	Increase in Compensation Cess Rates on Cigarettes	From	To
<b>Non- filter</b>			
2402 20 10	Not exceeding 65 mm	5% + Rs.1591 per thousand	5% + Rs. <b>2076</b> per thousand
2402 20 20	Exceeding 65 mm but not 70 mm	5% + Rs.2876 per thousand	5% + Rs. <b>3668</b> per thousand
<b>Filter</b>			
2402 20 30	Not exceeding 65 mm	5% + Rs.1591 per thousand	5% + Rs. <b>2076</b> per thousand
2402 20 40	Exceeding 65 mm but not 70 mm	5% + Rs.2126 per thousand	5% + Rs. <b>2747</b> per thousand
2402 20 50	Exceeding 70 mm but not 75 mm	5% + Rs.2876 per thousand	5% + Rs. <b>3668</b> per thousand
2402 20 90	Others	5% + Rs.4170 per thousand	<b>36%</b> + Rs.4170 per thousand

### **Other issues:**

6. The Hon'ble Ministers requested the Hon'ble Chairperson to also give an opportunity to raise certain other important issues. The Hon'ble Chairperson agreed to the same.

6.1. The Hon'ble Minister from West Bengal stated that notification on cross-empowerment of officers for division of the tax payers between the Centre and the State tax administration had not been issued yet which was creating confusion amongst the tax payers as to which tax authority to go to. He suggested to address this issue immediately. He highlighted certain other issues like an applicant's reply with regard to queries on application for registration not being visible; online appeal mechanism relating to registration having not become operational; HSN (Harmonised System of Nomenclature) Code of a few products creating confusion such as for sweets (*mishti*). He explained that chocolate *sandesh* did not find an entry under the HSN Code and there was an apprehension that it could be classified as chocolate attracting a tax rate of 28%. He stated that as *chena* was exempt, *mishti* should also be exempt instead of taxing it at the rate of 5%, especially keeping in view the confusion regarding its HSN classification. He stated that if this was not acceptable, then some other solution needed to be found. He added that in the notification relating to taxation of the real estate sector, the reference to abatement for the value of land was mentioned in the end whereas it should be mentioned in the beginning of the notification.

6.2. The Hon'ble Minister from Kerala stated that some tax rates needed to be fine-tuned. He further observed that presently reduction in the rate of tax was very rarely being passed on to the consumers and observed that at least for the next batch of goods coming out of factories, it should be ensured that the companies reduce the maximum retail price (MRP) and certain action might need to be taken in this regard. He observed that several companies had not yet updated their billing software to make it GST compliant on the basis of destination principle. This was resulting in intra-State transactions being wrongly shown as inter-State transactions and this needed to be addressed.

6.3. The Hon'ble Chief Minister of Puducherry stated that there were two or three very important issues to be addressed urgently. He observed that about 20 to 25 lakh persons were involved in fire cracker manufacturing in Tamil Nadu and parts of Puducherry. Fire crackers attracted only 2% tax earlier whereas now it was taxed at the rate of 28% and input tax credit was available only to the extent of about 2% to 3%. He observed that this had led to large scale smuggling of crackers which was killing the local industry. He also observed that making of matches was a cottage industry where matches were made by hand and tax on it was badly hurting this industry and affecting employment. He further stated that tax on non-airconditioned restaurants at the rate of 12% was badly pinching the pockets of the ordinary people. He also suggested to exempt tax on fishing net.

6.4. The Hon'ble Deputy Chief Minister of Gujarat stated that there were many anomalies in the description and the tax rate of products and these needed to be addressed early. He stated that there were several other small issues which needed to be discussed and solution found at an early date. The Hon'ble Minister from Telangana stated that there was a confusion as to how to apply the tax on works contract where the work had commenced before the implementation of GST and this needed to be clarified early. The Hon'ble Minister from Uttarakhand stated that there was no clarification or notification regarding the 58% reimbursement for area-based exemption scheme and due to this, the industry was unable to determine its MRP and was facing difficulty in supplying the goods to the market.

6.5. Shri D. Sambasiva Rao, Special Chief Secretary, Andhra Pradesh, suggested to reduce the rate of tax on works contractors, tractors and renting of rooms by Tirumala Tirupati Devasthanam (TTD). He stated that what TTD did was not in the nature of business and that it should be exempt from GST. He added that they had sought some clarifications for ensuring uniform implementation of certain GST procedures. He suggested to hold video conference once a week so that contentious issues could be clarified. The Hon'ble Minister from Karnataka stated that he would like to take up the issue of *copra* and desiccated coconut. The Hon'ble Minister from Odisha stated that *sal* leaf, *siali* leaf and *sabai* grass were exempted under VAT and Central Excise and therefore no tax should have been imposed on them under GST but it appeared that these goods were chargeable to tax at the rate of 5%. He observed that that these items were collected from forest by the tribal people and they either sold them as such or made *sabai* ropes, *sabai* baskets and other articles from them and sold them in the market. He therefore suggested to exempt these goods from tax under GST as it was a livelihood issue for the tribal people. The Hon'ble Minister from Rajasthan stated that there was strike in the Marble and Granite Mandi and of marble statue makers. He requested the Hon'ble Chairperson to organize a meeting of the Fitment Committee at the earliest, so that the issues regarding tax rate could be finalized in the meeting of the Council scheduled on 5 August, 2017.

6.6. The Hon'ble Minister from Bihar stated that notifications should be issued by the Centre and the States simultaneously and that the States were having difficulty in ensuring this. The Hon'ble Minister from Maharashtra stated that the last date for migration of the tax payers earlier registered under VAT to the composition scheme was 22 July, 2017, which was causing difficulty and suggested that this date should be extended. He also observed that the correct HSN entry for extra neutral alcohol should be clarified at an early date.

6.7. The Hon'ble Chairperson observed that the suggestions of the Hon'ble Ministers should be given in writing in the next two to three days, which could be considered by the Fitment Committee.



**Agenda Item 3: Date for the next meeting:**

7. The Hon'ble Chairperson stated that as already decided during the 18<sup>th</sup> meeting of the Council (held on 30 June, 2017), the next meeting of the Council would be held on 5 August, 2017. The Hon'ble Members agreed to this suggestion.

8. The meeting ended with a vote of thanks to the Chair.

**Annexure – 1**

**List of Ministers who attended the 19<sup>th</sup> GST Council Meeting on 17 July 2017**

<b><u>S No</u></b>	<b><u>State/Centre</u></b>	<b><u>Name of the Minister</u></b>	<b><u>Charge</u></b>
1	Govt. of India	Shri Arun Jaitley	Finance Minister
2	Govt. of India	Shri Santosh Kumar Gangwar	Minister of State (Finance)
3	Puducherry	Shri V. Narayanasamy	Chief Minister
4	Gujarat	Shri Nitinbhai Patel	Deputy Chief Minister
5	Manipur	Shri Yumnam Joykumar Singh	Deputy Chief Minister
6	Assam	Shri Himanta Biswa Sarma	Finance Minister
7	Bihar	Shri Bijendra Prasad Yadav	Minister - Commercial Taxes & Energy
8	Chhattisgarh	Shri Amar Agrawal	Finance Minister
9	Goa	Shri Mauvin Godinho	Minister - Panchayat
10	Haryana	Captain Abhimanyu	Minister - Excise & Taxation
11	Jammu & Kashmir	Dr. Haseeb Drabu	Finance Minister
12	Karnataka	Shri Krishna Byregowda	Minister - Agriculture
13	Kerala	Dr. Thomas Isaac	Finance Minister
14	Madhya Pradesh	Shri Jayant Malaiya	Finance Minister
15	Maharashtra	Shri Sudhir Mungantiwar	Finance Minister
16	Mizoram	Shri Lalsawta	Minister - Taxation
17	Odisha	Shri Shashi Bhusan Behera	Finance Minister
18	Punjab	Shri Manpreet Singh Badal	Finance Minister
19	Rajasthan	Shri Rajpal Singh Shekhawat	Minister, Industries
20	Tamil Nadu	Shri D. Jayakumar	Minister - Fisheries, Finance, Personnel & Admin. Reforms
21	Telangana	Shri Etela Rajender	Finance Minister
22	Uttar Pradesh	Shri Rajesh Agrawal	Finance Minister
23	Uttarakhand	Shri Prakash Pant	Finance Minister
24	West Bengal	Dr. Amit Mitra	Finance Minister

**Annexure – 2**

**List of Officials who attended the 19<sup>th</sup> GST Council Meeting on 17 July 2017**

<b><u>S No</u></b>	<b><u>Organization</u></b>	<b><u>Name of the Officer</u></b>	<b><u>Charge</u></b>
1	Govt. of India	Dr. Hasmukh Adhia	Revenue Secretary
2	Govt. of India	Ms. Vanaja N. Sarna	Chairman, CBEC
3	Govt. of India	Shri Mahender Singh	Member (GST), CBEC
4	Govt. of India	Shri B.N. Sharma	Additional Secretary, Dept. of Revenue
5	Govt. of India	Shri Alok Shukla	Joint Secretary (TRU), Dept. of Revenue
6	Govt. of India	Shri Upender Gupta	Commissioner (GST Policy), CBEC
7	Govt. of India	Shri Amitabh Kumar	Joint Secretary (TRU), Dept. of Revenue
8	Govt. of India	Shri Hemant Jain	OSD to MoS (Finance)
9	Govt. of India	Shri Paras Sankhla	OSD to FM
10	GST Council	Shri Arun Goyal	Additional Secretary
11	GST Council	Shri Shashank Priya	Joint Secretary
12	GST Council	Shri Dheeraj Rastogi	Joint Secretary
13	GST Council	Shri Gauri Shankar Sinha	Joint Commissioner
14	GST Council	Shri Kaushik TG	Asst. Commissioner
15	GSTN	Shri Navin Kumar	Chairman
16	GSTN	Shri Prakash Kumar	CEO
17	Andhra Pradesh	Shri D. Sambasiva Rao	Special Chief Secretary
18	Andhra Pradesh	Shri J. Syamala Rao	Commissioner, Commercial Taxes
19	Andhra Pradesh	Shri T. Ramesh Babu	Additional Commissioner, Commercial Taxes
20	Andhra Pradesh	Shri D. Venkateswara Rao	OSD
21	Arunachal Pradesh	Shri Marnya Ete	Commissioner, Commercial Taxes
22	Arunachal Pradesh	Shri Tapas Dutta	Asst. Commissioner, Commercial Taxes
23	Assam	Shri V.B. Pyarelal	Additional Chief Secretary

<b>S No</b>	<b>Organization</b>	<b>Name of the Officer</b>	<b>Charge</b>
24	Assam	Dr. Ravi Kota	Principal Secretary, Finance
25	Assam	Shri Anurag Goel	Commissioner, Commercial Taxes
26	Bihar	Ms. Sujata Chaturvedi	Principal Secretary & Commissioner, Commercial Taxes
27	Bihar	Shri Arun Kumar Mishra	Additional Secretary, Commercial Taxes
28	Bihar	Shri Ajobh Mishra	Asst. Commissioner, Commercial Taxes
29	Chhattisgarh	Ms. Sangeetha P	Commissioner, Commercial Taxes
30	Delhi	Shri H. Rajesh Prasad	Commissioner, VAT
31	Delhi	Shri Anand Tiwari	Additional Commissioner, Commercial Taxes
32	Goa	Shri Daulat Hawaldar	Secretary, Finance
33	Goa	Shri Michael D'Souza	Additional Secretary, Finance
34	Goa	Shri Dipak Bandekar	Commissioner, Commercial Taxes
35	Gujarat	Shri Anil Mukim	Additional Chief Secretary
36	Gujarat	Dr. P.D. Vaghela	Commissioner, Commercial Taxes
37	Gujarat	Shri Sanjeev Kumar	Secretary, Economic Affairs
38	Gujarat	Ms. Arti Kanwar	Special Commissioner, Commercial Taxes
39	Gujarat	Shri Riddhesh Raval	Deputy Commissioner, Commercial Taxes
40	Haryana	Shri Sanjeev Kaushal	Additional Chief Secretary
41	Haryana	Shri Shyamal Misra	Excise & Taxation Commissioner
42	Haryana	Ms. Ashima Brar	Special Excise & Taxation Commissioner
43	Haryana	Shri Vidyasagar	Additional Excise & Taxation Commissioner
44	Jammu & Kashmir	Shri Navin Choudhary	Commissioner Secretary, Finance
45	Jammu & Kashmir	Shri P.I. Khateeb	Commissioner, Commercial Taxes
46	Jammu & Kashmir	Shri P.K. Bhat	Additional Commissioner, Commercial Taxes
47	Jharkhand	Shri K.K. Khandelwal	Principal Secretary

<b>S No</b>	<b>Organization</b>	<b>Name of the Officer</b>	<b>Charge</b>
48	Jharkhand	Shri S.K. Prasad	Joint Commissioner, Commercial Taxes
49	Jharkhand	Shri Pradeep Kumar	Deputy Commissioner, Commercial Taxes
50	Jharkhand	Shri K.K. Mishra	Deputy Commissioner, Commercial Taxes
51	Karnataka	Shri Ritvik Pandey	Commissioner, Commercial Taxes
52	Kerala	Dr. Rajan Khobragade	Commissioner, Commercial Taxes
53	Kerala	Shri Minhaj Alam	Secretary, Taxes
54	Kerala	Shri Balamurali	Joint Commissioner, Commercial Taxes
55	Madhya Pradesh	Shri Manoj Shrivastva	Principal Secretary, Commercial Taxes
56	Madhya Pradesh	Shri Raghwendra Kumar Singh	Commissioner, Commercial Taxes
57	Madhya Pradesh	Shri Sudip Gupta	Deputy Commissioner, Commercial Taxes
58	Maharashtra	Shri D.K. Jain	Principal Secretary, Finance
59	Maharashtra	Shri Parag Jain	Special Commissioner, Commercial Taxes
60	Maharashtra	Shri Rajendra Bhagat	Deputy Secretary, Finance
61	Maharashtra	Shri Dhananjay Akhade	Joint Commissioner, Commercial Taxes
62	Manipur	Shri Hrisheekesh Modal	Commissioner, Commercial Taxes
63	Manipur	Shri Y. Indrakumar	Superintendent
64	Mizoram	Shri Vanlalchhuanga	Secretary, Taxation
65	Mizoram	Shri L.H. Rosanga	Commissioner, Commercial Taxes
66	Mizoram	Shri C. Vanlalchhuana	Asst. Commissioner, Commercial Taxes
67	Nagaland	Shri Wochamo Odyuo	Additional Commissioner, Commercial Taxes
68	Odisha	Shri Tuhin Kanta Pandey	Principal Secretary (Finance)
69	Odisha	Shri Saswat Mishra	Commissioner, Commercial Taxes
70	Odisha	Shri N.K. Routray	Additional Secretary (Finance)
71	Odisha	Shri Sahadev Sahoo	Joint Commissioner, Commercial Taxes
72	Puducherry	Shri D. Srinivas	Commissioner, Commercial Taxes

<b>S No</b>	<b>Organization</b>	<b>Name of the Officer</b>	<b>Charge</b>
73	Punjab	Shri Anurag Agarwal	Financial Commissioner, Taxation
74	Punjab	Shri V.P. Singh	Excise & Taxation Commissioner
75	Punjab	Shri Rajiv Gupta	Advisor (GST)
76	Punjab	Shri Pawan Garg	Deputy Excise & Taxation Commissioner
77	Rajasthan	Shri D.B. Gupta	Additional Chief Secretary, Finance
78	Rajasthan	Shri Praveen Gupta	Secretary, Finance
79	Rajasthan	Shri Alok Gupta	Commissioner, Commercial Taxes
80	Sikkim	Shri M.G. Kiran	Principal Secretary, Finance
81	Sikkim	Ms. Dipa Basnet	Secretary, Commercial Taxes
82	Sikkim	Shri Prem Dhoj Rai	Joint Commissioner, Commercial Taxes
83	Sikkim	Shri Manoj Rai	Joint Commissioner, Commercial Taxes
84	Tamil Nadu	Dr. C. Chandramouli	Additional Chief Secretary
85	Tamil Nadu	Shri K. Gnanasekaran	Additional Commissioner (Commercial Taxes)
86	Tamil Nadu	Shri M. Balaji	Joint Commissioner (LTU)
87	Telangana	Shri Somesh Kumar	Principal Secretary (Revenue)
88	Telangana	Shri Anil Kumar	Commissioner, Commercial Taxes
89	Telangana	Shri Laxminarayan Jannu	Joint Commissioner (Policy)
90	Tripura	Shri M. Nagaraju	Principal Secretary (Finance)
91	Tripura	Dr. Brahmneet Kaur	Commissioner, Commercial Taxes
92	Tripura	Shri Ashin Barman	Nodal Officer (GST)
93	Uttar Pradesh	Shri R.K. Tiwari	Additional Chief Secretary
94	Uttar Pradesh	Shri Mukesh Kumar Meshram	Commissioner, Commercial Taxes
95	Uttar Pradesh	Shri Vivek Kumar	Additional Commissioner (Commercial Taxes)
96	Uttarakhand	Shri Sridharbabu Addanki	Commissioner, Commercial Taxes

<b>S No</b>	<b>Organization</b>	<b>Name of the Officer</b>	<b>Charge</b>
97	Uttarakhand	Shri Piyush Kumar	Additional Commissioner (Commercial Taxes)
98	Uttarakhand	Shri Vipin Chand	Additional Commissioner (Commercial Taxes)
99	West Bengal	Shri H.C. Dwivedi	Principal Secretary, Finance
100	West Bengal	Ms. Smaraki Mahapatra	Commissioner, Commercial Taxes
101	West Bengal	Shri Khalid Anwar	Senior Joint Commissioner, Commercial Taxes

### **Agenda Item 3: Decisions of the GST Implementation Committee (GIC) for *post facto* approval**

1. Between 1 July 2017 and 31 July 2017, 2 Meetings of the GIC were held. In addition, due to the urgency involved, certain decisions were taken after obtaining approval by circulation from the Members of the GIC. The details of the Meetings of the GIC and decisions taken are given below.

2. The 5<sup>th</sup> GIC Meeting was held on 5 July 2017. The following items were discussed in the meeting:

- i. Report of the Single Interface Committee
- ii. Draft Notification on cross-empowerment under CGST, SGST and IGST Acts
- iii. Issues relating to registration and GSTN
- iv. Progress on Issuance of Guidance Notes
- v. Other Issues

However, since no substantive decisions were taken in this meeting, no decisions of GIC from this meeting are being brought to the Council.

3. Between 5 July 2017 (when the 5<sup>th</sup> GIC Meeting was held) and 17 July 2017 (when the 19<sup>th</sup> GST Council Meeting was held), certain decisions of urgent nature were required to be taken for which approval of the Members of GIC was taken **by circulation**. These decisions are listed below –

#### **3.1. IGST on import of aircraft, aircraft engines and other parts brought into India on lease:**

3.1.1. The issue pertains to import of aircraft or aircraft parts on lease basis. Under the current provisions, this import would attract IGST (Integrated Goods and Services Tax) twice – once as IGST on import of goods under section 3(7) of the Customs Tariff Act and again as IGST on lease rentals as supply of service. It has been conveyed that Industry has represented that this would cast a substantial additional burden (Rs. 300-400 crore per annum on M/s IndiGo alone) and the problem would be compounded by the fact that no ITC would be available on the IGST paid on import of aircraft or aircraft parts for providing the service of transport of passengers by air in economy class.

3.1.2. In view of the above, it was proposed that aircrafts, aircraft engines and other aircraft parts imported into India under a transaction covered by item 1(b) or 5(f) of Schedule II of the Central Goods and Service Tax Act, 2017 may be exempted from levy of integrated tax under section 3(7) of the Customs Tariff Act, 1975 subject to suitable conditions safeguarding revenue.

3.1.3. GIC approved the proposal of exempting levy of integrated tax on import of aircraft, aircraft engines and other parts brought into India on lease.

3.1.4. Accordingly, Notification No.65/2017–Customs dated 8 July 2017 was issued by the Department of Revenue, Union Ministry of Finance.

#### **3.2. Promulgation of the CGST (Extension to Jammu and Kashmir) Ordinance, 2017 and the IGST (Extension to Jammu and Kashmir) Ordinance, 2017**

3.2.1. The Central Goods and Services Tax Act, 2017, (hereinafter referred to as ‘CGST Act’) and Integrated Goods and Services Tax Act, 2017 (hereinafter referred to as ‘IGST Act’) were introduced in the country with effect from 22nd June, 2017. Both Acts extend to the whole of India except the State of Jammu and Kashmir.



3.2.2. The Constitution (Application to Jammu and Kashmir) Amendment Order, 2017 was assented to by the Hon'ble President of India on 6th July 2017, whereby the State of Jammu and Kashmir adopted the Constitution (One Hundred and First Amendment) Act, 2016, giving way to the introduction of GST in the State. Further, the State proposed to pass the Jammu and Kashmir Goods and Services Bill on 8th July, 2017. Accordingly, to extend the territorial jurisdiction of the CGST Act and IGST Act over the State of Jammu and Kashmir, it was required to amend both Acts for which approval of GIC was sought.

3.2.3. GIC approved the proposal of amendment of CGST Act and IGST Act so as to extend the territorial jurisdiction of the said Acts to the State of Jammu & Kashmir.

3.2.4. Accordingly, the CGST (Extension to Jammu and Kashmir) Ordinance, 2017 and the IGST (Extension to Jammu and Kashmir) Ordinance, 2017 were promulgated by the Hon'ble President of India on 8 July 2017.

### **3.3. Proposal for exempting Compensation Cess under section 9(4) of the Central Goods and Services Tax Act, 2017 for dealers availing the Margin Scheme**

3.3.1. At present, registered persons dealing in second hand goods and availing the margin scheme under sub-rule (5) of rule 32 of the Central Goods and Services Tax Rules, 2017 are exempted from payment of tax under section 9(4) of the CGST Act, 2017 [Notification No 10/2017 – Central Tax (Rate)] on supplies of such second-hand goods received by them from a person, who is not registered.

3.3.2. Thus, a registered person dealing in second hand cars:

- a) will be exempt from CGST payable under reverse charge under section 9(4) of the CGST Act on used second hand vehicles purchased by him; and
- b) will be liable to pay CGST only on the difference between the selling price and the purchase price on second hand vehicles supplied by him

3.3.3. However, if such a dealer deals in supply of goods, which in addition to GST also attract Compensation cess (say in medium or large old and used cars, motor cycles of engine capacity more than 350cc) then on their purchases such dealers would be liable to pay Compensation cess on supply of such old and used cars or motor cycles received by him from a person who is not registered. Accordingly, it was proposed to exempt Compensation cess on supplies of such second-hand goods received by registered persons dealing in second hand goods and availing the margin scheme under sub-rule (5) of rule 32 of the Central Goods and Services Tax Rules, 2017 from a person, who is not registered.

3.3.4. The proposal was circulated to the Members of GIC via email and there was no objection to the proposal from any Member. GIC approved the proposal of exempting Compensation Cess under section 9(4) of the Central Goods and Service Tax Act, 2017 for dealers availing the Margin Scheme.

3.3.5. Accordingly, Notification No. 04/2017- Compensation Cess (Rate) dated 20 July 2017 was issued Department of Revenue, Union Ministry of Finance.

### **3.4. Trade of goods across the Line of Control (LOC)**

3.4.1. Requests were received for: -

- (i) Amendment of the CGST Act to provide that the goods moving across the LOC from Jammu & Kashmir (J&K) to be declared as deemed exports under section 147 of the CGST Act; and
- (ii) Providing that goods coming from across the LOC to be charged to GST on reverse charge basis under section 9(3) of the CGST, Act

3.4.2. It may be noted that once goods moving across the LOC from J&K are declared as deemed exports, the supplier of such goods would be entitled to refund of tax on the supply of goods regarded as deemed exports, or refund of unutilized input tax credit.

3.4.3. On the second issue, if goods coming from across the LOC are charged to CGST and SGST on reverse charge basis under section 9(3) of the CGST, Act, it would ensure that on goods coming from across LOC, the CGST and SGST is charged on reverse charge basis, which would then flow as Input Tax Credit (ITC) till the supply of such goods for final consumption.

3.4.4. Accordingly, the following were proposed –

- (i) To issue a notification under section 147 of the CGST Act declaring that goods moving across the LOC from J&K shall be treated as deemed exports; and
- (ii) To provide that goods coming from across the LOC shall be charged to CGST and SGST on reverse charge basis under section 9(3) of the CGST, Act

3.4.5. After discussion, GIC approved the above proposals.

3.4.6. Notifications have not yet been issued as concurrence of other relevant Ministries of the Central Government is awaited.

### **3.5. Levy of Compensation Cess on exports of motorcar and other items**

3.5.1. Exercising the power vested in section 8 of the Goods and Services Tax (Compensation to States) Act, 2017, the Central Government, on the recommendation of GST Council had notified rates of Compensation Cess leviable on various supplies, including motor cars [Notification No.1/2017-Compensation Cess (Rate)]. Exports being inter-state supplies, will also be liable to be subjected to Compensation cess. However, this will not be in line with the principle that no taxes be exported. To ensure that exports are zero-rated, it would be advisable to ensure that exports of good are not charged to Compensation Cess (wherever applicable). To achieve this, it was proposed to issue a clarification stating that as per the provisions of section 11(2) of the GST Compensation Cess Act, the provisions of section 16 of the Integrated Goods and Services Tax [which define physical exports as zero rated supplies] also apply for the purposes of Compensation cess.

3.5.2. GIC approved the proposal to issue a clarification stating that as per the provisions of section 11(2) of the GST Compensation Cess Act, the provisions of section 16 of the Integrated Goods and Services Tax also apply for the purposes of Compensation cess.

3.5.3. Accordingly, Circular No.1/1/2017-Compensation Cess dated 26 July 2017 was issued by the Department of Revenue, Union Ministry of Finance.

4. The 6<sup>th</sup> GIC Meeting was held on 20 July 2017. The following items were discussed in the meeting:

#### 4.1. Issuance of Notification 16/2017 and Circulars 2/2017 and 4/2017

The GIC approved the issuance of following Notification and Circulars by the Central Board of Excise and Customs (CBEC) on *ex-post facto* basis in light of the need to urgently clarify to trade and industry regarding the procedure to be followed for furnishing LUT (Letter of Undertaking) or Bond in relation to exports and to ensure that exports were not held up due to any ambiguity in law:

- i. Circular No. 2/2/2017-GST, dated 04.07.2017 clarifying that RFD-11 can be submitted manually to the jurisdictional Assistant/Deputy Commissioner, until the online facility for its submission is enabled.
- ii. Notification No. 16/2017 - Central Tax, dated 07.07.2017 notifying the class of exporters eligible to file LUT in place of the bond.
- iii. Circular No. 4/4/2017-GST dated 07.07.2017 clarifying the procedure for furnishing the bond, and the amount of bank guarantee to be given.

