Confidential

सत्यमेव जयते

Agenda for

31st GST Council Meeting

22nd December 2018

Volume – 2

माल और सेवा कर परिषद
GOODS AND SERVICES
TAX COUNCIL

File No: 800/31st GSTCM/GSTC/2018
GST Council Secretariat

Room No.275, North Block, New Delhi
Dated: 06th December, 2018

Notice for the 31st Meeting of the GST Council scheduled on 22nd December 2018

The undersigned is directed to refer to the subject cited above and to say that the 31st Meeting of the GST Council will be held on 22nd December 2018 at Hall No 2-3, Vigyan Bhawan, New Delhi. The schedule of the meeting is as follows:

- Saturday, 22nd December 2018 : 10:30 AM to 1:30 PM

2. In addition, an Officer's Meeting will be held on 21st December 2018 at Hall No 2-3, Vigyan Bhawan, New Delhi as follows:

- Friday, 21st December 2018 : 10:30 AM to 4:30 PM

3. The agenda items for the 31st Meeting of the GST Council will be communicated in due course of time.

4. Please convey the invitation to the Hon'ble Members of the GST Council to attend the Meeting.

-sd-
(Dr. Ajay Bhushan Pandey)
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, CBIC, North Block, New Delhi, as a permanent invitee to the proceedings of the Council.

5. Chairman, GST Network

Agenda Items for the 31st Meeting of the GST Council on 22nd December 2018

1. Confirmation of the Minutes of 30th GST Council Meeting held on 28 September, 2018
2. Deemed ratification by the GST Council of Notifications, Circulars and Orders issued by the Central Government
3. Decisions of the GST Implementation Committee (GIC) for information of the Council
4. Decisions/recommendations of the IT Grievance Redressal Committee (ITGRC) for information of the Council
5. Review of Revenue position
6. Issues recommended by the Fitment Committee for the consideration of the GST Council
7. Issues recommended by the Law Committee for the consideration of the GST Council
    i. Extension of the due date for furnishing the statement in FORM GSTR-8 by electronic commerce operator for the months of October, November and December, 2018
    ii. Extension of last date for allowing migration of taxpayers who received Provisional Identification Number (PID) till 31st December, 2017
    iii. FAQ on Banking, Insurance and Stock Brokers Sector
    iv. Amending SOP issued on TDS - Issues on furnishing of return in FORM GSTR-7 by registered persons required to deduct tax at source under section 51 of the CGST Act for period during which the deductor was not registered
    v. Update on the implementation status of the issues referred to the Law Committee by the GST Council
    vi. Request for exemption from provisions relating to Tax Deduction at Source (TDS) in case of taxable supplies between Government Authority to another Government Authority or to PSU and *vice versa*
    vii. Amendments to the CGST Rules, 2017
    viii. IGST Rules for determination of Place of Supply
    ix. Circular to clarify certain issues under GST
    x. Circular to clarify denial of composition option by tax authorities and effective date thereof
    xi. Clarification on refund related issues
    xii. Clarification on export of services under GST
    xiii. Requirement of submission of invoices for processing of refund claims of unutilised Input Tax Credit (ITC) in FORM GST RFD-01A
    xiv. Proposal for centralized Authority for Advance Ruling and centralized Appellate Authority for Advance Ruling under GST
    xv. Suggestions made for allowing quarterly payment by small taxpayers
    xvi. Issuance of a Circular to clarify taxability of medicines and consumables supplied to in-patients in hospitals during the course of treatment
    xvii. Amendments to the CGST Rules, 2017, consequential to notifying the provisions of the CGST (Amendment) Act, 2018, SGST (Amendment) Act, 2018 and IGST (Amendment) Act, 2018
    xviii. Proposal to extend the due date for availing ITC on the invoices or debit notes relating to such invoices issued during the FY 2017-18 under section 16(4) of CGST Act, 2017 till the due date for furnishing of return for the month upto March, 2019
    xix. Extension of the due date for furnishing of annual returns in FORM GSTR-9, FORM GSTR-9A and reconciliation statement in FORM GSTR-9C for the Financial Year 2017 – 2018
    xx. Proposal for amendment of Section 50 of CGST Act, 2017 to allow payment of interest on net cash liability

xxi. Reduction in amount of late fees leviable on account of delayed furnishing of FORM GSTR-1, FORM GSTR-3B and FORM GSTR-4 for the months/quarters from July, 2017 to September, 2018

xxii. Proposal to extend benefit of composition levy for small service providers

xxiii. Proposal to introduce the new return system on trial basis from 01.04.2019 and on mandatory basis from 01.07.2019

xxiv. Single interface for disbursal of refund amounts

xxv. Rationalisation of cash ledgers in GST

8. Approval of modifications in Articles of Association (AOA) and Memorandum of Association (MOA) of Goods and Services Tax Network (GSTN) based on decision of the GST Council to convert it into a 100% Government-owned entity
9. Status report of work of GoM on Revenue Mobilisation
10. Status report of passage of SGST (Amendment) Bill, 2018 in various States and Union Territories with Legislatures
11. Reconstitution of membership of the Law Committee, Fitment Committee and IT Committee for information of the Council
12. Any other agenda item with the permission of the Chairperson
13. Date of the next meeting of the GST Council

