

Addendum to Agenda Item 8: Imposition of Cess on Sugar under GST and reduction of GST rate on Ethanol

1. An agenda note for consideration in the 27th GST Council meeting to be held on 4th May, 2018 was circulated amongst the States proposing reduction in GST rates on ethanol from 18% to 12%.
2. During the discussions in the officer's meeting held before the GST Council meeting, some states had expressed reservations to the proposal for reduction of GST rates on ethanol on the ground that it would benefit the distilleries by reducing tax burden on alcoholic liquor for human consumption.
3. In this context, it is proposed that the GST rates may be reduced from 18% to 12% only on the ethanol supplied to Oil Marketing Companies for blending with petrol. Though, this will be an end used based concession, the probability of its misuse will be minimal, keeping in view that the recipient of such ethanol are the Public Sector Undertaking Oil Marketing Companies.