#### 4.2. Proposal for changes in CGST and SGST Rules

4.2.1. GIC approved the following changes in Rules as vetted by the Law Committee –

- i. Extension of date for availing composition - It was decided that an amendment in the rules was not required and that this may be done by an Order drafted by CBEC which would then be circulated to the States to follow suit.
- ii. Extending the date for cancellation of registration - In rule 24(4), the words “thirty days” may be substituted by 30th September, 2017 and the amendment may be made effective from 1st July/22nd June (for the purpose of deciding whether it should be 22nd June 2017 or 1st July 2017, view of the Union Law Ministry may be taken). On the issue of cancellation of PID (Provisional ID), it was decided that till 30th September, no deemed cancellation should be done and in the meanwhile, efforts should be made to contact the taxpayers who have not migrated.
- iii. Exchange rate for invoicing of the export of goods – It was decided that Rule 34 be amended to provide that in case of export of goods, for the purposes of ascertaining value for payment of refund under rule 96 or 96A, the exchange rate for conversion of foreign currency into Indian currency and *vice-versa* shall be the rate notified by the Board under section 14 of the Customs Act, 1962. As far as services are concerned, the applicable rate of exchange will be as per the generally accepted accounting principles at the time of supply.
- iv. Amendment of FORM TRAN-1 - It was proposed to amend the table at Sl. No. 7 in FORM TRAN-1 notifying different categories of suppliers who are required to mention nil, 2 and 4 digits of HSN.
- v. In the second proviso of rule 83(3), the words “clause (b) of sub-section (1)” have to be replaced with “sub-rule (1)”
- vi. In clause (E) of rule 89(4), the words “sub-section (112)” has to be replaced with “clause (112)”.
- vii. In the case of export of goods or services - It was decided that in the third proviso to rule 46, the expression “SUPPLY MEANT FOR EXPORT/SEZ ON PAYMENT OF INTEGRATED TAX” OR “SUPPLY MEANT FOR EXPORT/SEZ UNDER BOND OR LETTER OF UNDERTAKING WITHOUT PAYMENT OF INTEGRATED TAX” may be substituted by the expression “SUPPLY MEANT FOR EXPORT ON PAYMENT OF INTEGRATED TAX”/ “SUPPLY TO SEZ UNIT OR SEZ DEVELOPER FOR AUTHORISED OPERATIONS ON PAYMENT OF INTEGRATED TAX” OR “SUPPLY

MEANT FOR EXPORT/ SUPPLY TO SEZ UNIT OR SEZ DEVELOPER FOR AUTHORISED OPERATIONS UNDER BOND OR LETTER OF UNDERTAKING WITHOUT PAYMENT OF INTEGRATED TAX”. Rules may be amended accordingly.

viii. Submission of Form GSTR-3B and Form GSTR-3 - GIC approved the proposal and decided that Sub-rule (5) of rule 61 shall be substituted and a new sub-rule (6) shall be added as below:

(5) Where the time limit for furnishing of details in FORM GSTR-1 under section 37 and in FORM GSTR-2 under section 38 has been extended and the circumstances so warrant, the Commissioner may, by notification, specify that return shall be furnished in FORM GSTR-3B, ~~in lieu of FORM GSTR-3, may be furnished~~ electronically through the common portal, either directly or through a Facilitation Centre notified by the Commissioner. ~~in such manner and subject to such conditions as may be notified by the Commissioner.~~

(6) Where a return in FORM GSTR-3B has been furnished, after the due date for furnishing of details in FORM GSTR-2—

(a) Part A of the return in FORM GSTR-3 shall be electronically generated on the basis of information furnished through FORM GSTR-1, FORM GSTR-2 and based on other liabilities of preceding tax periods and PART B of the said return shall be electronically generated on the basis of the return in FORM GSTR-3B furnished in respect of the tax period;

(b) the registered person shall modify Part B of the return in FORM GSTR-3 based on the discrepancies, if any, between the return in FORM GSTR-3B and the return in FORM GSTR-3 and discharge his tax and other liabilities, if any;

(c) where the amount of input tax credit in FORM GSTR-3 exceeds the amount of input tax credit in terms of FORM GSTR-3B, the additional amount shall be credited to the electronic credit ledger of the registered person.

4.2.2. Accordingly, Notification No. 17/2017 – Central Tax dated 27 July 2017 was issued by CBEC.

4.2.3. GIC further agreed that to ensure uniformity, a mechanism may be devised such that all Notifications may be notified simultaneously by the Centre and States and that a time period of three working days may be given to the States from the time the draft prepared by CBEC on the basis of GIC/GST Council decision is shared with them. However, GIC agreed that with respect to the decision regarding exchange rate for invoicing of the export of goods, keeping in mind the urgency involved, the amendment (to Rule 34) may be notified with immediate effect. It was also agreed that the drafts would be shared with the States after legal vetting by the Union Law Ministry.

### 4.3. **Amendment to Anti-profiteering provisions in State GST Rules**

4.3.1 In the Anti-profiteering provisions in the SGST Rules, due to inadvertence, instead of cross referencing them to the CGST Rules, the CGST provisions were adopted. In order to correct this, the following amendments to the SGST Rules were proposed:

- (1) For rule 122, the following shall be substituted, namely;  
“122. Constitution of the Authority. - The constitution of the Authority shall be in accordance with the provisions of rule 122 of the Central Goods and Services Tax Rules 2017.”
- (2) For rule 123, the following shall be substituted, namely;

“123. Constitution of the Standing Committee and Screening Committee. - The constitution of the Standing Committee and Screening Committee shall be in accordance with the provisions of rule 123 of the Central Goods and Services Tax Rules 2017.”

(3) For rule 124, the following shall be substituted, namely;

“124. Appointment, salary, allowances and other terms and conditions of service of the Chairman and Members of the Authority. - The appointment, salary, allowances and other terms and conditions of service of the Chairman and Members of the Authority shall be in accordance with the provisions of rule 124 of the Central Goods and Services Tax Rules 2017.”

(4) For rule 125, the following shall be substituted, namely;

“125. Secretary to the Authority. - The secretary to the Authority shall be in accordance with the provisions of rule 125 of the Central Goods and Services Tax Rules 2017.”

(5) For rule 126, the following shall be substituted, namely;

“126. Power to determine the methodology and procedure. - The power to determine the methodology and procedure of the Authority shall be in accordance with the provisions of rule 126 of the Central Goods and Services Tax Rules 2017.”

(6) For rule 137, the following shall be substituted, namely;

“137. Tenure of Authority. - The tenure of Authority shall be in accordance with the provisions of rule 137 of the Central Goods and Services Tax Rules 2017.”

4.3.2. GIC approved these amendments to the SGST Rules.

4.3.3. These proposed amendments to the SGST Rules may also be approved by the GST Council.

## **Agenda Item 4: Approval of e-Way Bill Rule**

### **CHAPTER – XVI**

#### **E-WAY BILL**

#### **138. Information to be furnished prior to commencement of movement of goods and generation of e-way bill**

(1) Every registered person who causes movement of goods of consignment value exceeding one lakh rupees—

- (i) in relation to a supply; or
- (ii) for reasons other than supply; or
- (iii) due to inward supply from an unregistered person,

shall, before commencement of movement, furnish information relating to the said goods in **Part A of FORM GST EWB-01**, electronically, on the common portal and

(a) where the goods are transported by the registered person as a consignor or the recipient of supply as the consignee, whether in his own conveyance or a hired one or by railways or by air or by vessel, the said person or the recipient may generate the e-way bill in **FORM GST EWB-01** electronically on the common portal after furnishing information in **Part B of FORM GST EWB-01**; or

(b) where the e-way bill is not generated under clause (a) and the goods are handed over to a transporter for transportation by road, the registered person shall furnish the information relating to the transporter in **Part B of FORM GST EWB-01** on the common portal and the e-way bill shall be generated by the transporter on the said portal on the basis of the information furnished by the registered person in **Part A of FORM GST EWB-01**:

Provided that the registered person or, as the case may be, the transporter may, at his option, generate and carry the e-way bill even if the value of the consignment is less than one lakh rupees.

Provided further that where the movement is caused by an unregistered person either in his own conveyance or a hired one or through a transporter, he or the transporter may, at their option, generate the e-way bill in **FORM GST EWB-01** on the common portal in the manner prescribed in this rule:

Provided also that where the goods are transported for a distance of less than ten kilometers within the State from the place of business of the consignor to the place of business of the transporter for further transportation, the supplier or the transporter may not furnish the details of conveyance in **Part B of FORM GST EWB-01**.

*Explanation 1.*— For the purposes of this sub-rule, where the goods are supplied by an unregistered supplier to a recipient who is registered, the movement shall be said to be caused by such recipient if the recipient is known at the time of commencement of movement of goods.

*Explanation 2.*—The information in **Part A of FORM GST EWB-01** shall be furnished by the consignor or the recipient of the supply as consignee where the goods are transported by railways or by air or by vessel.

(2) Upon generation of the e-way bill on the common portal, a unique e-way bill number (EBN) shall be made available to the supplier, the recipient and the transporter on the common portal.

(3) Any transporter transferring goods from one conveyance to another in the course of transit shall, before such transfer and further movement of goods, update the details of conveyance in the e-way bill on the common portal in **FORM GST EWB-01**:

Provided that where the goods are transported for a distance of less than ten kilometers within the State from the place of business of the transporter finally to the place of business of the consignee, the details of conveyance may not be updated in the e-way bill.

(4) After e-way bill has been generated in accordance with the provisions of sub-rule (1), where multiple consignments are intended to be transported in one conveyance, the transporter may indicate the serial number of e-way bills generated in respect of each such consignment electronically on the common portal and a consolidated e-way bill in **FORM GST EWB-02** may be generated by him on the said common portal prior to the movement of goods.

(5) Where the consignor or the consignee has not generated **FORM GST EWB-01** in accordance with provisions of sub-rule (1) and the value of goods carried in the conveyance is more than one lakh rupees, the transporter shall generate **FORM GST EWB-01** on the basis of invoice or bill of supply or delivery challan, as the case may be, and may also generate a consolidated e-way bill in **FORM GST EWB-02** on the common portal prior to the movement of goods.

(6) The information furnished in **Part A** of **FORM GST EWB-01** shall be made available to the registered supplier on the common portal who may utilize the same for furnishing details in **FORM GSTR-1**:

Provided that when information has been furnished by an unregistered supplier in **FORM GST EWB-01**, he shall be informed electronically, if the mobile number or the e mail is available.

(7) Where an e-way bill has been generated under this rule, but goods are either not transported or are not transported as per the details furnished in the e-way bill, the e-way bill may be cancelled electronically on the common portal, either directly or through a Facilitation Centre notified by the Commissioner, within 24 hours of generation of the e-way bill:

Provided that an e-way bill cannot be cancelled if it has been verified in transit in accordance with the provisions of rule 138B.

(8) An e-way bill or a consolidated e-way bill generated under this rule shall be valid for the period as mentioned in column (3) of the Table below from the relevant date, for the distance the goods have to be transported, as mentioned in column (2):

*Table*

<b>Sr. no.</b>	<b>Distance</b>	<b>Validity period</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
1.	Less than 100 km	One day
2.	100 km or more but less than 300km	Three days
3.	300 km or more but less than 500km	Five days
4.	500 km or more but less than 1000km	Ten days
5.	1000 km or more	Twenty days

Provided that the Commissioner may, by notification, extend the validity period of e-way bill for certain categories of goods as may be specified therein:

Provided further that where, under circumstances of an exceptional nature, the goods cannot be transported within the validity period of e-way bill, the transporter may generate another e-way bill after updating the details in **Part B** of **FORM GSTEWB-01**.

*Explanation.*—For the purposes of this rule, the “relevant date” shall mean the date on which the e-way bill has been generated and the period of validity shall be counted from the time at which the e-way bill has been generated and each day shall be counted as twenty-four hours.

(9) The details of e-way bill generated under sub-rule (1) shall be made available to the recipient, if registered, on the common portal, who shall communicate his acceptance or rejection of the consignment covered by the e-way bill.

(10) Where the recipient referred to in sub-rule (9) does not communicate his acceptance or rejection within seventy-two hours of the details being made available to him on the common portal, it shall be deemed that he has accepted the said details.

(11) The e-way bill generated under rule 138 of the CGST rules or GST rules of any other State shall be valid in the State.

(12) Notwithstanding anything contained in this rule, no e-way bill is required to be generated—

(a) where the goods being transported are specified in Annexure 1;

(b) where the goods are being transported by a non-motorised conveyance;

(c) where the goods are being transported from the port, airport, air cargo complex and land customs station to an inland container depot or a container freight station for clearance by Customs; and

(d) in respect of movement of goods within such areas as are notified under clause (d) of sub-rule (12) of rule 138 of the Goods and Services Tax Rules of the concerned State.

*(CGST Rules)*

(d) in respect of movement of such goods and within such areas in a State and for values exceeding such amount as the Commissioner of State tax, in consultation with the Chief Commissioner of central tax, may notify.

*(SGST Rules)*

*Explanation.* - The facility of generation and cancellation of e-way bill may also be made available through SMS.

### **138A. Documents and devices to be carried by a person-in-charge of a conveyance**

(1) The person in charge of a conveyance shall carry—

(a) the invoice or bill of supply or delivery challan, as the case may be; and

(b) a copy of the e-way bill or the e-way bill number, either physically or mapped to a Radio Frequency Identification Device (RFID) embedded on to the conveyance in such manner as may be notified by the Commissioner.

(2) A registered person may obtain an Invoice Reference Number from the common portal by uploading, on the said portal, a tax invoice issued by him in **FORM GST INV-1**, and produce the same for verification by the proper officer in lieu of the tax invoice and such number shall be valid for a period of thirty days from the date of uploading.



- (3) Where the registered person uploads the invoice under sub-rule (1), the information in Part A of **FORM GST EWB-01** shall be auto-populated by the common portal on the basis of the information furnished in **FORM GST INV-1**.
- (4) The Commissioner may, by notification, require a class of transporters to obtain a unique RFID and get the said device embedded on to the conveyance and map the e-way bill to the RFID prior to the movement of goods:
- (5) Notwithstanding anything contained clause (b) of sub-rule (1), where circumstances so warrant, the Commissioner may, by notification, require the person-in-charge of conveyance to carry the following documents instead of the e-way bill:
- (a) tax invoice or bill of supply or bill of entry; or
  - (b) a delivery challan, where the goods are transported for reasons other than by way of supply.

### **138B. Verification of documents and conveyances**

- (1) The Commissioner or an officer empowered by him in this behalf may authorise the proper officer to intercept any conveyance to verify the e-way bill or the e-way bill number in physical form for all inter-State and intra-State movement of goods.
- (2) The Commissioner shall get RFID readers installed at places where verification of movement of goods is required to be carried out and verification of movement of vehicles shall be done through such RFID readers where the e-way bill has been mapped with RFID.
- (3) Physical verification of conveyances shall be carried out by the proper officer as authorized by the Commissioner or an officer empowered by him in this behalf:

Provided that on receipt of specific information of evasion of tax, physical verification of a specific conveyance can also be carried out by any officer after obtaining necessary approval of the Commissioner or an officer authorized by him in this behalf.

### **138C. Inspection and verification of goods**

- (1) A summary report of every inspection of goods in transit shall be recorded online by the proper officer in **Part A** of **FORM GST EWB-03** within twenty-four hours of inspection and the final report in **Part B** of **FORM GST EWB-03** shall be recorded within three days of the inspection.
- (2) Where the physical verification of goods being transported on any conveyance has been done during transit at one place within the State or in any other State, no further physical verification of the said conveyance shall be carried out again in the State, unless specific information relating to evasion of tax is made available subsequently.

### **138D. Facility for uploading information regarding detention of vehicle**

Where a vehicle has been intercepted and detained for a period exceeding thirty minutes, the transporter may upload the said information in **FORM GST EWB-04** on the common portal.

## Annexure 1

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
(1)	(2)	(3)
1.	0101	Live asses, mules and hinnies
2.	0102	Live bovine animals
3.	0103	Live swine
4.	0104	Live sheep and goats
5.	0105	Live poultry, that is to say, fowls of the species Gallus domesticus, ducks, geese, turkeys and guinea fowls.
6.	0106	Other live animal such as Mammals, Birds, Insects
7.	0201	Meat of bovine animals, fresh and chilled.
8.	0202	Meat of bovine animals frozen [other than frozen and put up in unit container]
9.	0203	Meat of swine, fresh, chilled or frozen [other than frozen and put up in unit container]
10.	0204	Meat of sheep or goats, fresh, chilled or frozen [other than frozen and put up in unit container]
11.	0205	Meat of horses, asses, mules or hinnies, fresh, chilled or frozen [other than frozen and put up in unit container]
12.	0206	Edible offal of bovine animals, swine, sheep, goats, horses, asses, mules or hinnies, fresh, chilled or frozen [other than frozen and put up in unit container]
13.	0207	Meat and edible offal, of the poultry of heading 0105, fresh, chilled or frozen [other than frozen and put up in unit container]
14.	0208	Other meat and edible meat offal, fresh, chilled or frozen [other than frozen and put up in unit container]
15.	0209	Pig fat, free of lean meat, and poultry fat, not rendered or otherwise extracted, fresh, chilled or frozen [other than frozen and put up in unit container]
16.	0209	Pig fat, free of lean meat, and poultry fat, not rendered or otherwise extracted, salted, in brine, dried or smoked [other than put up in unit containers]
17.	0210	Meat and edible meat offal, salted, in brine, dried or smoked; edible flours and meals of meat or meat offal, other than put up in unit containers
18.	3	Fish seeds, prawn / shrimp seeds whether or not processed, cured or in frozen state [other than goods falling under Chapter 3 and attracting 2.5%]
19.	0301	Live fish.
20.	0302	Fish, fresh or chilled, excluding fish fillets and other fish meat of heading 0304
21.	0304	Fish fillets and other fish meat (whether or not minced), fresh or chilled.
22.	0306	Crustaceans, whether in shell or not, live, fresh or chilled; crustaceans, in shell, cooked by steaming or by boiling in water live, fresh or chilled.
23.	0307	Molluscs, whether in shell or not, live, fresh, chilled; aquatic invertebrates other than crustaceans and molluscs, live, fresh or chilled.
24.	0308	Aquatic invertebrates other than crustaceans and molluscs, live, fresh or chilled.

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
(1)	(2)	(3)
25.	0401	Fresh milk and pasteurised milk, including separated milk, milk and cream, not concentrated nor containing added sugar or other sweetening matter, excluding Ultra High Temperature (UHT) milk
26.	0403	Curd; Lassi; Butter milk
27.	0406	Chena or paneer, other than put up in unit containers and bearing a registered brand name;
28.	0407	Birds' eggs, in shell, fresh, preserved or cooked
29.	0409	Natural honey, other than put up in unit container and bearing a registered brand name
30.	0501	Human hair, unworked, whether or not washed or scoured; waste of human hair
31.	0506	All goods i.e. Bones and horn-cores, unworked, defatted, simply prepared (but not cut to shape), treated with acid or gelatinised; powder and waste of these products
32.	0507 90	All goods i.e. Hoof meal; horn meal; hooves, claws, nails and beaks; antlers; etc.
33.	0511	Semen including frozen semen
34.	6	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage
35.	0701	Potatoes, fresh or chilled.
36.	0702	Tomatoes, fresh or chilled.
37.	0703	Onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled.
38.	0704	Cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas, fresh or chilled.
39.	0705	Lettuce ( <i>Lactuca sativa</i> ) and chicory ( <i>Cichorium</i> spp.), fresh or chilled.
40.	0706	Carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots, fresh or chilled.
41.	0707	Cucumbers and gherkins, fresh or chilled.
42.	0708	Leguminous vegetables, shelled or unshelled, fresh or chilled.
43.	0709	Other vegetables, fresh or chilled.
44.	0712	Dried vegetables, whole, cut, sliced, broken or in powder, but not further prepared.
45.	0713	Dried leguminous vegetables, shelled, whether or not skinned or split.
46.	0714	Manioc, arrowroot, salep, Jerusalem artichokes, sweet potatoes and similar roots and tubers with high starch or inulin content, fresh or chilled; sago pith.
47.	0801	Coconuts, fresh or dried, whether or not shelled or peeled
48.	0801	Brazil nuts, fresh, whether or not shelled or peeled
49.	0802	Other nuts, Other nuts, <u>fresh</u> such as Almonds, Hazelnuts or filberts ( <i>Corylus</i> spp.), walnuts, Chestnuts ( <i>Castanea</i> spp.), Pistachios, Macadamia nuts, Kola nuts ( <i>Cola</i> spp.), Areca nuts, fresh, whether or not shelled or peeled
50.	0803	Bananas, including plantains, fresh or dried
51.	0804	Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh.

<b>S. No.</b>	<b>Chapter / Heading / Sub-heading / Tariff item</b>	<b>Description of Goods</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
52.	0805	Citrus fruit, such as Oranges, Mandarins (including tangerines and satsumas); clementines, wilkings and similar citrus hybrids, Grapefruit, including pomelos, Lemons (Citrus limon, Citrus limonum) and limes (Citrus aurantifolia, Citrus latifolia), fresh.
53.	0806	Grapes, fresh
54.	0807	Melons (including watermelons) and papaws (papayas), fresh.
55.	0808	Apples, pears and quinces, fresh.
56.	0809	Apricots, cherries, peaches (including nectarines), plums and sloes, fresh.
57.	0810	Other fruit such as strawberries, raspberries, blackberries, mulberries and loganberries, black, white or red currants and gooseberries, cranberries, bilberries and other fruits of the genus vaccinium, Kiwi fruit, Durians, Persimmons, Pomegranates, Tamarind, Sapota (chico), Custard-apple (ata), Bore, Lichi, fresh.
58.	0814	Peel of citrus fruit or melons (including watermelons), fresh.
59.	9	All goods of seed quality
60.	0901	Coffee beans, not roasted
61.	0902	Unprocessed green leaves of tea
62.	0909	Seeds of anise, badian, fennel, coriander, cumin or caraway; juniper berries [of seed quality]
63.	0910 11 10	Fresh ginger, other than in processed form
64.	0910 30 10	Fresh turmeric, other than in processed form
65.	1001	Wheat and meslin [other than those put up in unit container and bearing a registered brand name]
66.	1002	Rye [other than those put up in unit container and bearing a registered brand name]
67.	1003	Barley [other than those put up in unit container and bearing a registered brand name]
68.	1004	Oats [other than those put up in unit container and bearing a registered brand name]
69.	1005	Maize (corn) [other than those put up in unit container and bearing a registered brand name]
70.	1006	Rice [other than those put up in unit container and bearing a registered brand name]
71.	1007	Grain sorghum [other than those put up in unit container and bearing a registered brand name]
72.	1008	Buckwheat, millet and canary seed; other cereals such as Jawar, Bajra, Ragi] [other than those put up in unit container and bearing a registered brand name]
73.	1101	Wheat or meslin flour [other than those put up in unit container and bearing a registered brand name].
74.	1102	Cereal flours other than of wheat or meslin, [maize (corn) flour, Rye flour, etc.] [other than those put up in unit container and bearing a registered brand name]
75.	1103	Cereal groats, meal and pellets [other than those put up in unit container and bearing a registered brand name]
76.	1104	Cereal grains hulled

<b>S. No.</b>	<b>Chapter / Heading / Sub-heading / Tariff item</b>	<b>Description of Goods</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
77.	1105	Flour, of potatoes [other than those put up in unit container and bearing a registered brand name]
78.	1106	Flour, of the dried leguminous vegetables of heading 0713 (pulses) [other than guar meal 1106 10 10 and guar gum refined split 1106 10 90], of sago or of roots or tubers of heading 0714 or of the products of Chapter 8 i.e. of tamarind, of singoda, mango flour, etc. [other than those put up in unit container and bearing a registered brand name]
79.	12	All goods of seed quality
80.	1201	Soya beans, whether or not broken, of seed quality.
81.	1202	Ground-nuts, not roasted or otherwise cooked, whether or not shelled or broken, of seed quality.
82.	1204	Linseed, whether or not broken, of seed quality.
83.	1205	Rape or colza seeds, whether or not broken, of seed quality.
84.	1206	Sunflower seeds, whether or not broken, of seed quality.
85.	1207	Other oil seeds and oleaginous fruits (i.e. Palm nuts and kernels, cotton seeds, Castor oil seeds, Sesamum seeds, Mustard seeds, Safflower (Carthamustinctorius) seeds, Melon seeds, Poppy seeds, Ajams, Mango kernel, Niger seed, Kokam) whether or not broken, of seed quality.
86.	1209	Seeds, fruit and spores, of a kind used for sowing.
87.	1210	Hop cones, fresh.
88.	1211	Plants and parts of plants (including seeds and fruits), of a kind used primarily in perfumery, in pharmacy or for insecticidal, fungicidal or similar purpose, fresh or chilled.
89.	1212	Locust beans, seaweeds and other algae, sugar beet and sugar cane, fresh or chilled.
90.	1213	Cereal straw and husks, unprepared, whether or not chopped, ground, pressed or in the form of pellets
91.	1214	Swedes, mangolds, fodder roots, hay, lucerne (alfalfa), clover, sainfoin, forage kale, lupines, vetches and similar forage products, whether or not in the form of pellets.
92.	1301	Lac and Shellac
93.	1404 90 40	Betel leaves
94.	1701 or 1702	Jaggery of all types including Cane Jaggery (gur) and Palmyra Jaggery
95.	1904	Puffed rice, commonly known as Muri, flattened or beaten rice, commonly known as Chira, parched rice, commonly known as khoi, parched paddy or rice coated with sugar or gur, commonly known as Murki
96.	1905	Pappad
97.	1905	Bread (branded or otherwise), <u>except</u> pizza bread
98.	2201	Water [other than aerated, mineral, purified, distilled, medicinal, ionic, battery, de-mineralized and water sold in sealed container]
99.	2201	Non-alcoholic Toddy, Neera including date and palm neera
100.	2202 90 90	Tender coconut water other than put up in unit container and bearing a registered brand name