TABLE OF CONTENTS

Discussion on Agenda Items

Agenda Item 6: Issues recommended by the Fitment Committee for the consideration of the GST Council

This agenda item deals with changes in GST rate for supply of goods and services. The proposed changes in GST rates emanate from the recommendations made by the Fitment Committee as detailed below.

2. The Fitment Committee met on 14th and 15th December, 2018 and had detailed discussions on requests/representations received from various stakes holders including VIPs, Ministries, trade associations including the big four associations (FICCI, PHD Chamber of Commerce, ASSOCHAM, CII), States, Industry / individuals, seeking changes in GST/IGST rates or seeking clarification on supply of goods/services, and certain issues referred to Fitment Committee by The GST Council in the previous meetings. The Fitment Committee had detailed deliberations on the issues and based on these discussions, Fitment Committee has made certain recommendations for consideration of the GST Council.

3. Further, Fitment Committee also reviewed the list of goods and services attracting 28% GST rate. It has recommended reduction in GST on certain goods and services to 18%. These items include re-treaded tyre; pulley, gear box, crank shaft, transmission shaft, flywheel etc. (agri auto and machinery inputs falling under heading 8483); television and monitors upto 32 inches; digital and video cameras; power bank (lithium ion accumulator); snooker, billiards, videogames and consoles, casino games; parts and accessories for disabled carriage; movie tickets of value more than Rs 100 per ticket.

4. Fitment Committee's recommendations are categorised in four categories, namely,

(i) Rate change recommended

(ii) Status quo in existing rates recommended

(iii) Issuance of clarification for imparting clarity to a issue is recommended.

(iv) Issue referred to GST Council for taking a decision.

5. Accordingly, Fitment Agenda for consideration of the GST Council is summarised as below:

a) Recommendations for making changes in GST rates or for issuance of clarification in relations to goods- **Annexure I**
b) Recommendations for making changes in GST rates or for issuance of clarification in relations to Services- **Annexure II**
c) Issues where **no change** has been proposed by the Fitment Committee in relation to goods **-Annexure III**
d) Issues where **no change** has been proposed by the Fitment Committee in relation to services**-Annexure IV**
e) Issues referred to GST Council for decisions in relation to services –**Annexure V**

6. Law Committee has given recommendations on two issues pertaining to taxability / applicable GST rates on services. The same is placed at **Annexure VI.**

Annexure I

LIST OF GOODS RECOMMENDED FOR CHANGE IN GST RATE/ISSUANCE OF CLARIFICATION

S. No.	Description	HSN	Present GST Rate (%)	Requested GST rate (%)	Comments
A	**Reduction in GST rate on goods**				
1	Pulleys Transmission Shafts and cranks, gear boxes etc.	8483	28%	18%	1. Goods covered under heading 8483 are: "*Transmission shafts (including cam shafts and crank shafts) and cranks; bearing housings and plain shaft bearings; gears and gearing; ball or roller screws; gear boxes and other speed changers, including torque converters; flywheels and pulleys, including pulley blocks; clutches and shaft couplings (including universal joints)"*. 2. Initially all goods under Chapter heading 8483 attracted 28% GST rate. 3. In 16th GST Council Meeting held on 11th June 2017, the Council recommended reduction of GST on Ball bearing, Roller Bearings, Parts & related accessories covered under Chapter heading 8482 from 28% to 18% 4. GST Council in its 22nd Meeting held on 6th October 2017 recommended reduction of GST rate from 28% to 18% on Plain Shaft Bearing. 5. Further, GST Council in its 23rd Meeting recommended, reduction in GST from 28% to 18% on Crank shaft for sewing machine, bearing housings; gears and gearing; ball or roller screws attracts GST rate of 18%. 6. A number of requests have been received requesting a lower rate of 12% on items falling under this heading. 7. Items like Pedestal blocks, bearing housings, Gear boxes, Balance wheels, Transmission pulleys, crank shaft etc. as are common to agricultural machineries and other machineries. 8. Agricultural machinery is at 12%/5% and other machinery is at 18%. 9. These items are mostly used as intermediate and therefore most of the tax paid on these items is passed on as ITC. However, certain quantity may also be for final consumption. Lowering rate of tax on these commodities below 18% will lead to inversion. 10. Hence Fitment Committee recommends reducing GST rate from 28% to 18% on all items under this heading. This will give relief to agro machinery sector.