<b>S. No.</b>	<b>Chapter / Heading / Sub-heading / Tariff item</b>	<b>Description of Goods</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
101.	2302, 2304, 2305, 2306, 2308, 2309	Aquatic feed including shrimp feed and prawn feed, poultry feed & cattle feed, including grass, hay & straw, supplement & husk of pulses, concentrates & additives, wheat bran & de-oiled cake
102.	2501	Salt, all types
103.	2835	Dicalcium phosphate (DCP) of animal feed grade conforming to IS specification No.5470 : 2002
104.	3002	Human Blood and its components
105.	3006	All types of contraceptives
106.	3101	All goods and organic manure [other than put up in unit containers and bearing a registered brand name]
107.	3304	Kajal [other than kajal pencil sticks], Kumkum, Bindi, Sindur, Alta
108.	3825	Municipal waste, sewage sludge, clinical waste
109.	3926	Plastic bangles
110.	4014	Condoms and contraceptives
111.	4401	Firewood or fuel wood
112.	4402	Wood charcoal (including shell or nut charcoal), whether or not agglomerated
113.	4802 / 4907	Judicial, Non-judicial stamp papers, Court fee stamps when sold by the Government Treasuries or Vendors authorized by the Government
114.	4817 / 4907	Postal items, like envelope, Post card etc., sold by Government
115.	48 / 4907	Rupee notes when sold to the Reserve Bank of India
116.	4907	Cheques, loose or in book form
117.	4901	Printed books, including Braille books
118.	4902	Newspapers, journals and periodicals, whether or not illustrated or containing advertising material
119.	4903	Children's picture, drawing or colouring books
120.	4905	Maps and hydrographic or similar charts of all kinds, including atlases, wall maps, topographical plans and globes, printed
121.	5001	Silkworm laying, cocoon
122.	5002	Raw silk
123.	5003	Silk waste
124.	5101	Wool, not carded or combed
125.	5102	Fine or coarse animal hair, not carded or combed
126.	5103	Waste of wool or of fine or coarse animal hair
127.	52	Gandhi Topi
128.	52	Khadi yarn
129.	5303	Jute fibres, raw or processed but not spun
130.	5305	Coconut, coir fibre
131.	63	Indian National Flag
132.	6703	Human hair, dressed, thinned, bleached or otherwise worked
133.	6912 00 40	Earthen pot and clay lamps
134.	7018	Glass bangles (except those made from precious metals)
135.	8201	Agricultural implements manually operated or animal driven i.e. Hand tools, such as spades, shovels, mattocks, picks, hoes, forks and rakes; axes, bill hooks and similar hewing tools; secateurs and pruners of any

<b>S. No.</b>	<b>Chapter / Heading / Sub-heading / Tariff item</b>	<b>Description of Goods</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
		kind; scythes, sickles, hay knives, hedge shears, timber wedges and other tools of a kind used in agriculture, horticulture or forestry.
136.	8445	Amber charkha
137.	8446	Handloom [weaving machinery]
138.	8802 60 00	Spacecraft (including satellites) and suborbital and spacecraft launch vehicles
139.	8803	Parts of goods of heading 8801
140.	9021	Hearing aids
141.	92	Indigenous handmade musical instruments
142.	9603	Muddhas made of sarkanda and phoolbaharijhadoo
143.	9609	Slate pencils and chalk sticks
144.	9610 00 00	Slates
145.	9803	Passenger baggage
146.	Any chapter	Puja samagri namely,- (i) Rudraksha, rudraksha mala, tulsikanthi mala, panchgavya (mixture of cowdung, desi ghee, milk and curd); (ii) Sacred thread (commonly known as yagnopavit); (iii) Wooden khadau; (iv) Panchamrit, (v) Vibhuti sold by religious institutions, (vi) Unbranded honey [proposed GST Nil] (vii) Wick for diya. (viii) Roli (ix) Kalava (Raksha sutra) (x) Chandantika
147.		Liquefied petroleum gas for supply to household and non domestic exempted category (NDEC) customers
148.		Kerosene oil sold under PDS
149.		Postal baggage transported by Department of Posts
150.		Natural or cultured pearls and precious or semi-precious stones; precious metals and metals clad with precious metal (Chapter 71)
151.		Jewellery, goldsmiths' and silversmiths' wares and other articles (Chapter 71)
152.		Currency
153.		Used personal and household effects

## FORMS

### FORM GST EWB-01

(See Rule \_\_)

#### E-Way Bill

<b>PART-A</b>		
A.1	GSTIN of Recipient	
A.2	Place of Delivery	
A.3	Invoice/Challan Number	
A.4	Invoice/Challan Date	
A.5	Value of Goods	
A.6	HSN Code	
A.7	Reason for Transportation	
A.8	Transport Document Number	
<b>PART-B</b>		
B.	Vehicle Number	

#### Notes:

1. HSN Code in column A.6 shall be indicated at minimum four digit.
2. Transport Document number indicates Goods Receipt Number/ Railway Receipt Number/ Airway Bill Number/ Bill of Lading Number.
3. Place of Delivery shall indicate the PIN Code of place of delivery.
4. Reason for Transportation shall be chosen from one of the following:

<b>Code</b>	<b>Description</b>
1	Supply
2	Export/Import
3	Job Work
4	SKD/CKD
5	Recipient not known
6	Line Sales
7	Sales Return
8	For own use
0	Others

### FORM GST EWB-02

(See Rule \_\_)

#### Consolidated E-Way Bill

Number of E-Way Bills	
E-Way Bill Number	



**FORM GST EWB-03***(See Rule \_\_)***Verification Report**

<b>Part A</b>	
Name of the Officer	
Place of inspection	
Time of inspection	
Vehicle Number	
E-Way Bill Number	
Invoice/Challan/Bill Date	
Invoice/Challan/Bill Number	
Name of person in-charge of vehicle	
Description of goods	
Declared quantity of goods	
Declared value of goods	
Brief description of the discrepancy	
Whether goods were detained?	
If not, date and time of release of vehicle	
<b>Part B</b>	
Actual quantity of goods	
Actual value of the Goods	
Tax payable	
Integrated tax	
Central tax	
State/UT tax	
Cess	
Penalty payable	
Integrated tax	
Central tax	
State/UT tax	
Cess	
Details of Notice	
Date	
Number	
Summary of findings	

**FORM GST EWB-04***(See Rule \_\_)***Report of detention**

E-Way Bill Number	
Approximate Location of detention	
Period of detention	
Name of Officer in-charge	(if known)
Date	
Time	

**FORM GST INV – 1***(See rule 138A)***Generation of Invoice Reference Number**

<b>IRN:</b>		<b>Date:</b>	
<b>Details of Supplier</b>			
GSTIN			
Legal Name			
Trade name, if any			
Address			
Serial No. of Invoice			
Date of Invoice			
	<b>Details of Recipient (Billed to)</b>	<b>Details of Consignee (Shipped to)</b>	
GSTIN/UIN, if available			
Name			
Address			
State (name & code)			
<b>Type of supply –</b>			
	B to B supply		
	B to C supply		
	Attracts Reverse Charge		
	Attracts TCS	GSTIN of operator	
	Attracts TDS	GSTIN of TDS Authority	
	Export		
	Supplies made to SEZ		
	Deemed export		

Sr. No.	Description of Goods	HS N	Qty.	Unit	Price (per unit)	Total value	Discount, if any	Taxable value	Central tax		State/ UT tax		Integrated tax		Cess	
									Rate	Amt.	Rate	Amt.	Rate	Amt.	Rate	Amt.
	Freight															
	Insurance															
	Packing and Forwarding Charges etc.															
Total																
Total Invoice Value (In figure)																
Total Invoice Value (In Words)																

Signature  
Name of the Signatory  
Designation / Status

## **Agenda Item 5: Recommendations of the Fitment Committee (Goods)**

### **Committee for Fitment of Goods and Services in various rate slabs – Examination of the representations received post-implementation of GST with effect from 01.07.2017 (On goods)**

Post-implementation of GST with effect from 01.07.2017 a number of representations have been received from various stakeholders regarding GST rates on various good and services. References were also received from Ministers, Ministries and Secretaries and other officers of Centre and State. All the references were duly broad-sheeted, and a list of issues flagged for discussions by the Fitment Committee in its meeting on 25<sup>th</sup> July, 2017 was circulated to the members of the Fitment Committee.

Further, broadsheet of references received from Ministers, Ministries and Secretaries and other officers were also circulated to the members of the Fitment Committee for discussion in its meeting on 31<sup>st</sup> July and 1<sup>st</sup> August, 2017. In addition, issues flagged by various States namely, Nagaland, Haryana, Telangana, Chhattisgarh, Kerala, Puducherry, Andhra Pradesh, Rajasthan, West Bengal, Gujarat, Maharashtra, Tamil Nadu, Karnataka and Uttar Pradesh were compiled by CCT, West Bengal and circulated in the Fitment Committee.

2. The Fitment Committee met on 25.07.2017, 31.07.2017 and 01.08.2017 and deliberated upon the aforesaid issues.
3. Based on the deliberations, the Fitment Committee has made certain recommendations for change in the GST rates of certain goods. A list of such goods with the comments thereof of the Fitment Committee is placed below as **Annexure I**.
4. Further, the list of goods where the Fitment Committee has recommended no change or has suggested that suitable FAQ may be issued to clarify the doubts relating to classification and rate of goods, has been placed below as **Annexure II**.

**ANNEXURE I: LIST OF GOODS FOR CHANGE IN GST RATE**

<b>S. No.</b>	<b>Description</b>	<b>HSN</b>	<b>Present GST Rate</b>	<b>Recommended GST rate</b>	<b>Comments of the Fitment Committee</b>
1.	Concentrated milk or milk powder consumed by distinct persons as per section 25 (4) for conversion into milk for distribution through dairy cooperatives.	0402	5%	Refund 5% IGST paid	1. To enable refund of 5% GST paid on milk powder used for conversion into milk for distribution through dairy cooperatives, necessary notification to be issued.
2.	Tamarind dried	0813	12%	5%	1. Dried tamarind is used by common people in their daily food. 2. Dried tamarind was exempt from VAT in some States. 3. Fresh tamarind is at Nil GST.
3.	All goods i.e. cereals, put up in unit container and bearing a registered brand name	10	5%	5%	1. To check the tax avoidance, the following amendments are recommended in the definition of the registered brand name: <ul style="list-style-type: none"> <li>a. A brand registered as on 15.05.2017 shall be deemed to be a registered brand for the purposes of levy of GST irrespective of whether or not the brand is subsequently deregistered.</li> <li>b. A brand registered as on 15.05.2017 under the Copyright Act, 1957 shall also be treated as a registered brand.</li> <li>c. A brand registered as on 15.05.2017 under any law for the time being in force in any other country shall be deemed to be a registered brand.</li> </ul>
4.	Roasted Gram	2106	12%	5%	1. The process involved is only roasting. 2. Used for making sattu flour which attracts Nil / 5% GST and chutney powder.
5.	Custard powder	2106	28%	18%	1. Used by lower and middle income families. 28% rate is too high for such a product. 2. Other similar food mixes are at 18%.
6.	Batters, including idli / dosa batter	2106	18%	12%	1. Idli Dosa Batter (wet flour) is a wet mix of cereal and leguminous vegetables [pulses] and thus classified under chapter 21. 2. Flour of cereals (1102) and flour of dried leguminous vegetables (1106) are at Nil GST.

S. No.	Description	HSN	Present GST Rate	Recommended GST rate	Comments of the Fitment Committee
					<p>3. These products are required to be cooked before they can be consumed, and are, thus, different from ready-to-eat food mixes.</p> <p>4. Many of these have short self-life and do not contain any preserving additives.</p>
7.	Oil cakes	2304	Nil for cattle feed 5% for other uses	5% [irrespective of end use] Nil on cotton seed oil cake	<p>1. Presently, oil cake for animal feed attracts Nil GST. Oil cake for other uses attracts 5% GST.</p> <p>2. Pre-GST, States levied 5% VAT on oil cakes in general, irrespective of its use, except in case of cotton seed oil cake which attracted Nil VAT.</p> <p>3. Therefore, oil cake other than cotton seed oil cake [except cotton seed oil cake] may be kept at 5% irrespective of its end use. Cotton seed oil cake is generally used as cattle feed.</p> <p>4. Therefore, cotton seed oil cake may be kept at Nil.</p>
8.	Dhoop batti, dhoop, sambhrani and other similar items	3307 41 00	12%	5%	<p>1. Agarbatti attracts 5% GST.</p> <p>2. Also, lobhan being puja samagri attract 5% GST.</p> <p>3. It is also proposed to put havan samagri at 5%.</p> <p>4. Dhoop batti, dhoop, sambhrani, etc., however, attract 12% GST.</p>
9.	Medical grade sterile disposable gloves	3926	28%	18%	<p>1. Used for medical purposes.</p>
10.	Plastic raincoats	3926	28%	18%	<p>1. Raincoats falling under Chapter 6201 attract 5% / 12%.</p> <p>2. Maharashtra suggested that the GST rate on plastic raincoats may be also be 12%, as applicable to raincoats falling under heading 6201.</p>
11.	Rubber bands	4016	28%	18%	<p>1. Rubber bands are items of common use.</p> <p>2. Pre-GST, rubber bands attracted 12.5% excise duty and VAT rate on them in some states was 5%.</p>
12.	Rice rubber rolls for paddy de-husking machine	4016	28%	18%	<p>1. Pre-GST rice rubber rolls were exempt from excise duty, with embedded excise duty of about 4%.</p> <p>2. VAT on them was, in general, at standard rate.</p>
13.	Duty Credit Scrips	4907	12%	5%	<p>1. Scrips are classifiable under heading 4907.</p> <p>2. Pre-GST:</p> <ol style="list-style-type: none"> <li>There was no central excise duty on them, and</li> <li>VAT rate on them, in general, was 5%.</li> </ol>

S. No.	Description	HSN	Present GST Rate	Recommended GST rate	Comments of the Fitment Committee
14.	Corduroy fabrics	5801	12%	5%	<ol style="list-style-type: none"> <li>1. Fabrics falling under Chapters 56, 58 and 59 being in the nature of special fabrics, attract 12% GST.</li> <li>2. Thus, corduroy fabrics also attract 12% GST.</li> <li>3. Fabrics of silk, wool, cotton, manmade yarns, etc. falling under Chapters 50, 51, 52, 54 or 55 attract 5% GST.</li> <li>4. Pre-GST tax incidence on fabrics ranged from 6.37% (wool) to 13.66% (manmade).</li> </ol>
15.	Saree fall	5808	12%	5%	<ol style="list-style-type: none"> <li>1. It is like a fabric used to ensure proper fall in Sarees.</li> <li>2. GST on fabric is 5%. Sarees are also at 5% GST.</li> </ol>
16.	Textile caps	6501	18%	12%	<ol style="list-style-type: none"> <li>1. Are made of cotton, textiles and other clothing materials, and are generally used by the common people.</li> </ol>
17.	Idols made of clay	6912	28%	5%	<ol style="list-style-type: none"> <li>1. Generally used for puja purposes.</li> <li>2. Earthen pots and clay lamps are at Nil.</li> </ol>
18.	Idols of stone including marble	68	28%	?	<ol style="list-style-type: none"> <li>1. GST Council may take a view as to what may be the appropriate rate for idols made of stone, including that of marble.</li> </ol>
19.	Rough industrial diamonds including unsorted diamonds	7102	3%	0.25%	<ol style="list-style-type: none"> <li>1. Rough diamonds, other than rough industrial diamonds including unsorted diamonds, attract 0.25% GST.</li> <li>2. Sometimes unsorted rough diamonds are also imported.</li> <li>3. Will simplify assessment at the time of import, as all goods falling under 7102 will now be at 0.25%.</li> </ol>
20.	Nozzles for drip irrigation equipment or sprinklers [mechanical appliances (whether or not hand operated) for projecting, dispersing or spraying liquids or powders]	8424	18%	12%	<ol style="list-style-type: none"> <li>1. Drip irrigation equipment or sprinklers are used for dispersing or spraying water and used mainly in agriculture.</li> <li>2. The pre-GST tax incidence on them was about 15% [embedded excise duty, VAT and CST, Octori]</li> <li>3. Thus, reduction in GST rate on them to 12%, would result in inverted tax structure and consequential accumulation of input tax credit and therefore will not be advisable. As these devices would include pipes and tubes also, a lower end use based rate may also be prone to misuse.</li> <li>4. GST rate reduction is thus recommended only on nozzles of such equipments/systems.</li> </ol>
21.	Charkha for hand spinning of yarns,	8445	Nil / 18%	Nil	<ol style="list-style-type: none"> <li>1. Ambar charkha is exempt from GST.</li> </ol>

S. No.	Description	HSN	Present GST Rate	Recommended GST rate	Comments of the Fitment Committee
	including amber charkha				<p>2. There are certain other types of charkhas, which are also used for hand spinning of yarn.</p> <p>3. KVIC has requested to include other charkhas at Nil GST.</p>
22.	Computer monitors upto 20"	8528	28%	18%	<p>1. At present, computer monitors, not exceeding 17 inches, attract 18% GST.</p> <p>2. It is represented that most of the desktop computer use monitors of more than 17 inches.</p>
23.	Tractor Parts	8708	28%	18% on specified parts	<p>1. Tractors attract 12% GST.</p> <p>2. Presently, specified parts of tractors attract 18% GST:</p> <ol style="list-style-type: none"> <li>Rear Tractor tyres and rear tractor tyre tubes</li> <li>Rear Tractor wheel rim,</li> <li>Tractor centre housing,</li> <li>Tractor housing transmission,</li> <li>Tractor support front axle.</li> </ol> <p>3. GST Council has recommended that GST rate on parts exclusively for use in tractors may be reduced.</p> <p>4. Reference has been made to Department of Heavy Industries regarding parts of tractors that may be kept at 18%. The same is awaited.</p>
24.	Cotton quilts	9404	18%	12%	<p>1. Blankets (not exceeding Rs.1000 per piece) are at 5% GST, and those exceeding Rs.1000 per piece is at 12% GST.</p>
25.	Worked corals	9601	28%	5%	<p>1. Unworked corals [heading 0508] are at 5% GST.</p> <p>2. Worked corals, in the form of sheets, plates, rods, etc., cut to shape (including square or rectangular) or polished or otherwise worked by grinding, drilling, milling, turning, etc., fall under 9601 and attract 28% GST.</p> <p>3. Precious and semi-precious stones attract 3% GST.</p> <p>4. It would not be advisable to prescribe 3% GST recommended by Council specifically for products falling under chapter 71, to products falling in other chapters, as it would prompt similar demands for other sectors.</p>
26.	Brooms and brushes, <u>consisting of twigs or other vegetable materials,</u> bound	9603	5%	Nil	<p>1. Phool bahari jhadoo, falling under tariff item 9603 10 00, attracts Nil GST.</p> <p>2. However, there are other broomsticks which are made of twigs or other</p>



S. No.	Description	HSN	Present GST Rate	Recommended GST rate	Comments of the Fitment Committee
	together, with or without handles				vegetable materials, bound together, with or without handles.
27.	Kitchen gas lighters	9613	28%	18%	<ol style="list-style-type: none"> <li>1. Kitchen gas lighters attracted 12.5% excise duty, 14.5% VAT, 2.5% incidence on account of CST, octroi, entry tax, etc. besides service tax incidence on post-removal services.</li> <li>2. Thus, pre-GST tax incidence was more than 28%.</li> <li>3. These are items of mass consumption.</li> </ol>
28.	Rosaries and prayer beads	Any Chapter	18%	5%	<ol style="list-style-type: none"> <li>1. Specified puja samagri items are at Nil / 5% GST.</li> </ol>
29.	Hawan samagri	Any Chapter	-	5%	<ol style="list-style-type: none"> <li>1. Hawan samagri is a mixture of a large number of items which include jari booti, etc. Jari bootis attract 5% GST.</li> <li>2. Specified puja items and agarbattis are at Nil or 5%. 5% GST rate is also proposed for dhoop batti, dhoop, sambhrani.</li> </ol>
30.	Goods imported for FIFA under 17 Football World Cup	Any Chapter	Applicable rate	Nil	<ol style="list-style-type: none"> <li>1. Department of Sports has sought exemption from BCD and IGST on goods imported for <b>FIFA under 17 Football World Cup</b>. In general goods imported would fall in following category. <ol style="list-style-type: none"> <li>a. All sports goods sports equipment and sports requisites; fitness equipments; team uniform / clothing; spares, accessories and consumables of the same imported by FIFA or its subsidiaries or affiliates or by the players or the teams</li> <li>b. Broadcast equipments and supplies used in organizing and during the event.</li> <li>c. Doping control equipment will also be used during the event.</li> <li>d. Satellite phones / GPS, paging communication systems and other communication equipments; video/plasma screen, electronic score board for display; time control devices, stop watches; timing, scoring and result management systems, marquees, tents and other IT equipment such as projectors, smart phones, routers etc</li> </ol> </li> </ol>

S. No.	Description	HSN	Present GST Rate	Recommended GST rate	Comments of the Fitment Committee
					<p>e. Food stuff, energy drinks, isotonic, tonic water which may be carried by the players and teams.</p> <p>2. This exemption would be in line with Guarantee No.6 provided by Central Government to provide exemptions from import/customs duty to FIFA, FIFA subsidiaries, FIFA Confederations, Participating Member Associations (which are the participating teams), FIFA contractors, FIFA staff and others. This had the approval of the Union Cabinet.</p> <p>3. <u>Exemption from IGST may be considered.</u></p> <p>4. <u>Exemption from BCD, cess, as will also be provided.</u></p> <p>5. This exemption will be on the same line as that given for the Commonwealth Games 2010.</p>

**ANNEXURE II: LIST OF ISSUES DISCUSSED BY FITMENT COMMITTEE**

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
1.	9403	Bamboo furniture	18%	Not specified	1. Since bamboo products are among the few commercially viable commodities actually manufactured in the North east states due to readily available good quality raw material, the sector will be badly affected unless the tax rates are reduced. 2. Therefore, cane furniture falling under heading 9403 may also be considered to be kept at 18% to avoid disputes.	1. Fitment Committee had already recommended rate reduction from 28% [as per pre-GST tax incidence] to 18%, which has since been recommended by the GST Council also. 2. Further, reduction may not be justified.
2.	9403	Cane furniture	28%	Not specified		1. No change.
3.	4602	Basketry items made of bamboo	12%	Not specified		1. Fitment Committee had already recommended rate reduction from 18% [as per pre-GST tax incidence] to 12%, which has since been recommended by the GST Council also. 2. Further, reduction may not be justified. 3. No change.
4.	8432, 8433	Agriculture Implements power driven- 8432 & 8433	12%	0 or 5%	1. Tax on agriculture implements would increase the input cost of agriculture and this cost is not accounted for in the Minimum Support Price (MSP) announced by the Government for agricultural products from time to time. 2. Power driven agriculture implements including thrashers, harvesters, Power driven sprayers and drip irrigation, equipments, tractor, disc ploughs,	1. GST rate of 12% is as per pre-GST tax incidence. 2. The GST rate on these implements was discussed at length in GST Council meeting, after which it recommended 12% GST rate on them. 3. Will not be advisable to change the rate. 4. In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are already at 18% or below.

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					<p>agricultural, horticultural, forestry and poultry machinery, machines for cleaning, salting, grading, seed, grain etc. have been placed in 12% slab.</p> <p>3. These items were exempted in the State of Haryana under VAT.</p> <p>4. During pre-GST regime, these items were placed in chapter-84 of Central Excise Tariff and were exempted under Central Excise.</p> <p>5. These are agricultural input items and levy of tax including embedded tax should not increase.</p>	
5.	Chapter 90	Scientific Instruments	12%, 18%, 28%	12%	<p>1. Most of the scientific apparatus and instruments have been placed in the slab of 18% and 28% under GST.</p> <p>2. The apparatus like microscopes, direction finding compasses, hydrographic instruments, balances, length measuring instruments like rod and tapes, micro meters, clippers are placed in the slab of 28%.</p> <p>3. Machines and appliances for testing the hardness strength,</p>	<p>1. Most of the instruments are at 18%, which corresponds to 5% VAT and 12.5% ED.</p> <p>2. For other items, the rates have been fixed as per the pre-GST tax incidence.</p> <p>3. No change</p>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					elasticity property of material etc., hydrometer, thermometer, pyrometers, barometers, hygrometers, polarimeters, refractometers, spectrometers, instruments for checking viscosity, instrument for surface tension, checking the quantities of heat, sound or heat, instruments for detecting alpha, beta, gamma, X-Ray etc. are placed under the 18% category.	
6.	9017 20	Other drawing, marking-out or mathematical calculating instruments :	12%	-	<ol style="list-style-type: none"> <li>The organization has submitted that there are 4000 units in Ambala out of which 2000 are registered in VAT accounting for an annual turnover of about 1500 crores.</li> <li><b>The levy of VAT on these items was 5.25%.</b></li> <li>Most of the supplies from this industry are to Schools and Educational Institutions.</li> </ol>	<ol style="list-style-type: none"> <li>Present GST rate is as per pre-GST tax incidence.</li> <li>Further, lower rate will result in refund of input taxes, with its associated financial and administrative costs, which will ultimately put the domestic goods at a disadvantage vis-à-vis imports.</li> <li>Further, if the refund of unutilised ITC were to be blocked, it would put domestic goods at a much higher disadvantage vis-à-vis imports.</li> </ol>
7.	9017 20 10	Drawing and marking-out instruments	12%	-	<ol style="list-style-type: none"> <li>Most of these instruments and appliances are being manufactured by small scale industries, so excise is not leviable. The present rates of 18% and, in</li> </ol>	<ol style="list-style-type: none"> <li>No economic justification for change in rate.</li> </ol>
8.	9018 20 20	Mathematical calculating instruments	12%	-		<ol style="list-style-type: none"> <li>In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are</li> </ol>
9.	9017 20 30	Pantograph	12%	-		

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
10.	9017 20 90	Other	12%	-	particular 28%, are seemingly high, so it is proposed that the Fitment Committee may be requested to place all these items in the slab of 12%.	already at 18% or below.
11.	4412	Plywood and Ply-board	28%	18%	<ol style="list-style-type: none"> <li>1. The plywood/ply-board has been placed under the slab of 28% in the GST.</li> <li>2. The association has submitted that most of the plywood manufacturing units fall under micro-small and medium enterprises segment having turnover of less than 4 Cr.</li> <li>3. Moreover, <b>excise duty was not leviable on the units having turnover of upto 1.5 Cr.</b></li> <li>4. So, most of the ply, manufactured by the plywood industry, did not attract the excise duty.</li> <li>5. So the rate of 28% on plywood has enhanced the actual levy on plywood exorbitantly, and requested for parity with sun mica which is @18%.</li> </ol>	<ol style="list-style-type: none"> <li>1. Present GST rate is as per pre-GST tax incidence.</li> <li>2. The GST rate on plywood has been discussed at length in GST Council meeting, after which it recommended 28% GST rate on them.</li> <li>3. It was in this context, that the Council recommended increase in composition scheme turnover limit from Rs. 50 lakh to Rs. 75 lakh, instead of considering rate reduction individual items, claimed to be manufactured by SSI units in pre-GST regime.</li> <li>4. Changing GST rate on one item, on these grounds would necessitate similar view to be taken for a number of other goods.</li> <li>5. Reduction from 28% to 18% [by 10%] on all such goods would entail huger revenue loss.</li> <li>6. No justification for changing the rate.</li> </ol>
12.	2516	Granite Raw Blocks	12%	5%	<ol style="list-style-type: none"> <li>1. The Granite units in the state are mostly below Rs. 1.5 Crores turnover and hence were</li> </ol>	<ol style="list-style-type: none"> <li>1. Present GST rate is as per pre-GST tax incidence.</li> <li>2. The GST rate on granite and marble has been discussed at</li> </ol>
13.	6802	Granite Finished Products	28%	12%		

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					<p>exempted from Excise duty.</p> <p>2. Most of the units do inter-state trade and sales on CST of 2%.</p> <p>3. The high rate of taxation will make the granite un-competitive and so the industry will suffer which is very labour intensive.</p>	<p>length in GST Council meeting, after which it recommended 28% GST rate on them.</p> <p>3. In the context of items attracting 28% GST [where the concerns were raised that substantial quantity of these goods were manufactured by SSI units, which were exempt from excise duty] the Council recommended increase in composition scheme turnover limit from Rs. 50 lakh to Rs. 75 lakh, instead of considering rate reduction individual items, claimed to be manufactured by SSI units in pre-GST regime.</p> <p>4. Changing GST rate on one item, on these grounds would necessitate similar view to be taken for a number of other goods.</p> <p>5. Reduction from 28% to 18% [by 10%] on all such goods would entail huger revenue loss.</p> <p>6. No justification for change the rate.</p>
14.	2403	Beedis	28%	Nil	<p>1. At present, beedi are exempted from taxation but 5% is levied on beedi / tendu leaves under the Value added tax (VAT).</p> <p>2. However, there is a Central Excise duty at the rate of Rs. 16 per thousand beedis (handmade) and</p>	<p>1. Present GST rate is as per pre-GST tax incidence.</p> <p>2. The GST rate on bidis was discussed in great detail in GST Council meeting, after which it recommended 28% GST rate on them.</p> <p>3. Bidis are demerit goods, and there is no justification for having GST rate lower</p>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					Rs. 23 per thousand beedis (machine made) and beedi / tendu leaves are exempted.	than pre-GST tax incidence on them.
15.	1404	Tendu leaves	18%	5%	<p>3. The high rate of taxation may result in fall in demand of beedis.</p> <p>4. Consequently this will have a detrimental effect on this industry with possible closure of many of these units thereby pushing lakhs of rural poor woman out of employment.</p>	<p>1. The GST rate on tendu leaves was discussed in great detail in GST Council meeting, after which it recommended 18% GST rate on them.</p> <p>2. Tendu leaves are only used for making bidis [a demerit goods] which attracts 28% GST.</p> <p>3. No justification for lowering the rate on tendu leaves.</p>
16.	1404	Bidi Leaf		Nil	1. Bidi making is a huge cottage industry providing <b>self-employment</b> to many women in Telangana State and bidi leaves are the major components for making bidis	
17.	Chapter 90	Vision Aids and allied optical products a. all lenses b. Frames spectacle cases	12% 18% 28%	12%	<p>1. In the proposed GST tax rates ignores the magnitude and relevance of vision correction requirements in India and its implications on overall health care, education and the economy.</p> <p>2. Vision Aids and allied products are required for every age group at affordable price.</p> <p>3. So many multiple slabs for different optical products is very complicated in GST System</p>	<p>1. Fitment Committee has examined in detail the pre-GST tax incidence on optical aid products and accordingly recommended GST rates on them, which were also recommended by the Council.</p> <p>2. Spectacles are at 12% GST. ITC on tax paid on its inputs will be available to the dealers.</p> <p>3. No justification for suggested rate rationalisation.</p> <p>4. In order to achieve the larger goal of a single rate GST, it may not</p>



S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
						be appropriate to tweak GST rates of goods which are already at 18% or below.
18.	Chapter 64	Footwear	Upto 500/- 5%	Upto 1500/- 5%	<ol style="list-style-type: none"> <li>Low cost footwear such as plastic moulded footwear and hawai footwear are used by the weaker sections of the society.</li> <li>Telangana state having 2500 small scale manufactures in old city with 3000 small scale manufactures in adjacent localities.</li> <li>It is to ensure that these cottage industries not affected with high GST rate.</li> </ol>	<ol style="list-style-type: none"> <li>GST rate on footwear was discussed in great detail by the GST council.</li> <li>The present GST rates are, in fact, lower than the pre-GST tax incidences.</li> <li>Rs. 500 per pair limit for 5% is also higher than the value limit for Nil or lower ED /nil or lower VAT.</li> <li>Increasing value limit will reduce IGST on imported footwear and put domestic footwear at a disadvantage, as domestic footwear manufacturers will have to claim refund of unutilised ITC [inputs for footwear being generally at 18%], which has its associated financial and administrative costs.</li> <li>In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are already at 18% or below.</li> </ol>
19.	Chapter 64		Other- 18%	Other- 18%		
20.	2302	Rice bran	5%	Nil	<ol style="list-style-type: none"> <li>This is a by-product of rice milling industry, where the main product rice is exempted.</li> </ol>	<ol style="list-style-type: none"> <li>Rice bran is an oil bearing substance.</li> <li>All oil seeds and edible vegetable oils are also at 5%.</li> <li>Edible oil industry will get ITC.</li> </ol>
21.	1103	Rava / suji	5% if , put up in unit container and bearing	Nil	<ol style="list-style-type: none"> <li>This is a by-product of flour milling industry where the main</li> </ol>	<ol style="list-style-type: none"> <li>GST rate for edible products [put up in unit containers and bearing a registered</li> </ol>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
			a registered brand name otherwise Nil		products of Atta and Rava are exempted.	brand name] was discussed in great detail by the Council. 2. Will not advisable to make an exception for one item. 3. In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are already at 18% or below.
22.	Chapter 84	IT products	18%	12%	1. The IT industry is the major industry propelling the economy of the country and providing huge employment to skilled persons	1. ITC of tax paid inputs will be available to the IT industry. 2. No justification for over rationalisation. 3. In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are already at 18% or below.
23.	2515 or 6802	Farshi Paththar (Flooring Stone)	5% or 28%	5%	1. There is difference of opinion on rate of GST on Farshi Paththar. Farshi Paththar is a kind of calcareous stone which is made from Lime stone.	1. GST rate of 28% for goods falling in chapter 68 is as per pre-GST tax incidence.
24.	2515	Calcareous building stone, Kota stone (2515)	5%		2. It is used by lower or lower middle class. It is used like Kota stone.	2. Will not be advisable to lower rate for one set of items, as it would necessitate similar reduction in a large number of similarly placed items, which would entail substantial revenue loss.
25.	6810	Flag stone	28%		3. It should be put up in lower slab of 5% with a specific entry.	
26.	Chapter 26	Fly-Ash	18%	Nil	1. Under Chhattisgarh VAT both bricks and fly ash bricks were exempted.	1. Manufacturers of fly ash products get ITC of tax paid on fly ash and other inputs.
27.	6815	Fly-Ash bricks	12%	Nil	2. Fly-ash is a pollutant. 3. To prevent pollution by fly-ash its use should	2. GST rate on fly ash bricks and blocks [12%] is lower than the pre-GST tax incidence.

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					be encouraged and therefore both Fly-ash and fly-ash bricks should be exempted from GST.	<p>3. No economic justification for further reduction in rate.</p> <p>4. In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are already at 18% or below.</p>
28.	3826	Bio-diesel/Bio-fuel	18%	Nil or 5%	<p>1. Under Chhattisgarh VAT it was tax-free. Either it should be tax-free or should be put in lower slab of 5%.</p> <p>2. It is produced from Vegetable oils, both edible and non-edible on which rate of GST is 5%.</p> <p>3. To encourage production of bio-fuel it should be kept in lower slab of 5%.</p>	<p>1. Pre-GST bio-diesel attracted 6% excise duty, weighted average VAT 10.05% and CST, Octroi etc. of 2.5%.</p> <p>2. The 18% GST rate is thus as per the pre-GST tax incidence.</p> <p>3. Further, tax rate wise, bio-diesel is at a huge advantage vis a vis diesel on which the total ED and VAT incidence is about 100%.</p> <p>4. No economic justification for change in GST rate on bio-diesel.</p> <p>5. In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are already at 18% or below.</p>
29.	1517	Vegetable blended edible oil	5%	-	1. Blended vegetable oils fall under heading 1517 and attract 5% GST.	1. Blended vegetable oils are also at 5%.
30.	0305	Dried-fish	5%	Nil	<p>1. Under VAT regime it was exempted and was produced by local fishermen having not much revenue significance.</p> <p>2. There are no inputs in dried fish.</p>	<p>1. Generally, only the unprocessed edible products are at Nil.</p> <p>2. Processed edible items are at 5%/12%/18% in general.</p> <p>3. Benefit of threshold exemption and</p>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
						Composition scheme can be availed by eligible dealers. 4. Will not be advisable to change.
31.	6810	Hollow bricks, cement paver tiles and pre fab frames for windows / doors etc.	28%	12%	1. It is made from cement, crushed granite stones and sand and is done on small scale basis in our State and is a substitute for bricks used in construction. 2. It is taxed at 5% during VAT period. It is eco-friendlier.	1. Building materials are in general at 28%. 2. May not be advisable to disturb that. 3. Manufacturers of cement paver blocks will be eligible for ITC, including that on cement, which attracts 28% GST.
32.	5702.10	Carpets and floor coverings of coir	12%	12%	1. Higher tax incidence on these types of products will adversely affect the sale of these products in a market in which the competition with the alternative products are very high. 2. Similar commodity like jute product is taxed at 12%. 3. Therefore, coir products also may be taxed at 12%.	1. Coir products [9404] are at 12% GST. 2. Coir mattresses [9404] are 18% GST. 3. Coir mats, matting and floor covering [5705] are at 5% GST. 4. Apprehensions of 12% rate affecting market may not be well founded. 5. In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are already at 18% or below.
33.	9404	Mattresses of rubberised coir	28%			1. Rubberised coir mattresses are at 28% GST, as per the pre-GST tax incidence [ED 12.5% and VAT 14.5%, CST, Octroi 2.5%.]
34.	-	Mass Wine	-	Nil	Mass Wine "2204" manufactured under Excise Rules of the State.	1. Wine is not liable to GST.
35.	3915	Plastic Scrap	18%	Nil	1. For incentivise recycling of this products, the rate of tax may be exempted.	1. Plastic scrap attracts 18% GST, at par with the virgin plastic. 2. In any case, ITC of GST paid will be

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					<p>2. Municipal waste, sewage sludge, clinical waste is presently exempted.</p> <p>3. But it would not include separated plastic waste and scrap.</p> <p>4. This would attract tax of 18%.</p> <p>5. Hence, it needs to be exempted.</p>	available to user industry.
36.	4421	Match splints	12%	5%	1. The rate may be reduced to 5% otherwise cottage industry in Kerala will be wiped out.	<p>1. 12% GST rate on match splints is as per pre-GST tax incidence.</p> <p>2. User industry would get ITC.</p> <p>3. No change</p>
37.	Chapter 30	Classic Ayurvedic preparations and Medicines prepared under the formulae prescribed in classic ayurvedic texts	12%	5%	<p>1. Indigenous and traditional medicinal system is to be promoted.</p> <p>2. Ayurveda sector is also identified as the main driving force of tourism in our State.</p> <p>3. Hence the tax may be reduced to 5%.</p>	<p>1. 12% GST rate on ayurvedic medicines is as per the pre-GST tax incidence [ED 2% w/o ITC or 6% with ITC, 5% VAT and 2.5% CST, Ovtroti etc.]</p> <p>2. Pre-GST more than 60% of ayurvedic medicines were paying excise duty at 6%.</p> <p>3. In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are already at 18% or below.</p> <p>4. No change</p>
38.	3604 3605	Fireworks and Matches	28%, 18%	18%, 5%	<p>1. These units are highly labour intensive, with nearly 70% of the cost incurred towards wages of employees.</p> <p>2. The input tax credit can be claimed also, is very less as</p>	<p>1. Present GST rate is as per pre-GST tax incidence.</p> <p>2. In the context of items attracting 28% GST [where the concerns were raised that substantial quantity of these goods were manufactured by SSI units, which were</p>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					<p>compared to other industries.</p> <p>3. Further, these high tax rates would lead to import of fireworks from China, which would kill the native industry, rendering lakhs of families unemployed and resulting in loss of livelihoods.</p> <p>4. To save the local industry and livelihood of lakhs of families, dependent of these units, the rates may be kept at 18% on fireworks and 5% on matches.</p>	<p>exempt from excise duty] the Council recommended increase in composition scheme turnover limit from Rs. 50 lakh to Rs. 75 lakh, instead of considering rate reduction individual items, claimed to be manufactured by SSI units in pre-GST regime.</p> <p>3. Changing GST rate on one item, on these grounds would necessitate similar view to be taken for a number of other goods.</p> <p>4. Reduction from 28% to 18% [by 10%] on all such goods would entail huger revenue loss.</p> <p>5. No change</p>
39.	5608	Fishing Net	12%	5%	<p>1. Fishing twine, ropes and fishing nets were exempted from VAT in most States.</p> <p>2. This increased tax burden under GST would significantly increase the operational costs.</p> <p>3. Nearly 25% of the population of the Union Territory of Puducherry are dependent upon fishing for their livelihoods.</p> <p>4. Therefore, to protect the livelihood of fisherman the tax incidence on fishing twine, ropes and fishing</p>	<p>1. Fishnets are made of nylon which attracts 18% GST.</p> <p>2. Fishnets are at 12% GST.</p> <p>3. Even with 50% value addition the ITC would be sufficient to pay GST on fishnets, which will then flow as ITC in trading chain.</p> <p>4. Lower than 12% rate would convert all manufacturers of fishnets into refund seekers, which has its associated financial and administrative costs.</p> <p>5. Further lowering of GST rate would, thus, put domestic goods at a disadvantage vis-à-vis imports.</p>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					<p>nets, may be taxed @ 5%.</p> <p>5. The request was earlier placed before the Council by Goa &amp; Tamil Nadu.</p>	6. In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are already at 18% or below.
40.	Chapter 94	Furniture	28%	Wooden unbranded 12%, Plastic 18%	<p>1. The furniture sector has been deeply impacted due to huge increase in the tax rates.</p> <p>2. The total tax incidence in VAT regime on the wooden furniture was 10%, unbranded steel furniture was 5% and plastic furniture was 17.5%.</p> <p>3. The present tax incidence is 28% in respect of all the three categories of furniture.</p> <p>4. This has resulted in steep increase in prices of these goods.</p> <p>5. This furniture is primarily manufactured by tiny and small scale industries, which provide employment to thousands of skilled labour viz., carpenter, fitters and welders.</p> <p>6. To make the furniture locally competitive and to protect the employment of these workers, the tax on wooden and unbranded steel furniture may be</p>	<p>1. Present GST rate is as per pre-GST tax incidence.</p> <p>2. In the context of items attracting 28% GST [where the concerns were raised that substantial quantity of these goods were manufactured by SSI units, which were exempt from excise duty] the Council recommended increase in composition scheme turnover limit from Rs. 50 lakh to Rs. 75 lakh, instead of considering rate reduction individual items, claimed to be manufactured by SSI units in pre-GST regime.</p> <p>3. Changing GST rate on one item, on these grounds would necessitate similar view to be taken for a number of other goods.</p> <p>4. Reduction from 28% to 18% [by 10%] on all such goods would entail huger revenue loss.</p> <p>5. No change.</p>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					fixed at 12% and on plastic furniture @ 18%.	
41.	Chapter 65	Helmets	18%	5%	<ol style="list-style-type: none"> <li>Helmets are considered as an essential safety gear for protection from head injury.</li> <li>To encourage people to use helmets, the U.T of Puducherry has given total exemption to helmets from levy of VAT.</li> <li>Considering the importance of helmets and to keep the cost of helmets affordable, helmets may be placed in the 5% slab.</li> </ol>	<ol style="list-style-type: none"> <li>Even 18% GST rate is lower than pre-GST tax incidence of about 28%.</li> <li>GST rate on helmets was discussed specifically in the Council, and taking into consideration that users of helmet can bear the tax, the rate of 18% was decided.</li> <li>All inputs of helmets are at 18%, and reduction to 12% may result in their manufacturers seeking refund of unutilised ITC, with associated financial and administrative costs.</li> <li>In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are already at 18% or below.</li> <li>No change.</li> </ol>
42.	2515 or 6802	Napa Slabs or tiles	5% / 28%	5	<ol style="list-style-type: none"> <li>This is a commodity consumed only by lower income group people in house hold sector.</li> <li>Further, it is ascertained that the Kota slab stone, (Rajasthan) which is of same category of lime stone is kept under 5% category (2515).</li> </ol>	<ol style="list-style-type: none"> <li>Other calcareous monumental or building stone of an apparent specific gravity of 2.5 or more, and alabaster, whether or not roughly trimmed or merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape falling under heading 2515 attract 5% GST.</li> <li>Thus, Napa stones, whether or not roughly trimmed or merely cut, by sawing or otherwise, into</li> </ol>



S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
						blocks or slabs of a rectangular (including square) shape falling under heading 2515 attract 5% GST. 3. Napa tiles, however, fall under heading 6802 and attract 28% GST.
43.	8701	Tractors	12%	5%	1. These are mostly used in farming activity. 2. The higher tax burden will affect farmers. 3. Hence tax may be reduced to 5%.	1. 12% GST rate is as per present tax incidence [embedded excise duty of more than 5%, VAT 5% and CST, Octroi, etc. 2.5%]. 2. 12% rate itself has created problem of duty inversions, which is yet to be resolved. 3. No change
44.	52	Cotton hank yarn	5%	Nil	1. In VAT regime it was exempted but under GST it is taxable @ 5%. 2. This is mostly used by the Handloom weavers. 3. Levying tax on hank yarn 0 will adversely affect the weaving community. 4. Hence Cotton Hank Yarn may be exempted from tax.	1. Khadi yarn attracts Nil GST. 2. Nil GST results in breaking of ITC chain and cascading of upstream taxes. 3. Khadi yarn sector is already complaining of such cascading. 4. In any case, ITC of tax paid on hank yarn will be available to the weaver. 5. No Change
45.	Chapters 50 to 63	Textiles	5%	Nil	1. But under GST, 5% rate is fixed which will affect the common man adversely. 2. Further Handloom weavers will be adversely affected due to levy of tax on handloom cloth. 3. Therefore, textiles may be exempted from tax under GST.	1. Nil GST results in breaking of ITC chain and cascading of upstream taxes. 2. Khadi yarn sector is already complaining of such cascading. 3. Nil GST also puts domestic manufacturers at a disadvantage vis-à-vis imports. 4. No change
46.	Chapter 50 to 63	Khadi fabrics, garments	5% 5%/12%	Nil	1. Pre-GST khadi fabrics and khadi garments and made-up were	1. Nil GST results in breaking of ITC chain and cascading of upstream taxes.

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
		and made-up			exempt from excise duty as well as VAT.	<ol style="list-style-type: none"> <li>2. Khadi yarn sector is already complaining of such cascading.</li> <li>3. Nil GST also puts domestic manufacturers at a disadvantage vis-à-vis imports.</li> <li>4. No change</li> </ol>
47.	2516	Granite Slabs	28%	Tax to be reduced	<ol style="list-style-type: none"> <li>1. These are mostly in SSI category and providing employment directly or indirectly to 5 lakh people in Andhra Pradesh.</li> <li>2. The commodity is levied tax at highest slab of 28%. The rate of tax may be reduced.</li> </ol>	<ol style="list-style-type: none"> <li>1. In the context of items attracting 28% GST [where the concerns were raised that substantial quantity of these goods were manufactured by SSI units, which were exempt from excise duty] the Council recommended increase in composition scheme turnover limit from Rs. 50 lakh to Rs. 75 lakh, instead of considering rate reduction individual items, claimed to be manufactured by SSI units in pre-GST regime.</li> <li>2. Changing GST rate on one item, on these grounds would necessitate similar view to be taken for a number of other goods.</li> <li>3. No change.</li> </ol>
48.	Chapter 87	Hybrid Cars	GST 28% + Cess 15%.	Cess to be reduced to 3%	<ol style="list-style-type: none"> <li>1. These cars are environment friendly and required to be encouraged.</li> <li>2. But GST is levied not only at highest rate of 28%, but cess is also levied at 15% on par with other costly luxury cars.</li> <li>3. This is against the Government policy</li> </ol>	<ol style="list-style-type: none"> <li>1. Detailed note has been circulated to States on this issue.</li> <li>2. No change.</li> </ol>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					<p>of Green environment.</p> <p>4. Therefore, the Cess may be removed or reduced to 3%.</p> <p>5. To encourage people to purchase these Hybrid cars.</p>	
49.	6802	Marble and Granite slabs and tiles	28%	18% for Marble and Granite (other than blocks) of Value Rs 100 / sqft and 28% for higher values	<p>1. There is about 22 - 40% value addition in Indian marbles from block to slab and 5 - 15% for imported marbles.</p> <p>2. High value addition with 28% GST would cause hardship to industry.</p>	<p>1. Present GST rate is as per pre-GST tax incidence.</p> <p>2. In the context of items attracting 28% GST [where the concerns were raised that substantial quantity of these goods were manufactured by SSI units, which were exempt from excise duty] the Council recommended increase in composition scheme turnover limit from Rs. 50 lakh to Rs. 75 lakh, instead of considering rate reduction individual items, claimed to be manufactured by SSI units in pre-GST regime.</p> <p>3. Changing GST rate on one item, on these grounds would necessitate similar view to be taken for a number of other goods.</p> <p>4. Reduction from 28% to 18% [by 10%] on all such goods would entail huger revenue loss.</p> <p>5. Rajasthan strongly pleaded for lowering the GST rates.</p> <p>6. No change.</p>
50.	2517, 6807	Marble powder and chips	Not coloured 5%,	Nil or 5%	Presently (pre-GST) tax free.	<p>1. Heading 2517 includes granules, chippings and powder of stones heading</p>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
			Coloured 28%			<p>2515 or 2516 (other than artificially coloured) and attracts 5% GST.</p> <p>2. Heading 6802 includes artificially coloured granules, chippings and powder of marble or of other natural stones (including slate) (e.g., for shop window displays) and attracts 28% GST.</p> <p>3. A view may be taken to avoid disputes.</p> <p>4. No change in rate</p>
51.	Chapter 54 or 55	Yarn or manmade fibre	18%	5%	<p>1. GST rate on manmade fibre-18%, manmade yarn-18% and job work related to textile 5% with no accumulated ITC.</p> <p>2. The rate structure has created differentiation between integrated units which manufacture fabric from fibre and small units which manufacture fabric from yarn, since they have to pay tax on higher amount at the time of purchase of yarn (due to value addition on spinning of fibre)</p>	<p>1. 18% GST rate for synthetic or manmade fibre is based on the pre-GST tax incidence, excise duty 12.5% and VAT rate of 5% and CST, octroi etc. 2.5%.</p> <p>2. Raw materials for manmade fibres are chemicals, which also attract 18% GST.</p> <p>3. Reduction in GST rate to 5% will result in thousands of crore of refund to MMF manufacturers. Otherwise, they would be at a disadvantage vis-a-vis imports.</p> <p>4. No change.</p>
52.	8203	Hand Tools	18%	Nil	<p>1. 18% tax on these items will make the products made by small entrepreneur unviable; it will be difficult for them to survive.</p> <p>2. User of hand tools will not be liable to be registered so ITC chain will not develop.</p>	<p>1. Hand tools, such as spades, shovels, mattocks, picks, hoes, forks and rakes; axes, bill hooks and similar hewing tools; secateurs and pruners of any kind; scythes, sickles, hay knives, hedge shears, timber wedges and other tools of a kind used in</p>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
						<p>agriculture, horticulture or forestry falling under 8201 attracts Nil GST.</p> <p>2. Files, rasps, pliers (including cutting pliers), pincers, tweezers, metal cutting shears, pipe cutters, bolt croppers, perforating punches and similar hand tools fall under heading 8203 and attract 18% GST.</p> <p>3. The major raw materials for these tools are at 18% GST.</p> <p>4. Any reduction in GST rate on these goods will lead to ITC accumulation and refund.</p> <p>5. Threshold exemption and composition scheme will be available to small dealers.</p> <p>6. In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are already at 18% or below.</p> <p>7. No change.</p>
53.	1404	Mehendi Powder and Mehendi Paste	5% if HSN 1404	5%	<p>1. Mehendi leaves are GST exempted.</p> <p>2. Leaves are crushed to powder and paste is used for designing palm of women across all communities.</p> <p>3. No significant value addition in the process of crushing, items are also excise exempted.</p>	<p>1. As per HSN explanatory notes, raw vegetable materials of a kind used primarily in dyeing or tanning, either directly or in the preparation of dyeing or tanning extracts, untreated, cleaned, dried, ground or powdered (whether or not compressed), including henna, fall under heading 1404,</p>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
						and will attract 5% GST.
54.	Any Chapter	Fabric	5%	Nil	<ol style="list-style-type: none"> <li>1. Cloth has been historically exempted from VAT in all States.</li> <li>2. Dealers of fabric are not used to comply with tax system.</li> <li>3. Large number of persons is employed.</li> <li>4. It is requested to consider exemption.</li> </ol>	<ol style="list-style-type: none"> <li>1. GST rate of 5% is as per pre-GST tax incidence.</li> <li>2. Nil GST will put domestic industry at a disadvantage.</li> <li>3. No change</li> </ol>
55.	Any Chapter	Handicraft	Applicable rate	5%	<ol style="list-style-type: none"> <li>1. Handicraft has not been anywhere indicating in the GST notification.</li> <li>2. In most of the States, handmade furniture of cane, bamboo, wood etc. are either tax free or in lower tax slab and also export industry will not be able to sustain the heat of higher rate in GST as it is a labour intensive sector where employees, artisans from remote cluster of States operate. Handicraft/Handmade furniture may be kept at lower rate of 5%.</li> </ol>	<ol style="list-style-type: none"> <li>1. Matter has already been deliberated at length in the GST Council meeting held on 03.06.2017.</li> <li>2. There is no justification to reopen the issue.</li> <li>3. No change.</li> </ol>
56.	8424	Sprinkler system and Drip Irrigation	18%	-	<ol style="list-style-type: none"> <li>1. In States like Rajasthan shortage of water is acute.</li> <li>2. GST has exempted agricultural implements (manually operated or animal driven) under Heading 8201, however,</li> </ol>	<ol style="list-style-type: none"> <li>1. Was examined by the Fitment Committee.</li> <li>2. No change in 18% GST rate recommended on drip irrigation system, as 12% rate will resulting refund of input taxes to manufacturers [with associated administrative costs]</li> </ol>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					<p>there is no specific mention of mechanical appliances like Sprinklers used for agriculture, horticulture, forestry purpose.</p> <p>3. The related entry 8424 is taxed at 28% which covers only fire extinguishers.</p> <p>4. Rate on Sprinkler system and Drip Irrigation should be defined clearly.</p>	<p>and will also be prone to misuse, as PVC pipes will be supplied in the guise of drip irrigation systems.</p> <p>3. GST rate on nozzles for drip irrigation system and sprinklers recommended for reduction to 12%.</p> <p>4. No change.</p>
57.	0101	Rajasthani Horses	12%	Nil	<p>1. Horses are in 12% slab while no other livestock is within the ambit of GST.</p> <p>2. The Marwari Horses are renowned over the world for their beauty, poise and endurance.</p> <p>3. The commendable work of a few breeders has saved the rare indigenous breed from being extinct.</p> <p>4. We strongly request a distinction between indigenous Horse breeds and imported breeds used in racing and exempt the former from GST.</p>	<p>1. A distinction cannot be made between imported horses and domestically bred horses for the purposes of levy of IGST as this will not be WTO compliant.</p> <p>2. No change</p>
58.	3915	Waste Items (empty bottle, broken glass, plastic waste, HDPE bags)	18%	5%	<p>1. Earlier taxed @ 5.5%.</p> <p>2. Collected by poor vendors from door to door who are not registered with Central Excise so total burden on this item is 5.5% as</p>	<p>1. Margin scheme is available to dealers of old and used goods.</p> <p>2. No change.</p>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					Central Excise is not applicable. 3. May be fixed at 5%.	
59.	3923, 3926	Plastic Items	18%, 28%	-	<p>1. All India Plastic Manufacturers Association has requested that 80% of Plastic manufacturers are in MSME category.</p> <p>2. So excise was applicable previously, only 5.5 VAT was imposed.</p> <p>3. Reconsideration of Tax rate is requested.</p>	<p>1. Bulk plastics are at 18% GST, which is the general rate for intermediates.</p> <p>2. Most of the plastic products are at 18% GST.</p> <p>3. A few plastic products are at 28%, which is as per the pre-GST tax incidence.</p> <p>4. In the Fitment Committee meeting on 25.07.2017, reduction in GST rate recommended on the:</p> <p>a) Medical grade sterile disposable gloves falling under heading 3926 may be kept at 18%.</p> <p>b) Plastic raincoats falling under heading 3926 may be kept at 18% GST.</p>
60.	0508, 9601	Unworked and worked Coral	5% and 28%	0.25%, 3%	The Jewellers Association Jaipur requested to fix the rate in line with Precious Stones i.e., unworked Coral-0.25% and Worked Coral-3%	<p>1. Coral, unworked, or from which only the outer crust has been removed and Coral, simply prepared but not otherwise worked, i.e., coral not having undergone processes extending beyond simple cutting, falls under heading 0508 and attracts 5% GST. No change recommended in the GST rate on unworked corals.</p> <p>2. Worked corals i.e. in the form of sheets, plates, rods, etc., cut to shape (including square or rectangular) or polished or</p>



S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
						<p>otherwise worked by grinding, drilling, milling, turning, etc. fall under heading 9601 and attract 28% GST.</p> <p>3. Fitment Committee has recommended reduction in GST rate on worked corals to 5%.</p>
61.	58 or 59	Processed Wool Felt (NAMADA)	12%	5%	<ol style="list-style-type: none"> <li>1. VAT was @ 5.5% for machine made Wool felt. For handmade NAMADA it was exempted.</li> <li>2. Felt and Felt Products were also free from Excise.</li> <li>3. Manufacturing Units achieved excellence in product quality and 60% product is exported.</li> <li>4. There are also a lot of ecological benefits in the process of manufacturing which facilitates agricultural productivity.</li> <li>5. Approx. 200 houses of Tonk and Jaipur District have their source of livelihood on this activity.</li> <li>6. Rate may be fixed at 5%.</li> </ol>	<ol style="list-style-type: none"> <li>1. The GST rate of 12% is applicable to all goods falling under chapter 58 and 59.</li> <li>2. No change.</li> </ol>
62.	2106	Sharbat	18%	-	<ol style="list-style-type: none"> <li>1. Now, as per FSSAI norms, Shabbats are of two types:- <ol style="list-style-type: none"> <li>a. Fruit sharbat (containing 25% or more fruit puree)</li> <li>b. Synthetic sharbat</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. All sharbat falling under heading 2106 are at 18% GST.</li> <li>2. May be clarified by FAQ.</li> <li>3. No change.</li> </ol>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					<p>(containing less than 25% fruit puree)</p> <p>2. GST does not apply any such segregation based on fruit content.</p> <p>3. As per Central Excise Tariff, Sharbat under (a) above has HSN: 2106 90 11, whereas, a non-alcoholic fruit flavoured, but synthetic sharbat/syrup has a different HSN: 2106 90 40.</p> <p>4. As per description given in GST rate schedule, there are different tax rates, but going by the HSN Code, synthetic syrup, also treated as Sharbat by FSSAI, may be sold at a lower rate of tax.</p>	
63.	2106	Compound preparations for making non-alcoholic beverages, having same HSN: 2106	28%	Lower rate		<p>1. GST rate is as per the pre-GST tax incidence.</p> <p>2. No change.</p>
64.	0910	Dried Fenugreek Leaves (Commonly known as dried methi patta)	5%	-	<p>1. Should be treated as spices.</p> <p>2. But there is another view which says it is dried vegetables.</p>	<p>1. Dried fenugreek leaves fall under 0910 and attract 5% GST as spices.</p> <p>2. May be clarified by FAQ.</p>
65.	2106	Churan and Churan Goli (tasteful churan)	28%	-	<p>1. Churna for pan appears to be classified under Chapter 2106</p>	<p>1. Food preparations not elsewhere specified or included falling under heading 2106 attract 28% GST.</p>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
		powder, <i>churan goli</i> , <i>khatha mitha</i> ) are not classified in any tax slab in GST.			leviable to 28% GST. 2. Other churna/churan appears to be leviable to 18% GST under Sr.No.453 [goods of any chapter] Schedule VI.	2. Threshold exemption and Composition will be available to the MSME dealers.
66.	2106	Khakhara and <i>Khichia</i>	12%	-	1. Khakhara and Khichia may be classified under Chapter Heading 210690 leviable to 12% GST. 2. The said chapter head contains description of goods viz. "Namkeens, bhujia, mixture, chabena and similar edible preparations in ready for consumption form."	1. Classification of Khakhara and GST rate has been clarified by way of FAQ.
67.	2308	"Vegetable materials and vegetable waste, vegetable residues and by products, whether or not in the form of pellets of a kind used in animal feeding not elsewhere specified or included" is not shown under 'Nil' Rate	Nil	-	The request may be considered as not mentioning these items in Nil rate would attract residual GST rate.	1. Heading 2308 has been mentioned in the Nil schedule. 2. Therefore, all goods of 2308 attract Nil GST.
68.	210690	Sweetmeats	5%	-	1. This Chapter does not cover: (a) mixed vegetables	1. All chena products, halwa, barfi (i.e. khoa product), laddu are

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					<p>of heading 0712; (b) roasted coffee substitutes containing coffee in any proportion (heading 0901); (c) flavoured tea (heading 0902); (d) spices or other products of headings 0904 to 0910; (e) food preparations, other than the products described in heading 2103 or 2104, containing more than 20% by weight of sausage, meat, meat offal, blood, fish or crustaceans, molluscs or other aquatic invertebrates, or any combination thereof (Chapter 16); (f) yeast put up as a medicament or other products of heading 3003 or 3004; or (g) prepared enzymes of heading 3507</p> <p>2. Whether it will cover all chena products, halwa, barfi (i.e. khoa product), laddu, etc?</p>	<p>covered within the meaning of sweetmeats for the purposes of GST and attract 5% GST.</p> <p>2. May be clarified by FAQ.</p>
69.	210690	Sweetmeats	5%	-	When supplied in restaurant, what will be the rate?	1. GST rate applicable to restaurant service will apply.
70.	0403	Curd, lassi, butter milk	Nil	-	<p>1. Curd is exempt from tax, but what will happen when it is supplied in a restaurant.</p> <p>2. For bread and papad we have categorically mentioned "except</p>	<p>1. GST rate applicable to restaurant service will apply.</p> <p>2. However, in order to avoid any confusion, the phrase "except when served for consumption" may be</p>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					when served for consumption”.	omitted from the said entries.
71.	1704	Peanut Chikki, Rajgira Chikki, Sesame Chikki, shakkarpara and kheer	18%	-	<ol style="list-style-type: none"> <li>1. By nature, a Chikki is not a sweetmeat but is a confectionery.</li> <li>2. However, the GST rates covers only Sugar confectionery (excluding white chocolate and bubble / chewing gum) [other than bura, batasha] under HSN 1704 [vide Sl. 12 of Schedule IV].</li> <li>3. Now, Chikki is not even a sugar based confectionery.</li> <li>4. It is made mostly of puffed rice/rice flakes/corn flakes/ (pea nuts/ Sesame seeds etc. using only Sugar Cane Jaggery as sweetner and binding agent.</li> <li>5. Considering general tax rate of goods, it may attract 18%.</li> <li>6. But, it is a product, mostly of home based industry involving household women.</li> <li>7. Also, it is consumed irrespective of any economic strata in India.</li> </ol>	<ol style="list-style-type: none"> <li>1. As per HSN explanatory notes, Heading 1704 covers most of the sugar preparations which are marketed in a solid or semi-solid form, generally suitable for immediate consumption and collectively referred to as sweetmeats, confectionery or candies.</li> <li>2. These attract 18% GST.</li> <li>3. May be clarified by FAQ.</li> </ol>
72.	2105	Kulfi	18%	-	<ol style="list-style-type: none"> <li>1. Sweetmeats are taxed @ 5% having HSN Code: 2106 90 [Sl. No. 101 of Sch: I.]</li> <li>2. Ice creams are taxed @ 18% having HSN Code:</li> </ol>	<ol style="list-style-type: none"> <li>1. It has been clarified that kulfi falls under heading 2105 and attracts 18% GST.</li> </ol>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					<p>2105 00 00 [vide Sl. No. 22 Sch III]</p> <p>3. HSN Code 2105 00 00 denotes Ice cream and other edible ice, whether or not containing cocoa.</p> <p>4. By nature, Kulfi is neither ice cream nor ice. It is a dairy dessert made of milk blended with sweetening agents, nuts, flavouring substances &amp; essence.</p> <p>5. Currently, it may be interpreted as goods under general rate, i.e., 18%, [vide Sl. No. 453 Schedule III]. But this may be in contradiction with ice-cream, manufactured through machines, with brand names, which are taxed at the same rate.</p>	
73.	1902	Macaroni/ Pasta/ Noodles	18%	5%	<p>1. Vermicelli is taxed @ 5%, Macaroni/ Pasta/ Noodles are taxed @ 18% and Papad @ 0%.</p> <p>2. There should be uniform tax rate for all these products as they are manufactured through the same set of machines and equipment.</p>	1. The tax rates on these goods are as per the pre-GST tax incidence.
74.	92	Indigenous handmade musical instruments	Nil	-	1. Indigenous handmade musical instruments under Chap 92 are exempted from tax [vide S. No. 143 of exempted schedule].	<p>1. WB may provide a list of Indigenous handmade musical instruments.</p> <p>2. The entry in notification can be modified to say Indigenous handmade musical instruments,</p>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					<p>2. Other Musical instruments like Piano, String instrument, wind instruments, percussion, electrically amplified instruments, blow instruments etc. under Chap 92 are taxable @ 28% [vide Sl. Nos. 203-209 of Schedule IV goods]</p> <p>3. Now, String instruments like Tanpura, Surmandal, Sarod, Sitar Blow instruments like Harmonium, Percussion like Tabla, Dholak, Blow instruments like Flute, Sehnai are all hand-made. To remove the ambiguity, we need to define “Indigenous, &amp; Hand-made musical instruments”</p> <p>4. As per list available in <a href="https://en.wikipedia.org/wiki/Indian_musical_instruments">https://en.wikipedia.org/wiki/Indian_musical_instruments</a> There are 134 different types of Indian Indigenous musical instruments.</p>	including these instruments.
75.	4819	What is the rate on Folding cartons, boxes and cases, of non-corrugated paper or	18%	-	<p>1. Description of Goods under the broad head 4819 reads as “Cartons, Boxes, Cases, Bags And Other Packing Containers, Of Paper, Paperboard,</p>	<p>1. Folding cartons, boxes and cases, of non-corrugated paper or paperboard falling under heading 4819 attract 18% GST under residual entry.</p> <p>2. FAQ clarifies the same.</p>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
		paperboard ?  Cartons, boxes and cases of corrugated paper or paper board attract 12% GST.			Cellulose Wadding Or Webs Of Cellulose Fibres; Box Files, Letter Trays, And Similar Articles, Of Paper Or Paperboard of a kind used in offices, shops or the like”, but in the notification the description as given in 481910 has been included, resulting in confusion as to whether then entire goods covered under 4 digit HSN will be covered or not.	
76.	1213	Paddy husk	Nil	-	<ol style="list-style-type: none"> <li>1. According to the corrigendum dated 12/07/2017, code 2302 is also included under 5% bracket.</li> <li>2. But the issue is in 2302, it is written bran and other residues.</li> <li>3. Please clarify whether in other residues, paddy husk is covered or not.</li> </ol>	<ol style="list-style-type: none"> <li>1. Cereal straw and husks, unprepared, whether or not chopped, ground, pressed or in the form of pellets fall under heading 1213 and attract Nil GST.</li> <li>2. Rice husks or Rice hulls are the tough protective covers of the rice grain. The husks or hull is formed during the growing season; and it includes the opaline silica and lignin content. The hull or husk is mostly indigestible to the humans. The rice husks can be composted; hence these are used in the vermicomposting techniques wherein these husks are converted into fertilizers. Also, the husks are used for building material, insulation material, and fuel purposes.</li> </ol>



S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
						<p>3. Rice bran is a byproduct obtained from the rice milling processes. It is especially obtained during the conversion of brown rice to white rice.</p> <p>4. Though both, rice bran and husk are similar in structure and nature; but, in general they differ in their properties. That is, rice bran and its products can be consumed by human; while rice husk product cannot be consumed.</p> <p>5. May be clarified by FAQ.</p>
77.	4008 19 10	Micro Cellular sheet	18%	5%	<p>1. Pre GST central excise was Nil and VAT was 5%.</p> <p>2. They should have been placed at 5% and not 18%.</p>	<p>1. Blocks of microcellular rubber [intermediate product] for use in the manufacture of footwear attracted Nil excise duty.</p> <p>2. However, microcellular sheets of rubber attracted 12.5% excise duty.</p> <p>3. Therefore, GST rate is as per pre-GST tax incidence.</p> <p>4. In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are already at 18% or below.</p>
78.	8483	Housing / Blocks, Sleeves, Locating Ring	28%	18%	<p>1. Earlier incidence 5%+12.5%.</p> <p>2. Should have been at 18% and not 28%</p>	<p>1. VAT rate on these products was 14.5% in general and excise duty was 12.5%.</p> <p>2. The GST rate of 28% is, thus, as per the pre-GST tax incidence.</p> <p>3. No change.</p>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
79.	8484	Oil seals	28%	18%	<ol style="list-style-type: none"> <li>1. Earlier incidence 5%+12.5%.</li> <li>2. Should have been at 18 and not 28%</li> </ol>	<ol style="list-style-type: none"> <li>1. VAT rate on these products was 14.5% in general and excise duty was 12.5%.</li> <li>2. The GST rate is as per the pre-GST tax incidence.</li> <li>3. No change.</li> </ol>
80.	5605	Real Jari Kasab (Thread)	12%	3%	<ol style="list-style-type: none"> <li>1. Jari kasab is <b>tax free under VAT &amp; Excise law</b></li> <li>2. Real Jari Kasab is being made from gold, silver, pure silk and cotton yarn.</li> <li>3. In GST, real jari kasab covered under the heading no. 5605 of chapter.</li> <li>4. 56 classified as a metalized yarn and taxable @ 12%.</li> <li>5. Basic raw material of real jari kasab are gold, silver (taxable @3%) pure silk &amp; cotton yarn (taxable @5%).</li> <li>6. Lower tax rate on raw-material &amp; higher rate on finished goods will considerably increase the price of real jari kasab.</li> <li>7. The product was tax free under previous act &amp; becoming taxable under GST.</li> <li>8. Because <b>real jari is basically made from gold, silver and pure silk</b>, it should be covered under chapter No. 71 of Gold, silver &amp; diamond &amp; taxable @3 %.</li> </ol>	<ol style="list-style-type: none"> <li>1. Real jari kasab falling under 5605.</li> <li>2. 5% rate is applicable only to imitation jari kasab, also falling under 5605.</li> <li>3. Real jari kasab will thus attract 12% GST.</li> </ol>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
81.	5809, 5810	Embroidery articles made from gold, silver & real jari	5%	3%	<ol style="list-style-type: none"> <li>In GST, Embroidery articles made from gold, silver &amp; real jari are covered under heading no. 5809 &amp; 5810 of chapter 58 and so is taxable @ 5%.</li> <li>Considering that the <b>embroidery articles are made from gold &amp; silver</b>, it should be excluded from chapter 58 and cover under Chapter 71 and so may be made taxable @ 3%.</li> </ol>	<ol style="list-style-type: none"> <li>Classification is as per HSN and therefore, cannot be changed.</li> <li>Rate of 3% is applicable only to goods of Chapter 71.</li> <li>No change.</li> </ol>
82.	5605	Imitation jari kasab (Thread)	12%	5%	<ol style="list-style-type: none"> <li>Imitation jari thread is made by gimping the silver coated copper wire on polyester, viscose or cotton yarn.</li> <li>It is covered under heading no. 5605 of chap. 56 and taxable @12%.</li> <li>It is mentioned as imi, jari, kasab and taxable @ 5% under heading no. 5809 &amp; 5810 of chap. 58.</li> <li>Actually, <b>kasab is a thread only, whose synonym is imitation jari thread.</b></li> <li>Imitation jari thread is covered under heading no. 5809 &amp; 5810 of chap. 58 and taxable @ 5%.</li> <li>Therefore, <b>imitation jari thread</b> should be taxed at 5%.</li> </ol>	<ol style="list-style-type: none"> <li>Imi jari kasab falling under 5809 and 5810 already attracts 5% GST.</li> <li>Since imitation jari thread also falls under 5605, we may include the heading 5605 also for 5% GST rate.</li> </ol>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
83.	2401	Tobacco Leaves	5%	-	<ol style="list-style-type: none"> <li>As per the current trade practice in Gujarat, traders (khali owners) purchase tobacco from farmers.</li> <li>Such purchased tobacco is in the form of either leaves or in form of pieces of leaves along with stem.</li> <li>The tobacco in the form of leaves or pieces of leaves purchased from farmers is classifiable under Chapter heading 2401.</li> <li>May be clarified that tobacco in the form of leaves or pieces of leaves falls under heading 2401 and attracts 5% GST.</li> </ol>	<ol style="list-style-type: none"> <li>Already clarified by FAQ that for GST rate of 5%, tobacco leaves means leaves of tobacco as such or broken tobacco leaves or tobacco leaves stems.</li> </ol>
84.	1211	Isabgol, fresh or dried	Nil if fresh 5% if dried	-	<ol style="list-style-type: none"> <li>“Isabgol” and “isabgol husk” are classifiable under the following chapter sub-heading : <ol style="list-style-type: none"> <li>1211 90 13– Psyllium seeds (isabgol)</li> <li>1211 90 32– Psyllium husk (isabgol husk)</li> </ol> </li> <li>A doubt regarding the rate of tax on “Isabgol seeds” has been raised.</li> </ol>	<ol style="list-style-type: none"> <li>Isabgol seeds fresh attract Nil GST.</li> <li>Isabgol seeds dried attract 5% GST.</li> <li>May clarified by FAQ.</li> </ol>
85.	0804	Wet dates	12%	-	<ol style="list-style-type: none"> <li>There are doubts about the classification and GST rate of wet dates.</li> </ol>	<ol style="list-style-type: none"> <li>Matter clarified by FAQ that wet dates attract 12% GST.</li> </ol>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					2. May be clarified.	
86.	84 or 85	IT hardware Printers, Monitors, projectors & IT accessories, LAN Data cable Monitors & Projectors	28%	18%	1. VAT Rates at: a. Karnataka, Rajasthan, Jharkhand 5.5% b. Gujrat & UP 5% c. Maharashtra, Bihar & Assam 6% d. Delhi, TN, WB, Kerala, Telangana, MP, AP & Orissa 5% e. Central Excise Duty 12.5%	1. However, Fitment Committee has recommended that the 17" upper limit for being eligible for 18% to be increase to 20" for desktop computer monitors. 2. No change in respect of other IT hardware.
87.	2106	Namkeen, Bhujias, Farsan, Potato chips etc.	12%	5%	1. More than 6% - 6 states (Assam, Karnataka, AP, Chandigarh, Goa, Nagaland. 0 to 6% - 27 States (Input Tax Credit - hardly any, as it is agro based)	1. In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are already at 18% or below.
88.	7321	Kerosene stoves	12%	All types be covered in one category only.	Schedule II, entry 183, Heading 7321	1. GST rate is as per pre-GST tax incidence. 2. In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are already at 18% or below.
89.	7321	Oil pressure stoves	12%	-	Excise exemption / VAT at lower rate	1. Kerosene oil pressure stoves are at 12% GST. 2. Present GST rate is as per pre-GST tax incidence, embedded excise duty, VAT and CST, Octroi etc.
90.	9405	Hurricane lanterns, kerosene lanterns	12%	-	Schedule. II, Entry 225, Heading 9405	1. GST rate is as per pre-GST tax incidence. 2. In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
						already at 18% or below.
91.	7321	LPG Stoves	18%	-	Schedule III, Entry 235, Heading 7321	<ol style="list-style-type: none"> <li>1. GST rate is as per pre-GST tax incidence.</li> <li>2. In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are already at 18% or below.</li> </ol>
92.	9615	Hair Pin	12%	3% Under imitation jewellery	Gujarat, Rajasthan, UP, Delhi, WB – Tax free, Maharashtra - 12%, Other states - 5%	<ol style="list-style-type: none"> <li>1. GST rate is as per pre-GST tax incidence.</li> <li>2. In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are already at 18% or below.</li> </ol>
93.	0910 0709	Turmeric, chilli	Nil	-	The fresh agricultural produce should not be included in spices.	<ol style="list-style-type: none"> <li>1. Fresh turmeric falls under 0910 and attracts Nil GST.</li> <li>2. May be clarified by FAQ.</li> <li>3. Fitment Committee has recommended reduction in GST rate on dried tamarind to 5%.</li> </ol>
94.	Chapter 30	Anti D-Drug Rhoclane - to prevent – hac ASVS (used to treat snake bite), Berirab (used to treat rabies caused by animal bite, dog, cat, etc. , Thymogam (used in organ transplant cases)	12%	Same may be included in the list of ‘Life Saving Drugs’	<ol style="list-style-type: none"> <li>1. Excise Duty – 6%, VAT – 6%. The Drug – prevents a woman from forming antibodies that would attack RBCs of Thesis +ve baby in future pregnancy.</li> <li>2. Such antibodies may make the baby anaemic and if serve cancer baby to die.</li> <li>3. Central Excise Duty – NIL, VAT – 0 to 6%.</li> </ol>	<ol style="list-style-type: none"> <li>1. Specified drugs at 5% GST were identified by the Ministry of Health &amp; Family Welfare after stakeholder consultations and based on the recommendations of a Standing Committee.</li> <li>2. It would not be advisable to suo moto add other formulations in the list.</li> </ol>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
95.	Chapter 44	Ecofresh Board	28%	-	Eco friendly, manufactured out of FMCG products packing material by recycling method.	1. GST rate is as per pre-GST tax incidence.
96.	Chapter 90	Xtronic Imaging Systems	12%	Exempt as 'Life saving medical units'	(i) Mammography - breast cancer detection, (ii) Orthopantomography - oral cancer detection	1. Specified drugs and medical devices at 5% GST were identified by the Ministry of Health & Family Welfare after stakeholder consultations and based on the recommendations of a Standing Committee. 2. It would not be advisable to suo moto add other formulations in the list.
97.	Any Chapter	Pyrolysis Oil	18%	5% (Green Technology)	Used in green Technology for converting plastic waste into fuel. - VAT - 6%	1. GST rate is as per pre-GST tax incidence. 2. In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are already at 18% or below.
98.	6601	Umbrella	12%	5%	1. VAT - 0 to 6%, Central Excise duty - 6%. 2. Most of the manufacturing were below 1.5 cr. MSMEs. 3. GST: Schedule II, Entry 172, Head 6601	1. GST rate is as per pre-GST tax incidence. 2. In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are already at 18% or below.
99.	9608	Writing instruments	12%, 18%	May be kept in - 5% below Rs. 200/-, - 12% above Rs. 200/	1. All pens upto Rs. 200/-. Central Excise Duty - Upto 6%, VAT 5%. 2. GST: Schedule II, Chapter 232, Head 9608 - 12%. 3. Schedule III, Chapter 447, Head 9608 - 18%	1. GST rate is as per pre-GST tax incidence. 2. It will not be advisable to have value based rates for too many goods. 3. In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
						already at 18% or below.
100.	Any Chapter	ORTHO ROYAL INC	5%	-	<ol style="list-style-type: none"> <li>Entry 257/Sch. I/90 Assistive devices rehabilitation aids - 5%.</li> <li>Entry 251/Schedule II/9021 Orthopaedic appliances - 12%</li> <li>Clarification may be issued.</li> </ol>	<ol style="list-style-type: none"> <li>It is quite likely that a commodity may be covered under more than one notification attracting different rates of duties.</li> <li>In such cases, as per various judicial pronouncements on the subject, the benefit of lower rate of duty cannot be denied to the assessee provided he fulfils the conditions prescribed, if any, for such lower rate.</li> <li>We may clarify the aforesaid legal position.</li> </ol>
101.	Chapter 50, 51, 52, 54 or 55, as the case may be	Paithani saree	5%	Nil	<ol style="list-style-type: none"> <li>To exempt historical Paithani sarees being handloom.</li> <li>Policy call may be taken along with other such similar products.</li> </ol>	<ol style="list-style-type: none"> <li>All sarees are at 5%.</li> <li>Nil rate results in cascading of taxes and adds to costs.</li> <li>No change.</li> </ol>
102.	2201	Packaged Drinking Water	18%	Water sold in small pouches and refill cans with 20 Ltr capacity may be placed in "Nil" rate category	<ol style="list-style-type: none"> <li>Water, including natural or artificial mineral water and aerated water, not containing added sugar or other sweetening matter nor flavoured are taxable at 18%.</li> <li>Water in small plastic pouches and water supplied in refill cans (bubble top) with 20 Ltr capacity are commonly used by common public daily and since the supplies were from MSME units, they were not subjected to central excise earlier, and the</li> </ol>	<ol style="list-style-type: none"> <li>Pre-GST tax incidence was more than 28%.</li> <li>As against this, the GST rate is 18%.</li> <li>The matter was deliberated at length in the Fitment Committee as well as the GST Council and it was decided to maintain the rate at 18%.</li> <li>No change.</li> </ol>



S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					<p>combined incidence of tax was as below: Ave. VAT 10%, CE 0%, Combined incidence of tax 10%.</p> <p>3. It is also to be noted that chemicals used in the process of water constitute less than 10% and use of plastic containers constitute another 5% of the cost production and the remaining 85% belongs to other non-taxable category like electricity, labour and other maintenance charges and thus, the manufacturer is left with less ITC.</p> <p>4. Due to the increase in tax, the water suppliers have increased the price of water supplied in 20 Ltr refill cans from Rs.30/- to Rs.35-Rs.38/-. This sudden increase in price by Rs.5/- to Rs.8/- has created dissatisfaction among the public.</p>	
103.	1905	Biscuits	18%	Biscuits with value above Rs.100/- per kg may be taxed at 18% and biscuits with value less than Rs.100/-	1. Biscuits are being taxed at 18% without any distinction between biscuits made by Micro, Small and Medium Enterprises and big corporates like ITC and Britannia.	<p>1. Present GST rate is as per pre-GST tax incidence.</p> <p>2. GST rate for biscuits was discussed in great detail by the Council.</p> <p>3. Will not advisable to make any change.</p> <p>4. In order to achieve the larger goal of a single rate GST, it may not</p>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
				per kg may be reduced to 5% as followed in the case of garments and footwear	<p>2. In the pre-GST period, biscuit with a price above Rs.100/- per kg alone were subjected to Central Excise duty at 6% and below Rs.100/- no Central excise duty was levied. Earlier, Biscuits manufactured by Micro, Small and Medium Enterprises were subjected to lower rate at 5% under the un-branded category.</p> <p>3. The combined incidence of tax on biscuits is as follows:</p> <p>4. Biscuits with price above Rs.100/-per kg ED - 6%, VAT- 14.5%, combined incidence - 20.5%.</p> <p>5. Biscuits with price below Rs.100/-per kg ED 0%, VAT - 5% , combined incidence - 5%.</p> <p>6. Sugar and packing material alone are taxable purchases eligible for ITC which constitutes hardly 15% of the cost of production. The main input Maida and labour charges (directly employed) constitute the remaining 85% of the input cost and not eligible for ITC since these are exempted from levy.</p>	<p>be appropriate to tweak GST rates of goods which are already at 18% or below.</p> <p>5. No change.</p>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					<p>7. Biscuits with low price are mainly consumed by rural and common people.</p> <p>8. As the taxable person opting for composite scheme cannot claim ITC for the input and collect tax from the buyer, naturally the tax on purchases would be added to the cost of production and the buyer would indirectly pay the hidden cost, the Store/outlet through which the products are supplied would insist small scale manufacturer to issue tax invoice to claim ITC. Therefore, the argument that small scale manufacturer may opt for composition would not hold good.</p>	
104.	8509	Wet Grinders	28%	18%	<p>1. It is a common household appliance used primarily for making dough required for the preparation of idlies and dosas which are the staple food of South Indians. Our late CM had distributed wet grinders free of cost to women in the State to ease them from their domestic chores.</p>	<p>1. Present GST rate is as per pre-GST tax incidence.</p> <p>2. Will not advisable to make any change.</p> <p>3. No change.</p>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					<p>2. Wet grinder manufactured in Coimbatore has acquired “Geographical Indication No.25” which is an honour to our country.</p> <p>3. Wet grinders are exported to other countries and all the inputs are “made in India” and no imported materials are used.</p> <p>4. Electrical motor, ball bearings and Steel drums are the main inputs which are taxable at 18%.</p> <p>5. The entire wet grinder manufacturers are from Small and Medium Scale Industries with less than Rs.1.50 crore turnover per annum and hence, they were earlier out of the purview of Central Excise.</p> <p>6. The combined incidence of tax was as below: Ave. VAT 14.5%, CE 0%, Combined incidence of tax 14.5%.</p> <p>7. As the taxable person opting for composite scheme cannot claim ITC for the input and collect tax from the buyer, naturally the tax on purchases would be added to the cost of production and the buyer would indirectly pay the hidden cost, the</p>	

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					Store/outlet through which the products are supplied would insist small scale manufacturer to issue tax invoice to claim ITC. Therefore, the argument that small scale manufacturer may opt for composition would not hold good.	
105.	8423	Weighing Machines	28%	18%	<p>1. Electric or electronic weighing machinery (excluding balances of a sensitivity of 5 centigrams or better), including weight operated counting or checking machines; weighing machine weights of all kinds are taxable at 28%.</p> <p>2. 90% of the manufacturers are from small and medium scale industries and they were exempted from Central excise because the manufacturing value was less than Rs.1.50 crore.</p> <p>3. The combined incidence of tax before GST was 14.5% i.e. VAT 14.5%, CE 0%.</p> <p>4. Fixing rate based on excise paid by the corporate manufacturer affects the small</p>	<p>1. Present GST rate is as per pre-GST tax incidence.</p> <p>2. Will not advisable to make any change.</p> <p>3. No change.</p>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					<p>and medium scale industry.</p> <p>5. As the taxable person opting for composite scheme cannot claim ITC for the input and collect tax from the buyer, naturally the tax on purchases would be added to the cost of production and the buyer would indirectly pay the hidden cost, the Store/outlet through which the products are supplied would insist small scale manufacturer to issue tax invoice to claim ITC. Therefore, the argument that small scale manufacturer may opt for composition would not hold good.</p>	
106.	8414	Compressors	28%	18%	<p>1. Compressor is taxed at 28%.</p> <p>2. 200 small industries and 600 tiny industries are engaged in the manufacture of Air-compressor in Tamil Nadu.</p> <p>3. It gives employment to 10000 workers.</p> <p>4. Air-compressor was sold as industrial inputs under VAT in all States under the lower tax rate of 5%.</p> <p>5. The combined incidence of tax before GST was</p>	<p>1. Present GST rate is as per pre-GST tax incidence based on VAT rates provided by the Fitment Committee. Only a few States had lower VAT rates on compressors.</p> <p>2. No change.</p>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					<p>17.5% [12.5% ED and 5% VAT].</p> <p>6. As the taxable person opting for composite scheme cannot claim ITC for the input and collect tax from the buyer, naturally the tax on purchases would be added to the cost of production and the buyer would indirectly pay the hidden cost, the Store/outlet through which the products are supplied would insist small scale manufacturer to issue tax invoice to claim ITC. Therefore, the argument that small scale manufacturer may opt for composition would not hold good.</p> <p>7. Compressors are also used in the pumps for drawing water from deep wells and bore wells for use by agriculture and domestic purpose due to depletion of ground water</p>	
107.	1106	Sago	5%	Nil	1. Sago being a food product consumed by the common man should be NIL rated.	<p>1. GST rate is as per pre-GST tax incidence.</p> <p>2. No change.</p>
108.	3915	Re-cycled plastic	18%	12%	1. Plastic granules are produced by recycling the waste and disposed plastics by tiny and small scale industries.	<p>1. GST rate is as per pre-GST tax incidence.</p> <p>2. In a multi stage tax like GST, it may not be possible to ascertain whether the granules are of</p>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					<p>2. The recycling of waste and disposed plastics saves the environment.</p> <p>3. Since the poor people are engaged in collection of waste plastics, fixing tax rate on par with virgin plastics manufactured by corporates would affect their livelihood.</p> <p>4. Since recycled plastics are produced by tiny and small scale industries were not subjected to any excise duty because of low value of manufacture and the average VAT was 12.5%, the combined incidence of tax before GST was 12.5% [0 ED and 12.5% VAT].</p> <p>5. In view of the above, rate of tax on recycled plastic may be reduced to 12% from 18%.</p>	<p>recycled plastic or virgin plastic.</p> <p>3. Will be prone to misuse and difficult to administer.</p> <p>4. In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are already at 18% or below.</p> <p>5. No change.</p>
109.	8703	Goods used by differently abled persons (Cars)	18%	5%	<p>1. Various goods used by differently abled persons are at a lower rate of 5%. The remaining goods used by them may also be brought down to 5%.</p>	<p>1. GST rate is as per pre-GST tax incidence.</p> <p>2. Nil GST results in cascading, adds to costs of domestic goods and puts them at a dis-advantage vis-à-vis imports.</p> <p>3. Direct subsidy is a better option than giving tax incentives.</p> <p>4. No change.</p>
110.	8711	Motor Cycles with engine capacity	28% + 3% Cess	28%	<p>1. The cess leviable on Motor cycles with engine capacity of more</p>	<p>1. The matter was discussed by the GST Council and Cess rates has been was fixed</p>



S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
		more than 350 and upto 500 cc			<p>than 350 cc has to be reconsidered for the reason that Motor Cycles with engine capacity from 350 cc to 500 cc are neither luxury nor demerit goods.</p> <p>2. The motor cycles with engine capacity upto 500 cc are used mainly for commuting purpose only.</p> <p>3. Further, Royal Enfield is the only Indian Company which make vehicles with more than 350 cc and thus it fulfils the ambition of our PM's "Make in India" initiative.</p>	<p>based on the recommendations of the GST Council.</p> <p>2. 3% rate is not too high for high engine capacity bikes.</p>
111.	8448, 8487	Textile Machinery parts	18%	5%	<p>1. Textile Machinery parts are taxed at 18%.</p> <p>2. Textiles related job work, yarn and fabrics are being taxed at 5% under GST and 18% of levy on textile machinery shall result in accumulation of working capital due to inverse rate structure.</p> <p>3. 98% of the textile machinery manufacturers were not subjected to Central Excise duty.</p> <p>4. They were earlier granted concessional rate of 5% under VAT.</p> <p>5. In view of the above, the rate of tax on Textile</p>	<p>1. GST rate is as per pre-GST tax incidence.</p> <p>2. Most raw materials such as iron or steel, etc. attract 18%.</p> <p>3. Reduction to 5% will lead to accumulation of ITC and refund.</p> <p>4. It will also make import competitive vis-à-vis domestic manufacture.</p> <p>5. In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are already at 18% or below.</p>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					Machinery parts may be taxed at 5% on par with the rate of tax applicable to other textile products.	
112.	2403	Chewing Tobacco	28% + Cess	28%	<ol style="list-style-type: none"> <li>1. Unmanufactured tobacco; tobacco refuse [other than tobacco leaves] taxable at 28%.</li> <li>2. Chewing tobacco is falling under this category and this one of the agricultural produce and different from other tobacco products like pan masala, gutkha and jarda.</li> <li>3. This has to be categorized along with beedi, for which compensation cess has not been levied.</li> <li>4. Hence, the chewing tobacco without involving any process may also be exempted from Compensation cess.</li> </ol>	<ol style="list-style-type: none"> <li>1. GST rate is as per pre-GST tax incidence.</li> <li>2. Being demerit goods, there is no justification to reduce tax incidence on these goods.</li> </ol>
113.	28	Bleach liquid	18%	5%	<ol style="list-style-type: none"> <li>1. Bleach liquid i.e., Calcium Hypochlorite is an inorganic chemical, to be taxed at 18%.</li> <li>2. Textiles related job work, yarn and fabrics are being taxed at 5% under GST and 18% of levy on textile machinery shall result in accumulation of working capital</li> </ol>	<ol style="list-style-type: none"> <li>1. All goods falling under Chapter 28 being in the nature of intermediates, in general attract 18% GST.</li> <li>2. The GST rate is as per the pre-GST tax incidence.</li> </ol>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					<p>due to inverse rate structure.</p> <p>3. This is mainly used for the purpose of bleaching of textiles</p> <p>4. It was exempted from tax under earlier VAT.</p> <p>5. Considering that bleach liquid is mainly used in textile industry, the rate may be reduced to 5% on par with rate applicable to service and products relating to textiles.</p>	
114.	2106	Chutney powder	18%	12%	<p>1. Currently classified under miscellaneous edible preparations and attracts 18% rate.</p> <p>2. It is like a masala that is not used for cooking but is used along with food like pickle.</p>	<p>1. The GST rate is as per the pre-GST tax incidence.</p> <p>2. No change.</p>
115.	2001	Pickle	12%	5%	<p>1. Pickle – VAT is 5% and we need to confirm if Central Excise is 6%.</p> <p>2. Same treatment can be given to Chutney powder above.</p>	<p>1. GST rate on pickles is as per the pre-GST tax incidence.</p> <p>2. No change.</p>
116.	8443	Multi function printers	28%	18%	<p>1. Multi function printers-all printers enjoy concessional rate in VAT.</p> <p>2. Therefore there is no reason why it should be in GST.</p> <p>3. Today MFPs are sold more than printers and standalone printers are getting restricted to specialised ones.</p>	<p>1. GST rate is as per the pre-GST tax incidence based on VAT rates provided by the members of Fitment Committee.</p> <p>2. No change.</p>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					4. Like monitors, this also hits only individual buyers.	
117.	2106	Nutritious diet (Pushtaahar) being distributed under the Integrated Child Development Scheme	18%	Nil	<ol style="list-style-type: none"> <li>1. The nutritious diet (Pushtaahar) distributed to the children and pregnant mothers under the Integrated Child Development Scheme, is a mixture of proteins, various grains, wheat flour, sugar etc. and is covered under HSN Code 1901.</li> <li>2. In Entry No. 13 of Schedule 9%.</li> <li>3. The "Preparation suitable on Young Children Put up for retail sale" has been made taxable at the rate of 18 %, whereas others have been made taxable at the rate of 18% in Entry No. 14 of Schedule 14%.</li> <li>4. As the mixtures distributed under Integrated Child Development Scheme cannot be considered as being "Put up for Retail Sale".</li> <li>5. Therefore, it is currently taxed at a rate of 28%, which is highly contrary to the basic objectives of the social welfare scheme.</li> <li>6. It is also worth mentioning here that the whole expenditure of nutritious food</li> </ol>	<ol style="list-style-type: none"> <li>1. There is no justification to exempt the supply.</li> <li>2. Since the Pushtaahar distributed under the Integrated Child Development Scheme, is a mixture of proteins, various grains, wheat flour, sugar etc., it is covered under HSN Code 2106 and not 1901, and attracts 18% GST.</li> <li>3. We may clarify by FAQ.</li> </ol>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					<p>being distributed under Integrated Child Development Scheme is being borne by the State Government and on account of being taxed at the rate of 28%, the expenditure of more than Rs. 500crore will be incurred by the State Government, which will not be prudent.</p> <p>7. Therefore, the nutritious food (Pushtaahar) being distributed under Integrated Child Development Scheme should be exempted under GST.</p>	
118.	Chapter 38, 84 or 85	Biodiesel, the machinery used in the production of biodiesel and machines that run on biodiesel	18%	Nil	<ol style="list-style-type: none"> <li>Presently these are taxed at the rate of 18% under GST. Encouraging the use of biodiesel is very beneficial from the environmental perspective.</li> <li>Therefore, it will be advisable to be consider exemption for Biodiesel, the machinery used in the production of biodiesel and machines that run on biodiesel.</li> </ol>	<ol style="list-style-type: none"> <li>GST rate on capital goods is as per the pre-GST tax incidence.</li> <li>Any reduction in GST rate on capital goods will lead to ITC accumulation and refund.</li> <li>Bio-diesel at 18% GST has substantial tax advantage over diesel which bears about 100% tax.</li> <li>No change.</li> </ol>
119.	Any Chapter	Pooja bells, Arti- daan and 6-inch idols	18%, 28%	Nil	<ol style="list-style-type: none"> <li>These objects are used for worship by the general public.</li> <li>Under GST, they are taxable at the rate of 12 %.</li> </ol>	<ol style="list-style-type: none"> <li>All raw materials for bells or arti daan attract 18% GST.</li> <li>Present rates are as per pre-GST rates.</li> <li>Fitment Committee has decided that idols</li> </ol>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					<p>3. Considering the religious sentiments of people.</p> <p>4. Also, pan-India turnover of these items is very low.</p> <p>5. Therefore, there will be no adverse effect on revenue due to these considered for tax exemption.</p>	<p>of clay may be kept at 5%.</p> <p>4. No change for other items.</p>
120.	Any Chapter	Goods supplied by the State Employee Welfare Corporation, similar to the CSD canteens	Applicable rate	50% exemption goods supplied.	<p>1. Families of about 11 lakh employees of the State Government benefit from this.</p> <p>2. In the VAT regime, it was exempted, but due to tax incidence in GST, the value of the commodities was instantaneously increased by the State Employee Welfare Corporation, which resulted in evident dissatisfaction among the state employees.</p> <p>3. Therefore, it will be advisable to provide 50% tax exemption to the goods supplied by State Employee Welfare Corporation similar to the CSD canteens.</p>	<p>1. The GST Council has already discussed in detail and decided to extend concession only to CSD and not to extend any concession to Central Police Organisation or other organisations.</p> <p>2. This will lead to similar demands from various such organisations.</p> <p>3. Direct budgetary support will be better than tax incentive.</p>
121.	9619	Sanitary pads, napkins	12%	Nil	<p>1. The rate of tax on sanitary pads, napkins etc. has been kept at 12% under GST.</p> <p>2. Sanitary Pads, Napkins are made available to the</p>	<p>1. Sanitary napkins are classifiable under heading 9619. In pre-GST era, sanitary napkins attracted 6% <b>excise duty</b> and 5% VAT. Thus, in the pre-GST era the total tax</p>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					<p>rural women under National Rural Health Mission and its entire expenditure is borne by the State and Central Government.</p> <p>3. Therefore, in public interest, it will be appropriate to make the Unbranded Sanitary Napkins tax free.</p>	<p>incidence [including tax incidence on account of CST, Octroi and VAT] on sanitary napkins was more than 12%.</p> <p>2. As against that, the GST rate on sanitary napkins is 12%.</p> <p>3. Major raw materials for manufacture of sanitary napkins and applicable GST rates on them are as under:</p> <p><b>a) 18% GST rate</b></p> <ul style="list-style-type: none"> <li>○ Super Absorbent Polymer</li> <li>○ Poly Ethylene Film</li> <li>○ Glue</li> <li>○ LLDPE 50 GSM – Packing Cover</li> </ul> <p><b>b) 12% GST rate</b></p> <ul style="list-style-type: none"> <li>○ Thermo Bonded Non-woven</li> <li>○ Release Paper</li> <li>○ Wood Pulp</li> </ul> <p>4. In GST, raw materials for manufacture of sanitary napkins attract 18% of 12% rate. Thus, even with 12% GST on sanitary napkins, the GST rate structure from them will be inverted, leading to possible accumulation of input tax credit.</p> <p>5. Though, the GST law provides for refund of such accumulated input tax credit, there are associated financial costs with such refunds, putting domestically manufactured napkins at dis-advantage vis-à-vis imports coming at</p>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
						<p>12% IGST, with no such additional financial costs on account of fund blockage.</p> <p>6. If the GST rate on sanitary napkins were to be reduced from 12% to 5%, it will further accentuate the tax inversion and result in even higher accumulated ITC, with correspondingly higher financial costs, putting domestic manufacturers at even greater dis-advantage vis-à-vis imports.</p> <p>7. Reducing the GST rate on sanitary napkins to Nil, will in fact result in complete denial of the input tax credit to their domestic manufacturers while simultaneously zero rating imports. This will saddle domestic manufacturers of sanitary napkins at a huge disadvantage vis-à-vis imports.</p> <p>8. An PIL has been filed before Hon'ble High Court of Delhi, which has fixed the matter in November, 2017 for hearing, and directed the counter affidavit to be filed within 4 weeks.</p> <p>9. Matter, therefore, sub-judice at present.</p>
122.	57	Handmade Carpets and Dari	12%	5%	<p>1. The handmade carpet industry runs as a cottage industry in Varanasi and its adjoining districts and provides</p>	<p>1. MSME can avail composition scheme where limit has been increased from Rs 50 Lakh to Rs 75 Lakh</p> <p>2. GST rate is as per the pre-GST tax incidence.</p>



S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					<p>employment to millions of people.</p> <p>2. Currently it is in Schedule 6% from entry number 142 to 146, taxable at the rate of 12%.</p> <p>3. There was no taxation on the carpets till now; and keeping taxation at 12%, this cottage industry will have a massive anomolous effect and the employment of lakhs of people will be affected.</p> <p>4. Therefore, it should be kept in Schedule 2.5%, so that tax rate may be 5%.</p>	
123.	28 / 31	Gypsum, zinc sulphate, bio-fertiliser and organic manure	5%, 12%, 5%	Nil	<p>1. According to the decision of the GST Council, the rate of tax on Gypsum is 5% while on Zinc Sulphate it is 12% (entry no. -56).</p> <p>2. And branded bio fertiliser and organic manure (entry no. -182) have also been kept at tax rate 5%.</p> <p>3. While in the meeting of GST Council on 30.06.2017, the rate of tax on chemical fertilizer was reduced from 12 to 5 percent.</p> <p>4. The above items are also used by the farmers as compost and it will not be advisable to put</p>	<p>1. Zinc sulphate falling under Chapter 28 is a 12%.</p> <p>2. Chemical fertilisers falling under Chapter 31 are at 5%.</p> <p>3. Bio fertilisers / Organic fertilisers unbranded are at Nil.</p> <p>4. No further concession can be extended to fertilisers.</p> <p>5. All inputs to these fertilisers are at 18%.</p>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					<p>any tax liability on these items.</p> <p>5. Therefore, the GST Council is requested to reconsider the tax rate on these items, it would be appropriate to be considered for tax exemption.</p>	
124.	58	Chikan Embroidery	12%	-	<p>1. In Schedule-2.5% S.No.220 the HSN Codes 5809 and 5810, define the types of Embroidery; Emi, Zari, Kasab, Saima, Dabka, Chumki, Gota Sitaara , Nakasi, Kora, Glass Beads, Badla etc.</p> <p>2. These embroideries have been made taxable at the rate of 5%.</p> <p>3. Whereas, embroideries other than these have been kept under Schedule 6% at Entry. No. 155 and in Schedule 12% at Entry. No 156.</p> <p>4. While the Chikan Embroidery is also a Traditional Embroidery like the above embroideries and employs millions of people whose livelihood depends on it.</p> <p>5. The fabric with such traditional embroidery may be covered under the Schedule 2.5 % so that tax impact on Chikankari is at 5%.</p>	<p>1. Chikan fabrics and saree attracts 5% GST.</p> <p>2. Garments with Chikan work with sale value not exceeding Rs.1000 per piece attract 5% GST.</p> <p>3. Garments with Chikan work with sale value exceeding Rs.1000 per piece attract 12% GST.</p> <p>4. Chikan embroidery in the piece, in strips or in motifs falls under heading 5810 and attracts 12% GST.</p> <p>5. We may clarify by FAQ.</p>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
125.	51, 54, 55	Banarasi Saree	5%	-	<ol style="list-style-type: none"> <li>As per the aforesaid, sarees with Emi, Zari, Kasab, Saima, Dabka, Chumki, Gota Sitaara, Nakasi, Kora, Glass Beads, Badla etc. are taxable at 5% whereas saree with embroidery other than these are taxable at the rate of 12% .</li> <li>Banarasi saris are made by doing intricate embroidery from silk threads and threads made from precious metals.</li> <li>This industry also employs millions of labourers of the state and is a traditional industry of Uttar Pradesh.</li> <li>There was no tax liability on it uptill now.</li> <li>Therefore, the Banarasi Embroidery and sari is also expected to be taxable at the rate of 5%.</li> </ol>	<ol style="list-style-type: none"> <li>Banaras saree also falling under Chapter 50, 54, 55 [as the case may] and attracts 5% GST.</li> <li>We may clarify by FAQ.</li> </ol>
126.	96	Handmade furniture	28%	5% / 12%	<ol style="list-style-type: none"> <li>Under GST all types of furniture are kept under tax rate of 28%.</li> <li>Wooden furniture usually is handmade employing unorganized artisans.</li> <li>Wood carving was kept tax free under VAT regime.</li> <li>Wooden handmade furniture employs skills of small</li> </ol>	<ol style="list-style-type: none"> <li>Present GST rate is as per pre-GST tax incidence.</li> <li>In the context of items attracting 28% GST [where the concerns were raised that substantial quantity of these goods were manufactured by SSI units, which were exempt from excise duty] the Council recommended increase in composition scheme</li> </ol>

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					craftsmen and it is used mostly by middle class families. 5. Therefore, it would be appropriate to have a tax rate of 5% or 12%.	turnover limit from Rs. 50 lakh to Rs. 75 lakh, instead of considering rate reduction individual items, claimed to be manufactured by SSI units in pre-GST regime. 3. Changing GST rate on one item, on these grounds would necessitate similar view to be taken for a number of other goods. 4. Reduction from 28% to 18% [by 10%] on all such goods would entail huger revenue loss.
127.	14	Kattha	18%	5%	1. In GST Kattha has been kept under 18% tax rate, whereas, under the VAT Act it was taxable at the rate of 5 %. 2. Therefore, reduction in the rate of tax on Kattha is requested.	1. GST rate is as per the pre-GST tax incidence. 2. No change.
128.	8701, 8702, 8703 etc.	Old & used vehicles, sold by leasing companies, GTA	12% / 28%	-		1. Applicable GST rate on different segments of vehicle will apply. 2. Margin scheme is available to dealers of old and used vehicles. 3. No change.
129.	Any Chapter	Handicrafts	Applicable rates	Nil	1. J&K has pointed out the difficulty faced by small dealers of handicrafts who travel interstate and sell their goods. 2. They have stated that such dealers will find it very difficult to take	1. The issue has been referred to the Law Committee, as per the discussions in the Fitment Committee.

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					multiple registrations. 3. <a href="#">Note sent by J&amp;K is attached.</a> 4. A <a href="#">detailed note</a> on handicraft is also attached.	
130.	9024	Soil testing equipment	18%	-	1. Soil testing equipment attracts 18% GST. 2. Excise duty on soil testing equipment was 12.5%.	1. Most inputs attract 18% GST. 2. Present rate is as per pre-GST tax incidence. 3. No change.
131.	8703	Fuel cell vehicles	28% + 15% Cess	28%	1. Request is to provide a lower GST rate/Compensation Cess for fuel cell vehicles.	1. No change.
132.	3808	Bio-stimulants	18%	-		1. Bio-stimulants being in the nature of plant growth regulators fall under heading 3808 and attract 18% GST. 2. In pre-GST regime, bio-stimulants attracted 12.5% excise duty, 14.5% VAT, 2.5% incidence on account of CST, octroi, entry tax, etc. besides service tax incidence on post-removal services. 3. These are used in small proportions as compared to fertilisers. 4. Their inputs are mainly chemicals which attract 18% GST. 5. No change.
133.	3926	High Density Poly ethylene / poly propylene fabrics	28%	18%	1. It is classified under heading 3926 and attracts 28% GST, which is as per pre-GST tax incidence. 2. VAT was assumed at 14.5%. 3. However, PP/HDPE	3. No change.

S. No.	HS Code	Goods	Present GST rate	Requested GST rate	Remarks/Reasoning	Comments of the Fitment Committee
					granules, strips and finished goods, like tarpaulin, are at 18%.	

## Agenda Item 6: Proposals regarding changes to Central Sales Tax Rules

1. As per Section 13 of the Taxation Laws Amendment Act, 2017, the definition of the term 'goods' as used in the Central Sales Tax Act, 1956, (section 2(d) of the Act) was amended to mean petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas, aviation turbine fuel and alcoholic liquor for human consumption, to restrict the levy of CST on the inter-State sales of only those commodities which are outside the scope of GST.
2. However, the amendment in the definition of the term 'goods' to refer to only those commodities which are outside the scope of GST, for the entire CST Act, 1956, including under sub-section (3) of section 8 of the Act, has led to an interpretation that only manufacturers of products which are outside the scope of GST shall be eligible for issuance of 'C-Forms' under the CST Act, when purchasing the non-GST goods from a dealer registered in another State.
3. Sub-sections (1) and (3) of section 8 of the CST Act, 1956, read as follows:

*“(1) Every dealer, who in the course of inter-State trade or commerce, **sells to a registered dealer goods of the description referred to in sub-section (3)**, shall be liable to pay tax under this Act, which shall be two per cent. of his turnover or at the rate applicable to the sale or purchase of such goods inside the appropriate State under the sales tax law of that State, whichever is lower: Provided that the Central Government may, by notification in the Official Gazette, reduce the rate of tax under this sub-section.*

*(2) [...]*

*(3) The goods referred to in sub-section (1)]—*

*(b) are goods of the class or classes specified in the certificate of registration of the registered dealer purchasing the goods as being intended for re-sale by him or subject to any rules made by the Central Government in this behalf, for use by him in the **manufacture or processing of goods** for sale or in the tele-communications network or in mining or in the generation or distribution of electricity or any other form of power;*

*(c) are containers or other materials specified in the certificate of registration of the registered dealer purchasing the goods, being containers or materials intended for being used for the packing of goods for sale;*

*(d) are containers or other materials used for the packing of any goods or classes of goods specified in the certificate of registration referred to in clause (b) or for the packing of any containers or other materials specified in the certificate of registration referred to in clause (c).”*

4. Petroleum and petroleum products have been kept outside the ambit of GST presently and these products are a major input for most manufacturing sectors. The unintended implication of the interpretation being made in para 2 above is that the cost of production or manufacture for all non-GST goods would increase tremendously since these manufacturers would not be eligible for issuance of 'Form – C' under the CST Act. This in turn would imply that they would have to procure petroleum products after paying the prevalent VAT rate in the State of purchase (usually in the range of 15% to 30%), and not the concessional rate of 2% under the CST Act, even if they procure these inputs from another State. Further, since no input tax credit would be

available on the taxes paid on petroleum products in the GST regime, the additional taxes paid as VAT would only lead to an increase in the cost of manufacturing in the country.

5. Before the introduction of GST, some States had imposed Entry Tax on procurement of petrol and HSD by manufacturers, which effectively increased the incidence of tax on these goods on inter-State purchases made by manufacturers. However, a table of incidence of Entry tax on manufacturers on petrol and HSD is at **Annexure-I** which shows that only 11 States had levied Entry tax at rates higher than 10% on HSD imported by Manufacturers.
6. Several representations in this matter have also been received from sectors such as fertilizer and steel, as these sectors would be particularly impacted because of the high proportion of non-GST products used as inputs in these sectors. A reference in this matter has also been received from the Department of Fertilizers, Ministry of Chemicals and Fertilizers, wherein it has been stated that if fertilizer companies are unable to procure natural gas at 2% CST, the cost of production of urea would increase substantially and consequently, the amount of subsidy outgo on urea will also increase. It is further been estimated by the Department of Fertilizer that the annual impact of this increase would be around Rs. 1000 crore. Similarly, Department of Steel has estimated the annual impact of this increase to be Rs. 535 crore.
7. This matter was also referred to DIPP for ascertaining the likely impact it would have on the cost of manufacturing in the country, and the make in India initiative, if manufacturers of GST products are unable to procure petroleum and petroleum products at 2% CST from other States. DIPP has opined as follows: -

*“The proposal to deny the issuance of C Form under the CST Act would adversely affect the manufacturers due to increase in costs and non-availability of input tax credit. In order to bring uniformity and provide input credit, petroleum products should be brought under the ambit of Goods and Service Tax. Till such time the existing dispensation of C Forms needs to be continued.”*

8. Hence, the Central Sales Tax (Registration and Turnover) Rules, 2017, are proposed to be amended, under sub-section (3) of section 8 of the CST Act, 1956, in order to ensure that manufacturers of products, other than petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas, aviation turbine fuel and alcoholic liquor for human consumption, are also eligible for issuance of ‘C-Forms’ under the CST Act, when purchasing the non-GST goods from a dealer registered in another State.
9. This matter has been discussed with the States, and several States like West Bengal and Bihar have concurred with the proposal.
10. It is therefore, proposed that Central Sales Tax (Registration and Turnover) Rules, 1957, may be amended to clarify the position and to insert the following rule:

“2A. Manufacturer or processor of goods. - For the purposes of sub-section (3) of section 8, manufacture or processing of goods includes manufacturer or processor of all materials, articles, commodities and all other kinds and movable property, other than newspapers, actionable claims, stocks, shares and securities.”
11. Draft Central Sales Tax (Registration and Turnover) Amendment Rules, 2017, are placed at **Annexure-II**.
12. This proposal is placed before the Council for information since it affects the States’ interest and also the interest of manufacturing sector in India.



**Annexure – I**  
**Rates of Entry Tax on Manufacturers**

<b>S. No.</b>	<b>State/Item</b>	<b>HSD</b>	<b>Petrol</b>
1	Andhra Pradesh	Not leviable	Not leviable
2	Arunachal Pradesh*	12.50%	20%
3	Assam	4%	Not leviable
4	Bihar	16%	16%
5	Chhattisgarh	25%	25%
6	Delhi	Not leviable	Not leviable
7	Goa	20%	15%
8	Gujarat	24%	Not leviable
9	Haryana	2%	2%
10	Himachal Pradesh	12%	0%
11	Jammu & Kashmir	16%	24%
12	Jharkhand	Not leviable	Not leviable
13	Karnataka	Not exceeding 5%	Not exceeding 5%
14	Kerala	Not leviable	Not leviable
15	Madhya Pradesh	25%	25%
16	Maharashtra	24% + Rs. 2 per litre	26% + Rs. 11 per litre
17	Manipur	Not leviable	Not leviable
18	Meghalaya	Not leviable	Not leviable
19	Mizoram	4%	4%
20	Nagaland	Not leviable	Not leviable
21	Odisha	1%	1%
22	Puducherry	20%	20%
23	Punjab	8.75%	Not leviable
24	Rajasthan	3%	3%
25	Sikkim	Not leviable	Not leviable
26	Tamil Nadu	22%	30%
27	Telangana	23%	Not leviable
28	Tripura	Not leviable	Not leviable
29	Uttar Pradesh	5%	0%
30	Uttarakhand	Not leviable	Not leviable
31	West Bengal	0%	0%
32	Andaman & Nicobar	5%	5%

\*100 % input tax credit available, gets adjusted with VAT liability

**Annexure II**

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (I)]

Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Excise and Customs

Notification No. /2017-CST

New Delhi, the August, 2017  
--- Ashadha, 1939 Saka

G.S.R. ( )E.- In exercise of the powers conferred by sub-section (1) of section 13 of the Central Sales Tax Act, 1956 (74 of 1956), the Central Government, hereby makes the following rules further to amend the Central Sales Tax (Registration and Turnover) Rules, 1957, namely:-

1. (1) These rules may be called the Central Sales Tax (Registration and Turnover) Amendment Rules, 2017  
(2) They shall be deemed to come into force on the 1<sup>st</sup> day of July, 2017.
2. In the Central Sales Tax (Registration and Turnover) Rules, 1957, in rule 1, the words, numbers and brackets, "Central Sales Tax (Registration and Turnover) Rules, 1957" shall be substituted by Central Sales Tax Rules, 1957.
3. In the Central Sales Tax (Registration and Turnover) Rules, 1957, after rule 2, the following rule shall be inserted, namely:-  
  
"2A. Manufacturer or processor of goods.- For the purposes of sub-section (3) of section 8, manufacture or processing of goods includes manufacturer or processor of all materials, articles, commodities and all other kinds and movable property, other than newspapers, actionable claims, stocks, shares and securities."

## **Agenda Item 7: Any other agenda item with the permission of the Chairperson**

### **7. (i) Amendments to CGST and SGST Rules**

Certain changes have been proposed to be carried out in the CGST Rules, 2017 and SGST Rules, 2017. The suggestions in this regard have been received from the State Governments of Gujarat and Karnataka and GSTN. The details are as below:

#### **(a) Amendments proposed to be carried out only in the CGST Rules, 2017 –**

FORM GST TRAN-1 where entries at Table 7(a) and 7(b) have to be amended to add details of the input tax credit on account of any services received prior to the appointed day by an Input Service Distributor even if the invoices relating to such services are received on or after the appointed day under section 140(7) of the CGST Act, 2017. Accordingly, the proposal is as under :-

- (i) To insert the words “and 140(7)” in the title of Table 7;
- (ii) To insert the words “and section 140(7)” in the title of Table 7(b);
- (iii) In row 1 of Table 7(b), the words “Name of the supplier” shall be replaced with the words “Registration No. of the supplier/Input service distributor” and in row 8, the words and figures “(central taxes)” shall be inserted.

FORM GST TRAN-1 with the proposed amendments is at **Annexure – 1**.

#### **(b) Amendments proposed to be carried out only in the SGST Rules, 2017 –**

- (i) In rule 117, if any States have added the words “of eligible duties and taxes as defined in Explanation 2 to section 140”, then the same needs to be omitted;
- (ii) In rule 119, in the heading, inserting the words “principal and job-worker or” before principal and agent;
- (iii) In rule 119, the words and figures “section 141 or” shall be inserted before the words “provisions of sub-section 14 of section 142”, since rule 119 deals with the declaration of stock held by a principal and agent, a reference to section 141 is also required as it deals with stock held by principal and job-worker.

#### **(c) Amendments proposed to be carried out in both CGST and SGST Rules –**

- (i) In rule 103, it is proposed to omit the words “Central Government and the State” and to replace the word “in” with the words “not below” so as to appoint an officer not below the rank of Joint Commissioner as a member of the Authority for Advance ruling.
- (ii) FORM GST RFD-01, would be replaced. Important changes proposed are as follows –
  - (a) Since, HSN/ SAC are no longer asked in returns/statements, therefore, HSN/SAC, UQC and quantity may be omitted.
  - (b) The formulae prescribed in rule 89(4) and rule 89(5) have to be included in the notified format.
  - (c) Information furnished in GSTR-1 and GSTR-2 may not be asked again as the same is available in database and can be viewed by proper officer easily at the time of processing the refund claim.
  - (d) Integrated tax appearing in the table where export has been made without payment has to be omitted.
  - (e) Instructions have to be inserted instead of notes below the statement.

FORM GST RFD-01 with the proposed amendments is at **Annexure – 2**.

**Annexure 1**  
**Form GST TRAN - 1**  
 [See rule 117(1), 118, 119 & 120]

Transitional ITC / Stock Statement

1. GSTIN -
2. Legal name of the registered person -
3. Trade Name, if any -
4. Whether all the returns required under existing law for the period of six months immediately preceding the appointed date have been furnished:- Yes/No
5. Amount of tax credit carried forward in the return filed under existing laws:

(a) Amount of Cenvat credit carried forward to electronic credit ledger as central tax (Section 140(1) and Section 140(4)(a))

Sl. no.	Registration no. under existing law (Central Excise and Service Tax)	Tax period to which the last return filed under the existing law pertains	Date of filing of the return specified in Column no. 3	Balance cenvat credit carried forward in the said last return	Cenvat Credit admissible as ITC of central tax in accordance with transitional provisions
1	2	3	4	5	6
	Total				

(b) Details of statutory forms received for which credit is being carried forward

Period: 1<sup>st</sup> Apr 2015 to 30<sup>th</sup> June 2017

TIN of Issuer	Name of Issuer	Sr. No. of Form	Amount	Applicable VAT Rate

C-Form				
Total				
F-Form				
Total				
H/I-Form				
Total				

(c) Amount of tax credit carried forward to electronic credit ledger as State/UT Tax (For all registrations on the same PAN and in the same State)

Registration No. in existing law	Balance of ITC of VAT and [Entry Tax] in last return	C Forms		F Forms		ITC reversal relatable to [(3) and] (5)	H/I Forms		Transition ITC 2(4+6-7+9)
		Turnover for which forms Pending	Difference tax payable on (3)	Turnover for which forms Pending	Tax payable on (5)		Turnover for which forms Pending	Tax payable on (7)	
1	2	3	4	5	6	7	8	9	10

6. Details of capitals goods for which unavailed credit has not been carried forward under existing law (section140 (2)).

(a) Amount of unavailed cenvat credit in respect of capital goods carried forward to electronic credit ledger as central tax

Sr. no	Invoice / Document no.	Invoice / document Date	Supplier's registration no. under existing law	Recipients' registration no. under existing law	Details of capital goods on which credit has been partially availed			Total eligible cenvat credit under existing law	Total cenvat credit availed under existing law	Total cenvat credit unavailed under existing law (admissible as ITC of central tax) (9-10)
					Value	Duties and taxes paid				
						ED/ CVD	SAD			
1	2	3	4	5	6	7	8	9	10	11
		Total								

(b) Amount of unavailed input tax credit carried forward to electronic credit ledger as State/UT tax  
(For all registrations on the same PAN and in the same State)

Sr. no	Invoice / Document no.	Invoice / document Date	Supplier's registration no. under existing law	Recipients' registration no. under existing law	Details regarding capital goods on which credit is not availed		Total eligible VAT [and ET] credit under existing law	Total VAT [and ET] credit availed under existing law	Total VAT [and ET] credit unavailed under existing law (admissible as ITC of State/UT tax) (8-9)
					Value	Taxes paid VAT [and ET]			
1	2	3	4	5	6	7	8	9	10
		Total							

7. Details of the inputs held in stock in terms of sections 140(3), 140(4)(b), 140(5), 140(6) and 140(7).

(a) Amount of duties and taxes on inputs claimed as credit excluding the credit claimed under Table 5(a) (under sections 140(3), 140(4)(b) and 140(6))

Sr. no.	Details of inputs held in stock or inputs contained in semi-finished or finished goods held in stock				
	HSN as applicable	Unit	Qty.	Value	Eligible Duties paid on such inputs
1	2	3	4	5	6
7A Where duty paid invoices are available					
Inputs					
Inputs contained in semi-finished and finished goods					
7B Where duty paid invoices are not available (Applicable only for person other than manufacturer or service provider) – Credit in terms of Rule 117 (4)					
Inputs					

(b) Amount of eligible duties and taxes/VAT/[ET] in respect of inputs or input services under section 140(5) and section 140(7):

Registration No. of the supplier /Input service distributor	Invoice number	Invoice date	Description	Quantity	UQC	Value	Eligible duties and taxes (central taxes)	VAT/[ET]	Date on which entered in recipients books of account
1	2	3	4	5	6	7	8	9	10

(c) Amount of VAT and Entry Tax paid on inputs supported by invoices/documents evidencing payment of tax carried forward to electronic credit ledger as SGST/UTGST under sections 140(3), 140(4)(b) and 140(6)

Details of inputs in stock					Total input tax credit claimed under earlier law	Total input tax credit related to exempt sales not claimed under earlier law	Total Input tax credit admissible as SGST/UTGST
Description	Unit	Qty	Value	VAT [and Entry Tax] paid			
1	2	3	4	5	6	7	8
Inputs							
Inputs contained in semi-finished and finished goods							

(d) Stock of goods not supported by invoices/documents evidencing payment of tax (credit in terms of rule 117 (4)) (To be there only in States having VAT at single point)

Details of inputs in stock				
Description	Unit	Qty	Value	Tax paid
1	2	3	4	5

Details of description and quantity of inputs / input services as well as date of receipt of goods or services (as entered in books of accounts) is also required.

8. Details of transfer of cenvat credit for registered person having centralized registration under existing law (Section 140(8))



Sl. No.	Registration no. under existing law (Centralized)	Tax period to which the last return filed under the existing law pertains	Date of filing of the return specified in Column no. 3	Balance eligible credit carried forward in the said last return	GSTIN of receivers (same PAN) of ITC of CENTRAL TAX	Distribution document /invoice		ITC of CENTRAL TAX transferred
						No.	Date	
1	2	3	4	5	6	7	8	9
	Total							

9. Details of goods sent to job-worker and held in his stock on behalf of principal under section 141

a. Details of goods sent as principal to the job worker under section 141

Sr. No.	Challan No.	Challan date	Type of goods (inputs/ semi-finished/ finished)	Details of goods with job- worker				
				HSN	Description	Unit	Quantity	Value
1	2	3	4	5	6	7	8	9
GSTIN of Job Worker, if available								
	Total							

b. Details of goods held in stock as job worker on behalf of the principal under section 141

Sr. No.	Challan No.	Challan Date	Type of goods (inputs/ semi-finished/ finished)	Details of goods with job- worker				
				HSN	Description	Unit	Quantity	Value
1	2	3	4	5	6	7	8	9

GSTIN of Manufacturer							
	Total						

10. Details of goods held in stock as agent on behalf of the principal under section 142 (14) of the SGST Act

a. Details of goods held as agent on behalf of the principal

Sr. No.	GSTIN of Principal	Details of goods with Agent				
		Description	Unit	Quantity	Value	Input Tax to be taken
1	2	3	4	5	6	7

b. Details of goods held by the agent

Sr. No.	GSTIN of Principal	Details of goods with Agent				
		Description	Unit	Quantity	Value	Input Tax to be taken
1	2	3	4	5	6	7

11. Details of credit availed in terms of Section 142 (11 (c))

Sr. no.	Registration No of VAT	Service Tax Registration No.	Invoice/document no.	Invoice/document date	Tax Paid	VAT paid Taken as SGST Credit or Service Tax paid as Central Tax Credit
1	2	3	4	5	6	7
			Total			

12. Details of goods sent on approval basis six months prior to the appointed day (section 142(12))

Sr No.	Document no.	Document Date	GSTIN no. of recipient, (if applicable)	Name & address of recipient	Details of goods sent on approval basis				
					HSN	Description	Unit	Quantity	Value
1	2	3	4	5	6	7	8	9	10
	Total								

Verification (by authorised signatory)

I hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom

Place

Date

Signature  
Name of Authorised Signatory

Designation /Status

**Annexure 2**  
**FORM-GST-RFD-01**  
*[See rule 89(1)]*

**Application for Refund**

(Applicable for casual / non-resident taxable person, tax deductor, tax collector, un-registered person and other registered taxable person)~~Select: Registered / Casual/ Unregistered/Non resident taxable person~~

1. GSTIN/Temporary ID:
2. Legal Name:
3. Trade Name, if any:
4. Address:
5. Tax Period:                      From <DD/MM/YY> Year:      To <DD/MM/YY>  
From <Year> <Month>      To              <Year> <Month>

6. Amount of Refund Claimed:

Act	Tax	Interest	Penalty	Fees	Others	Total
Central Tax						
State /UT Tax						
Integrated Tax						
Cess						
Total						

7. Grounds of Refund Claim: (select from the drop down):
  - a. Excess balance in Electronic Cash ledger
  - b. Exports of services- With payment of Tax
  - c. Exports of goods / services- Without payment of Tax, i.e., ITC accumulated
  - d. On account of assessment/provisional assessment/ appeal/ any other order
    - i. Select the type of Order:  
Assessment/ Provisional Assessment/ Appeal/ Others
    - ii. Mention the following details:
      1. Order No.
      2. Order Date <calendar>
      3. Order Issuing Authority
      4. Payment Reference No. (of the amount to be claimed as refund)

*(If Order is issued within the system, then 2, 3, 4 will be auto populated)*

- e. ITC accumulated due to inverted tax structure (clause (ii) of proviso to section 54(3))
- ~~f. On account of supplies made to SEZ unit/ SEZ Developer or Recipient of Deemed Exports~~
- ~~(Select the type of supplier/ recipient)~~
- ~~1. Supplies to SEZ Unit~~
- ~~2. Supplies to SEZ Developer~~
- ~~3. Recipient of Deemed Exports~~
- ~~g. Refund of accumulated ITC on account of supplies made to SEZ unit/ SEZ Developer~~
- f. On account of supplies made to SEZ unit/ SEZ developer (with payment of tax)
- g. On account of supplies made to SEZ unit/ SEZ developer (without payment of tax)
- h. Recipient of deemed export
- ~~i. h.~~ Tax paid on a supply which is not provided, either wholly or partially, and for which invoice has not been issued (tax paid on advance payment)
- ~~j. i.~~ Tax paid on an intra-State supply which is subsequently held to be inter-State supply and vice versa (change of POS)
- ~~k. j.~~ Excess payment of tax, if any
- ~~l. k.~~ Any other (*specify*)

8. Details of Bank Account (*to be auto populated from RC in case of registered taxpayer*)

- a. Bank Account Number :
- b. Name of the Bank :
- c. Bank Account Type :
- d. ~~Name of account holder~~ :
- e. Address of Bank Branch :
- f. IFSC :
- g. ~~MICR~~ :

9. Whether Self-Declaration filed by Applicant u/s 54(4), if applicable Yes  No

**DECLARATION [second proviso to section 54(3)]**

I hereby declare that the goods exported are not subject to any export duty. I also declare that I have not availed any drawback on goods or services or both and that I have not claimed refund of the integrated tax paid on supplies in respect of which refund is claimed.

Signature

Name –

Designation / Status

**DECLARATION [\[section 54\(3\)\(ii\)\]](#)**

I hereby declare that the refund of ITC claimed in the application does not include ITC availed on goods or services used for making nil rated or fully exempt supplies.

Signature

Name –

Designation / Status

**DECLARATION [\[rule 89\(2\)\(f\)\]](#)**

I hereby declare that the Special Economic Zone unit /the Special Economic Zone developer has not availed of the input tax credit of the tax paid by the applicant, covered under this refund claim.

Signature

Name –

Designation / Status

**[DECLARATION \[rule 89\(2\)\(g\)\]](#)**

**[\(For recipients of deemed export\)](#)**

[I hereby declare that the refund has been claimed only for those invoices which have been reported in statement of inward supplies filed in Form GSTR-2 for the tax for which refund is being claimed and the amount does not exceed the amount of input tax credit availed in the valid return filed for the said tax period.](#)

\_\_\_\_\_ [Signature](#)

\_\_\_\_\_ [Name –](#)

[Designation / Status](#)

**SELF- DECLARATION [\[rule 89\(2\)\(1\)\]](#)**

I/We \_\_\_\_\_ (Applicant) having GSTIN/ temporary Id -----, solemnly affirm and certify that in respect of the refund amounting to Rs. ---/ with

respect to the tax, interest, or any other amount for the period from---to----, claimed in the refund application, the incidence of such tax and interest has not been passed on to any other person.

(This Declaration is not required to be furnished by applicants, who are claiming refund under clause (a) or clause (b) or clause (c) or clause (d) or clause (f) of sub-section (8) of section 54.-)

#### 10. Verification

I/We <Taxpayer Name> hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my/our knowledge and belief and nothing has been concealed therefrom.

We declare that no refund on this account has been received by us earlier.

Place

Signature of Authorised Signatory

Date

(Name)

Designation/ Status

### Annexure-1

#### Statement -1 [rule 89(5)]

(Annexure 1)

Refund Type: ITC accumulated due to inverted tax structure [clause (ii) of proviso to section 54(3)]

<u>Turnover of inverted rated supply of goods</u>	<u>Tax payable on such inverted rated supply of goods</u>	<u>Adjusted total turnover</u>	<u>Net input tax credit</u>	<u>Maximum refund amount to be claimed [(1×4÷3)-2]</u>
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>

#### Part A: Outward Supplies

(GSTR-1: Table 4 and 5)

GSTIN/ UIN	Invoice details			Rate	Taxable value	Amount				Place of Supply (Name of State)
	No.	Date	Value			Integrated Tax	Central Tax	State/UT Tax	Cess	
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>

#### Part B: Inward Supplies

**[GSTR 2: Table 3 (Matched Invoices)]**

GSTIN of supplier	Invoice details			Rate	Taxable value	Amount of Tax				Place of supply (Name of State)	Whether input or input service/ Capital goods (incl plant and machinery)/ Ineligible for ITC	Amount of ITC available			
	No	Date	Value			Integrated tax	Central Tax	State/ UT Tax	CESS			Integrated Tax	Central Tax	State/ UT Tax	Cess
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16

*Note - The data shall be auto-populated from GSTR 1 and GSTR 2.*

**Statement- 2 [rule 89(2)(c)]**

Refund Type:

Exports of services with payment of tax

Sr. No.	Invoice details			Integrated tax		BRC/ FIRC		Integrated tax involved in debit note, if any	Integrated tax involved in credit note, if any	Net Integrated tax (6+9 - 10)
	No.	Date	Value	Taxable value	Amt.	No.	Date			
1	2	3	4	5	6	7	8	9	10	11

**(GSTR 1: Table 6A and Table 9)**

1.—

GST IN of recipient	Invoice details				Integrated Tax			BRC/ FIRC		Amended Value (Integrated Tax) (If Any)	Debit Note Integrated Tax/ Amended (If any)	Credit Note Integrated Tax/ Amended (If any)	Net Integrated Tax = (11/8)+12-13	
	No.	Date	Value	SAC	Rate	Taxable value	Amt.	No.	Date					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
6A. Exports														

*BRC/ FIRC details are mandatory in case of services*



**Statement- 3 [rule 89(2)(b) & 89(2)(c)]**

Refund Type:

Export without payment of Tax-Accumulated ITC

Sr. No.	Invoice details			Goods/ Services (G/S)	Shipping bill/ Bill of export			EGM Details		BRC/ FIRC	
	No.	Date	Value		Port code	No.	Date	Ref No.	Date	No.	Date
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>

~~(GSTR-1: Table 6A)~~

GSTIN of recipient	Invoice details							Shipping bill/ Bill of export			Integrated Tax			EGM Details		BRC/ FIRC	
	No.	Date	Value	Goods/ Services (G/S)	HSN/ SAC	UQC	QTY	No.	Date	Port Code	Rate	Taxable value	Amt.	Ref No.	Date	No.	Date
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>15</u>	<u>16</u>	<u>17</u>	<u>18</u>
<b>6A. Exports</b>																	

~~Note—1. Shipping Bill and EGM are mandatory;—in case of goods.~~

~~2. BRC/ FIRC details are mandatory—in case of Services~~

**Statement- 3A [rule 89(4)]**

Refund Type: Export without payment of tax (accumulated ITC) – calculation of refund amount

<u>Turnover of zero rated supply of goods and services</u>	<u>Net input tax credit</u>	<u>Adjusted total turnover</u>	<u>Refund amount (1×2÷3)</u>
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>

**Statement 4 [rule 89(2)(d) & 89(2)(e)]**

**Supplies to SEZ/ SEZ developer**

Refund Type:

On account of supplies made to SEZ unit/ SEZ Developer (on payment of tax)

GSTIN of recipient	Invoice details			Shipping bill/ Bill of export/ Endorsed invoice by SEZ		Integrated Tax		Integrated tax involved in debit note, if any	Integrated tax involved in credit note, if any	Net Integrated tax (8+ 9 – 10)
	No.	Date	Value	No.	Date	Taxable Value	Amt.			
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>

**(GSTR-1: Table 6B and Table 9)**

GSTIN of recipient	Invoice details			Shipping bill/ Bill of export		Integrated Tax			Amended Value (Integrated Tax) (If Any)	Debit Note Integrated Tax/ Amended (If any)	Credit Note Integrated Tax/ Amended (If any)	Net Integrated Tax = (10/9) + 11 – 12
	No.	Date	Value	No.	Date	Rate	Taxable Value	Amt.	Amt.	Amt.	Amt.	Amt.
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>
<b>6B: Supplies made to SEZ/ SEZ developer—</b>												

**(GSTR-5: Table 5 and Table 8)**

GSTIN/ UIN	Invoice details			Rate	Taxable value	Amount				Place of Supply (Name of State)	Amended Value (Integrated Tax) (If Any)	Debit Note Integrated Tax/ Amended (If any)	Credit Note Integrated Tax/ Amended (If any)	Net Integrated Tax = (12/7) + 13 – 14
	No.	Date	Value			Integrated Tax	Central Tax	State / UT Tax	Cess					
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>15</u>
-	-	-	-											

**Statement 5**

**[rule 89(2)(d) & 89(2)(e)]**

Refund Type: On account of supplies made to SEZ unit/ SEZ Developer (without payment of tax)

Sr. No.	Invoice details			Goods/ Services (G/S)	Shipping bill/ Bill of export/ Endorsed invoice no.	
	No.	Date	Value		No.	Date
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>

**Statement-5A [rule 89(4)]**

Refund Type: On account of supplies made to SEZ unit / SEZ developer without payment of tax (accumulated ITC) – calculation of refund amount

<u>Turnover of zero rated supply of goods and services</u>	<u>Net input tax credit</u>	<u>Adjusted total turnover</u>	<u>Refund amount (1×2÷3)</u>
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>

**Statement 6: [rule 89(2)(j)]**

**Statement-6 [rule 89(2)(j)]**

Refund Type: On account of change in POS of the supplies (inter-State to intra-State and vice versa)

Order Details (issued in pursuance of Section 77 (1) and (2), if any: Order No: \_\_\_\_\_ Order Date: \_\_\_\_\_)

<u>GSTIN/ UIN</u>  <u>Name</u>  <u>(in case B2C)</u>	<u>Details of invoices covering transaction considered as intra –State / inter-State transaction earlier</u>									<u>Transaction which were held inter State / intra-State supply subsequently</u>				
	<u>Invoice details</u>				<u>Integrated tax</u>	<u>Central tax</u>	<u>State/ UT tax</u>	<u>Cess</u>	<u>Place of Supply</u>	<u>Integrated tax</u>	<u>Central tax</u>	<u>State/ UT tax</u>	<u>Cess</u>	<u>Place of Supply</u>
	<u>No.</u>	<u>Date</u>	<u>Value</u>	<u>Taxable Value</u>										
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>15</u>

Refund Type: Tax paid on an intra-State supply which is subsequently held to be inter-State supply and vice-versa

**Order Details (issued in pursuance of Section 77 (1) and (2), if any:**

**Order No: \_\_\_\_\_ Order Date: \_\_\_\_\_**

<u>GSTIN/ UIN</u>	<u>Details of invoice covering transaction considered as intra –State /inter-State transaction earlier</u>	<u>Transaction which were held inter State / intra-State supply subsequently</u>
-------------------	--	--

Name (in case B2C)	Invoice details				Integrated Tax	Central Tax	State/ UT Tax	Cess	Place of Supply (only if different from the location of recipient)	Integrated Tax	Central Tax	State/ UT Tax	Cess	Place of Supply (only if different from the location of recipient)
	No.	Date	Value	Taxable Value	Amt	Amt	Amt	Amt		Amt	Amt	Amt	Amt	
1	2	3	4	5	6	7	8	10	11	12	13	14	15	16

**Statement 7 [rule 89(2)(k)]:**

Refund Type: Excess payment of tax, if any in case of Last Return filed.

**Refund on account excess payment of tax**

**(In case of taxpayer who filed last return GSTR-3 - table 12)**

Sr. No.	Tax period	ARN of Reference no. of return	Date of filing return	Tax Payable			
				Integrated Tax	Central Tax	State/ UT Tax	Cess
1	12	23	34	45	56	67	78

## Annexure-2

### Annexure-2

#### Certificate [rule 89(2)(m)]

This is to certify that in respect of the refund amounting to INR-Rs. << >> ----- (in words) claimed by M/s ----- (Applicant's Name) GSTIN/ Temporary ID----- for the tax period < -- -->, the incidence of tax and interest, has not been passed on to any other person. This certificate is based on the examination of the Books of Accounts, and other relevant records and Returns particulars maintained/ furnished by the applicant.

Signature of the Chartered Accountant/ Cost Accountant:

Name:

Membership Number:

Place:

Date:

This Certificate is not required to be furnished by the applicant, claiming refund under clause (a) or clause (b) or clause (c) or clause (d) or clause (f) of sub-section (8) of section 54 of the Act.

#### Instructions –

##### 1. Terms used:

- a. GSTIN: Goods and Services Tax Identification Number
- b. UIN: Unique Identity Number
- c. POS: Place of Supply (Respective State)
- d. ITC: Input tax credit
- e. B to C: From registered person to unregistered person
- f. Temporary ID: Temporary Identification Number
- g. IGST: Integrated goods and services tax
- h. EGM: Export General Manifest

2. Refund of excess amount available in electronic cash ledger can also be claimed through return or by filing application.
3. Debit entry shall be made in electronic credit / cash ledger at the time of filing the application.
4. Acknowledgement in Form GST RFD-02 will be issued if the application is found complete in all respects.
5. Claim of refund on export of goods with payment of IGST shall not be processed through this application.
6. Bank account details should be as per registration data. Any change in bank details shall first be amended in registration particulars before quoting in the application.
7. Declaration shall be filed in cases wherever required.
8. 'Net input tax credit' means input tax credit availed on inputs during the relevant period for the purpose of Statement-1 and will include ITC on input services also for the purpose of Statement-3A & 5A.
9. 'Adjusted total turnover' means the turnover in a State or a Union territory, as defined under clause (112) of section 2 excluding the value of exempt supplies other than zero-rated supplies, during the relevant period.
10. For the purpose of Statement-1, refund claim will be based on supplies reported in GSTR-1 and GSTR-2.
11. BRC/FIRC details will be mandatory where refund is claimed against export of services details of shipping bill and EGM will be mandatory to be provided in case of export of goods.
12. Where the invoice details are amended (including export), refund shall be allowed as per the calculation based on amended value.
13. Details of export made without payment of tax shall be reported in Statement-3.
14. Availability of refund to be claimed in case of supplies made to SEZ unit /SEZ developer without payment of tax shall be worked out in accordance with the formula prescribed in rule 89(4).
15. 'Turnover of zero rated supply of goods and services' shall have the same meaning as defined in rule 89(4).

## **7. (ii) Constitution of Standing Committee for Anti-Profiteering**

1. In the 15<sup>th</sup> GST Council Meeting held on 3 June 2017, the Council approved the broad principles of the draft Anti-Profiteering Rules, namely, that when a complaint was received, it would be referred to a Standing Committee which would decide whether an inquiry should be initiated on the complaint and once the Standing Committee recommended an inquiry, an investigation would be carried out by an authority like the Directorate General of Safeguards.

2. Subsequently, on the recommendations of the Council, rules on Anti-profiteering have been notified under the Central Goods and Services Tax (CGST) Rules, 2017 (Rules 122 -137). Rule 123 of the CGST Rules, 2017 provides that the Council may constitute a Standing Committee on Anti-profiteering which shall consist of such officers of the State Government and Central Government as may be nominated by it. Rule 128 of the CGST Rules, 2017 provides the procedure for examination by the Standing Committee of any application claiming non-passing of the benefit of the reduction in the rate of tax or the benefit of input tax credit to the recipient of supply.

3. The matter is placed before the Council to take a decision regarding the constitution of the Standing Committee on Anti-profiteering under Rule 123 of the CGST Rules, 2017 consisting of such officers of the State Government and Central Government as may be nominated by the Council.

## 7. (iii) Development of e-Way Bill system by NIC

1. In the 15th meeting of the GST Council held on 3rd June, 2017, it was decided to defer a decision on the e-Way Bill system and to ascertain whether NIC along with GSTN could create an all-India e-Way Bill system in a short time frame. In light of this, GSTN made further enquiry on this subject with the NIC. Under its letter NO.NIC/FISDI20J 7-06, dated 29th June, 2017, NIC informed that it was keen to take up the work and contribute to facilitate implementation of GST. It added that as it was a nation-wide application, sizing of the hardware was very critical to ensure smooth services to users. It indicated that based on the preliminary understating of the scope of work, the estimated expenditure for the project would be around Rs.150 crore and its development was likely to take about three and half months. NIC also informed that these costs/time estimates may vary

based on the actual scope of work and functional requirements. Further, they proposed the following:

- (i) e-Way Bill Committee may be set up by the Department for finalization of requirements. NIC team can interact with the Committee to finalize the scope of work and functional requirements.
- (ii) An amount of Rs. 400 crore may be transferred to NICS I by way of advance to facilitate procurement of hardware/software and other resources.

The letter also indicated that detailed proposal with cost and time estimates will be submitted at the earliest after necessary processing and approvals at their end.

2. A meeting was held on 10.07.2017 under the Chairmanship of Revenue Secretary with officials from NIC, NICS I, DoR and GSTN to discuss the matters relating to the development of the national IT system for the e-way bill mechanism under the GST regime. This matter was also discussed in the said meeting. In the meeting, DG NIC informed the following:

- (i) NICS I is a 100% Government owned section 8 (erstwhile Section 25) Company established under NIC, Ministry of Communications & Information Technology for providing and procuring IT solutions for multiple e-governance projects undertaken by NIC.
- (ii) Under Circular No. G-3001 2/02/20 14/IFS, dated 18th June, 2014, the Ministry of Communications and Information Technology has established the procedure for project implementation by NIC, as per which, all paid projects of NIC are to be implemented through NICS I. It is further clarified in the Circular that NIC will not directly undertake the implementation of any paid projects for use in Ministries/ Departments/States and other Government Agencies. Funds for such projects are also to be paid directly to NICS I by the project owner department/ organization. It is also stated that NICS I would charge a uniform operating margin from all ministries/departments as per the rates approved by its Board from time to time. Currently, a rate of 7% is being charged by NICS I for its services. As per para (ii) of the said Circular, the Ministries/Departments may consider assigning ICT related projects directly to NICS I on "nomination basis"



after satisfying themselves with regard to the reasonability of rates of ICT solutions and compliance with GFR provisions.

(iii) NICS I had already implemented large scale national IT projects for many Government departments such as Kendriya Vidyalaya Shaala Darpan (e-governance platform for all KV schools), Jeevan Praman (digital life certificates for pensioners) and e-hospital (hospital management system for hospitals in government sector).

3. In light of the above discussions, the following is placed before the GST Council for approval: -

- a. In order to ensure that the e-way bill system is ready at the earliest, the work order for the development of national e-way bill software may be given to NIC, on a nomination basis through NICS I.
- b. A suitable contract may be signed between GSTN and NICS I/NIC for the execution of the project, wherein it would clearly be mentioned that GSTN shall be making the payments for development of this software to NICS I directly.
- c. A sum of Rs. 40 crore should be released immediately to NICS I by GSTN, as advance, to enable NIC to initiate the development of the IT system for the e-way bill mechanism under GST regime immediately.
- d. To monitor the development of the software and to ensure that all the requirements of the Central and State Governments are being taken care of in the development of the software, a Committee be constituted for supervising this work. This e-way bill Committee may be constituted under the co-convenorship of Shri Ritvik Pandey, CCT, Karnataka and Shri Manish Sinha, Commissioner, CBEC and may comprise of representatives from Commercial Tax Departments from Gujarat, West Bengal and Uttar Pradesh, and officials from Central Board of Excise & Customs, Ministry of Road, Transport and Highways, Department of Revenue and GSTN.

## 7. (iv) GST rate on Works Contract Services provided to the Government

A number of references have been received with regard to Goods and Services Tax on works contract services provided to the Government. The requests include the following:

- i. The Government of Andhra Pradesh has requested that exemption may be granted for LIG housing.
- ii. The Government of Telangana has requested that water supply and irrigation projects may be exempted or taxed at 5%. Specifically, request has been made to exempt contract services of Indira Sagar Polavaram Project in the State of Andhra Pradesh on the consideration that it is a project of national importance on which there is an increase of 13% in tax component due to which project costs will go up heavily. It will result in increase in cost and completion time of "Mission Bhagiratha" and "Mission Kakatiya" projects which, in turn, will hit basic amenities being provided to the people and agriculture. ITC will be available for material component only which may work out to a maximum of 8%. Labour part which was earlier taxed at 5% will now be taxed at 18% with no ITC of this component. The State of Telangana will have to bear an additional burden of Rs 29,900 crore in the project outlay and Rs 19,200 crore in tax liability despite the ITC.

2. In the earlier service tax regime, the service component of works contract was exempt. These are as follows:

(a) Services provided to the Government, a local authority or a governmental authority by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of –

- (i) a historical monument, archaeological site or remains of national importance, archaeological excavation, or antiquity specified under the Ancient Monuments and Archaeological Sites and Remains Act, 1958 (24 of 1958);
- (ii) canal, dam or other irrigation works;
- (iii) pipeline, conduit or plant for (i) water supply (ii) water treatment, or (iii) sewerage treatment or disposal; or

(b) Services provided by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of,-

- (i) a road, bridge, tunnel, or terminal for road transportation for use by general public;
- (ii) a civil structure or any other original works pertaining to a scheme under Jawaharlal Nehru National Urban Renewal Mission or Rajiv Awaas Yojana;
- (iii) a civil structure or any other original works pertaining to the "In-situ rehabilitation of existing slum dwellers using land as a resource through private participation" under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana, only for existing slum dwellers.
- (iv) a civil structure or any other original works pertaining to the "Beneficiary-led individual house construction/enhancement under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana;"
- (v) a building owned by an entity registered under section 12 AA of the Income Tax Act, 1961(43 of 1961) and meant predominantly for religious use by general public;
- (vi) a pollution control or effluent treatment plant, except located as a part of a factory; or a structure meant for funeral, burial or cremation of deceased;

(c) Services by way of construction, erection, commissioning, or installation of original works pertaining to,-

(a) railways, excluding monorail and metro;

(b) a single residential unit otherwise than as a part of a residential complex;

(c) low- cost houses up to a carpet area of 60 square meters per house in a housing project approved by competent authority empowered under the 'Scheme of Affordable Housing in Partnership' framed by the Ministry of Housing and Urban Poverty Alleviation, Government of India;

(ca) low cost houses up to a carpet area of 60 square meters per house in a housing project approved by the competent authority under:

(i) the "Affordable Housing in Partnership" component of the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana;

(ii) any housing scheme of a State Government."

(d) post- harvest storage infrastructure for agricultural produce including a cold storage for such purposes; or

(e) mechanised food grain handling system, machinery or equipment for units processing agricultural produce such as food stuff excluding alcoholic beverages;

3. Though the above works contracts services, including those provided to Government, a local authority or Governmental Authority, were exempt under service tax, States were levying VAT on goods portion of such works contract services under Article 366 (29A)(b) of the Constitution. Many States were providing an option to pay VAT on composition basis without ITC.

4. Works contract, not exempt in the service tax era, was subjected to service tax on abated value. Therefore, the effective service tax on works contract was 6% without ITC of input goods. Thus, the cumulative incidence of service tax, Central Excise & VAT on input goods, and VAT @composition scheme was about 24-25% (without factoring in CST and entry tax). Therefore, works contract provided to government, even though exempt from service tax (only the service portion) suffered taxes of about 19-20%.

5. In view of the above and the fact that the goods part of works contract was taxable by the States in the pre-GST era and that it would be difficult to segregate the service part from the composite contract of works contract service (& prone to mis-use), it was recommended by the Fitment Committee not to carry forward these exemptions in the GST era. Also, exempting the service part of works contract service does not also make sense when full ITC of input goods, capital goods and input services is available. Exempting the service part would require reversals of ITC with all its attendant disputes. Then, there is a view that full ITC of capital goods should not be allowed when only part of the output is taxed. So, this would again entail complications. Finally, the gains from GST lie in completion of ITC chain which incentivizes dealers to procure duty-paid raw materials and dis-incentivises procurement of duty evaded/avoided raw materials. This is precisely the self-policing mechanism of GST. It is for these reasons that the GST Council accepted the recommendations of the Fitment Committee to not carry forward such exemptions under GST. As a result, Works Contract service attracts GST @ 18% with full ITC and no restriction on refund of accumulated credit. Ultimately, it is the completion of the ITC chain in respect of works contract (particularly government contracts) which will effectively achieve what demonetization sought to achieve.

6. Services provided by way of pure labour contract of construction, erection, commissioning installation, fitting out, repair, maintenance, renovation, or alteration of a civil structure or any other original works pertaining to the Beneficiary-led individual house construction/ enhancement under Housing for All (Urban) Mission or Pradhan Mantri Awas Yojana and a single residential unit otherwise

than as a part of a residential complex have been exempted from GST [Entry 10 and 11 of the notification No. 12/2017-Central Tax (Rate)].

7. Thus, it is proposed for the consideration of the Council that no new exemptions be granted. States may re-negotiate the contracts with the contractors in light of new tax regime.

## 7. (v) GST on Profit Petroleum and clarification on Cost Petroleum

### **Exemption from GST on the Government's share of Profit Petroleum and clarification regarding taxability of Cost Petroleum in the oil and gas sector.**

#### **GST on Profit Petroleum**

Petroleum and Natural Gas Rules, 1959 provide that subject to the Oilfields (Regulation & Development) Act (ORD Act), Rules made thereunder and the terms of agreement (Production Sharing Contract or PSC) between the Central Government and licensee or the lessee, every licensee shall have the exclusive right to carry out surveys, drilling operations for petroleum in the area covered by the license. The ORD Act provides that the holder of a mining lease shall pay royalty in respect of any mineral oil mined, quarried or collected by him from the leased area at the specified rates. The PSC provides for payment of a pre-determined share of profit petroleum to the Government as a condition for grant of mining lease. Therefore, like royalty, profit share paid to the Government by oil exploration companies for acquiring the right to explore and exploit mineral oils is a payment for service and liable to Goods and Services Tax. In this case also, GST is leviable on reverse charge basis.

2. In view of the above, the Government's share of profit petroleum is taxable under the Goods and Services Tax law. However, subjecting Government's share of profit petroleum to Goods and Services Tax, though legally correct, does not appear to be in harmony with the overall scheme of the production sharing contract under NELP (New Exploration Licensing Policy) in view of the following discussion.

3. Under PSC, the contractor is entitled to recover all costs that he incurs on exploration, development and production from the petroleum produced and such costs naturally include costs of all inputs and input services and indirect taxes paid on them. The value of petroleum that remains after recovering all these costs and taxes has been termed as profit petroleum.

$$P = T - C$$

Where P is profit petroleum, T is the value of petroleum produced in the year, C is the total cost of exploration, development and production of petroleum during the year. [C includes taxes but not share of profit petroleum paid to Government].

4. In terms of the production sharing contract (PSC), a part of it has to be paid to the Government at the pre-determined percentage bid by the contractor. The moment we say that part of profit petroleum that the contractor pays to the Government is a consideration for the service it receives from the Government of assignment of the right to explore and exploit an oilfield, we imply that it is his cost, a cost paid for obtaining exploration and mining lease from the Government, just as the royalty is. Therefore, the amount, which the production sharing contract, entered into by the Government and the contractor, treats as profit, a part of it under the Goods and Services Tax law is treated as a consideration or cost paid to the Government for a service. At the same time, the share of profit petroleum paid to the Govt. is not allowed to be recovered as cost from the cost petroleum under the PSC (Accounting Procedure annexed to Model PSC refers). However, it needs to be stressed here that Govt. is very much entitled to enter into a PSC which does not allow deduction of all costs or put a ceiling on costs which can be recovered under the PSC. Examples of such PSCs in the international oil exploration and production arena are common. Model PSC under NELP on Ministry of Petroleum and Natural Gas website also puts a ceiling on maximum amount of cost petroleum to which the contractor shall be entitled (para 15.9 of Model PSC). However, in the overall scheme laid down by the Government for oil and natural gas exploration and production sector under NELP, treating Govt.'s share in PP as a cost and levying GST on it appears to be somewhat out of sync, if not anomalous.

5. Another point that needs to be considered is that if GST is levied on the Government's share of profit petroleum, in all likelihood, a dispute would arise whether the same can be recovered from the cost petroleum or the contractor has to pay it out of his share of profit petroleum. As per the Accounting Procedure annexed to Model PSC, any duties, levies, fees, charges and any other assessments levied by any governmental or taxing authority in connection with the Contractor's activities under the Contract and paid directly by the Contractor except corporate income tax payable by the constituents of the Contractor are allowed to be recovered as cost. To ask the contractor to pay an indirect tax on an input service out of his profit and not to treat it as part of his cost, would be difficult to be comfortable with. On the other hand, if it is allowed to be recovered from the cost petroleum, it would give rise to an anomalous situation where the principal cost (Government's share of profit petroleum) is not allowed to be recovered as cost petroleum but GST levied on the same is allowed to be so recovered.

6. Several representations have been received from the industry and industry associations (AOGO, CII etc.), contending that the share in profit petroleum paid to the Government is a profit sharing arrangement and not payment for any service and that the Government and the contractor are partners in the joint venture. The relationship between the Government and the contractor under PSC is not that of partners but of an assignor and assignee and this argument is not sufficient to challenge the levy. But the levy has potential of prolonged dispute and litigation, which is not good for reducing India's dependence on imported oil & gas and as discussed above, such levy though not legally incorrect, would not be in perfect harmony with the scheme and spirit of production sharing contracts entered into under NELP. Therefore, it would not be out of place to exempt Government's share of profit petroleum from Goods and Services Tax, if it ameliorates the concerns of this strategically important sector. It is, accordingly, proposed that the Council may consider exempting Government's share of profit petroleum from Goods and Services Tax.

## **II. Clarification regarding taxability of Cost Petroleum**

7. As per the PSC between the Government and the contractors, in case of a commercial discovery of petroleum, the contractors are entitled to recover from the sale proceeds all expenses incurred in exploration, development, production and payment of royalty. Portion of the value of petroleum which the contractor is entitled to take in a year for recovery of these contract costs is called "Cost Petroleum". Having acquired the right to explore, exploit and sell petroleum in lieu of royalty and a share in profit petroleum, contractors carry out the exploration and production of petroleum for themselves and not as a service to the Government. Para 8.1 of the MPSC states that subject to the provisions of the PSC, the Contractor shall have exclusive right to carry out Petroleum Operations to recover costs and expenses as provided in this Contract. Hence, cost petroleum is not a consideration for service to GOI and thus not taxable per se. However, cost petroleum is a valid measure of value of mining/exploration service provided by operating member to the joint venture, which is taxable. This is particularly so where the details of total cash calls or bills raised by the operator on the joint venture are not available with tax authorities. It is proposed that a clarification to this effect may be issued.

## 7. (vi) **Payment Process for Tax Deducted at Source under GST**

1. In the GST Regime, the provision for Tax deduction at source has also been introduced. Section 51 of CGST/SGST Acts 2017 provides that the Government may mandate,-

- (a) A department or establishments of Central or State Government; or
- (b) local authorities ; or
- (c) Government agencies ; or
- (d) Such persons or category of persons as may be notified by the Government on the recommendations of the Council,

to deduct tax at the rate of one percent at the time of payment to the supplier, when the total value of such supply of goods or services or both exceeds Rupees Two lakhs fifty thousand.

2. The Department/establishment which deducts the tax (Deductor) should also register itself on the GSTN portal as a Tax Deductor at Source and obtain a Unique Identification Number (UIN). The categories mentioned above shall hereinafter be referred to as the “office”.

3. The following procedure is proposed for the process of TDS in GST Regime:

- i. The office sanctions the amount to be paid to the supplier of the Goods or Services.
- ii. For the payment to be made to the supplier, where TDS has to be deducted as per provisions of law, the Drawing and disbursing officer (DDO) of the Department will have to deduct GST at the rate of 2%.

### **Preparation of Bill and generation of CPIN**

4. The DDO prepares the bill such that 98% of the bill amount is payable to the supplier (vendor). For the balance 2% TDS, the DDO shall go to the GSTN website and generate a challan with Common portal identification number (CPIN) clearly mentioning CGST, SGST or IGST as the case may be.

5. DDO sends the Bill to Treasury in the case of State Government and Pay and Accounts office in the case of Central Government along with CPIN, copy of challan and amount details to be paid as TDS. He shall mention the beneficiary of TDS payment as Reserve Bank of India (RBI).

### **Making of payment to supplier and TDS to Government by Treasury or PAO**

6. **Payment to supplier:** The Treasury or Pay and Accounts Office (PAO) shall make payment to supplier using the mode being used by them presently for making such payment.

7. **Payment of TDS:** For payment of TDS, the Treasury or the PAO shall make payment to RBI using the National Electronic Funds Transfer (NEFT) mode against the CPIN sent by DDO for the amount mentioned in the challan. The payment can be made through any of the following modes :

- Advise to bank either electronic or otherwise to make such payment. Electronic mode shall be used when Treasury or PAO are on Plan scheme monitoring system (PFMS), Integrated financial management system(IFMS) or any other web service.
- Payment through cheque using over the counter (OTC) mode of payment where online facility is not available or where DDOs are presently making payment through cheque.

8. On successful payment, RBI will generate the Challan identification number (CIN) and send the CIN information to GSTN who will update the Electronic Cash Ledger of the Tax Deductor (DDO) in the GSTN. The CIN shall be communicated to DDO.

### **Filing of return by DDO and updating cash ledger of contractor (deductee)**

9. The DDO shall file returns for the tax deducted in Form GSTR 7 on the GSTN portal by 10<sup>th</sup> of the next month.

10. On filing returns by the Tax deductor (DDO), the required TDS certificate that is to be provided by the Deductor to the supplier will be automatically generated in the GSTN portal in Form GSTR 7A.

11. Based on the returns filed by the Deductor (DDO) in GSTR 7, the Form GSTR 2A of the supplier shall get auto-populated. When the supplier files his GSTR 2, the electronic Cash ledger of the supplier gets credited.

The above payment process for Tax deducted at source(TDS) under GST is presented for consideration and approval of the GST Council.