S. No.	Description	HSN	Present GST Rate (%)	Requested GST rate (%)	Comments
2	Music Books	49	12%	Nil	1. Music books falling under tariff heading 4904 00 00 attract 12 % GST. 2. All other printed books have been exempted from GST based on pre-GST tax incidence and taking into consideration that these are basic material for education. 3. On the same rationale, Nil GST may be considered for the Music Books. 4. It may however be noted that Nil GST may have adverse impact on domestic seller. However, same treatment needs to be given to all books. 5. Hence Fitment Committee recommends for exemption from GST on musical books.
3	Fly Ash Block	6815	12%	5%	1. Fly ash brick and fly ash block attracted 12% GST rate as per pre-GST tax incidence with effect from 1.07.2017 [with inception of GST] 2. The GST Council in its 23rd Meeting, rationalised GST rates on various goods, and recommended reduction in GST rate from 12% to 5% on fly ash brick also. 3. Hence Fitment recommends to reduce GST from 12% to 5% on fly ash block also, at par with fly ash bricks
4	Walking stick	6601	12%	5%	1. Walking stick falls under heading 6601 and attracts 12% GST. 2. Goods of bamboo, rattan etc. falling under headings 4601 and 4602 are already at 5%. 3. Hence Fitment Committee recommends for reduction in GST from 12% to 5% on walking stick.
5	Footwear	Chapter 64	5%/ 18%	12% on all footwear or remove the pre-conditions (indelibly mark or emboss the sale price) for 5%	1. The 28th GST Council reviewed the GST tax structure on footwear and recommended to extend concession GST rate on footwear up to Rs.1000 (which was Rs. 500 previously). 2. The concessional rate on footwear is based on sale price indelibly marked or embossed on the footwear itself. 3. The transaction value of the footwear may differ according to discount offered. 4. However, the actual sale price after applicable discount is not factored to arrive at applicable GST rate. 5. Request merits consideration. GST rate should be linked to supply value. 6. For garments, the GST rate is linked to the value of supply. Similar change also made in respect of hotel rooms by delinking GST rate from declared prices. 7. Hence Fitment Committee recommends that rate of 5%/12% be applied based on transaction value as is the case for garments and hotels, the two other

S. No.	Description	HSN	Present GST Rate (%)	Requested GST rate (%)	Comments
					cases where differential rate exists based on the value of supply.
6	Natural cork	4501	12%	5%	1. Goods manufactured out of vegetables like straws etc. (Chapter 46) attract 5% GST. 2. Goods falling under Chapter 45 attract 12%/18% GST. 3. These goods are also manufactured from agro based raw material and the volume is negligible. 4. Cork is used in sports goods like shuttle cock and balls etc. which are at 12%. 5. Hence Fitment Committee recommends reduction in GST rates on goods falling under Chapter 45 as under a) Natural cork 12% to 5% b) Cork roughly squared or debagged 18% to 12% c) Articles of natural cork 18% to 12% d) Agglomerated cork 18% to 12%
7	Cork roughly squared or debagged	4502	18%	12%	
8	Articles of natural cork	4503	18%	12%	
9	Agglomerated cork	4504	18%	12%	
10	Marble Rubbles/ Karezi	2515 11 00	18%	5%	1. The Marble Rubbles falling under Heading 2515 11 00 attracts 18% GST (as residuary entry). 2. Similar product of granite (granite crude or roughly trimmed) falling under heading 25161100-S. No. 125 of notification No.01/2017- Central Tax (rate) have been kept at 5% GST rate. 3. Fitment Committee recommends same treatment, (on par with granite) to crude and roughly trimmed marble and travertine falling under heading 2515 1100.
11	GST on auction proceed of gifts received by President, PM, Governor and CM -proceed is used for public or charitable cause	Any chapter	Varied	Nil	1. Fitment recommends for GST exemption of the proceed realised in auction of such gift items received by the President, Prime Minister, Governor or Chief Minister- sale proceed is to be used for public or charitable cause.
12	Supply of gold by Nominated Agencies to exporters of article of Jewellery of gold	7108	3%	Nil	1. Import of Gold by specified banks and PSUs is exempted from BCD. Also, exporters may import gold at Nil BCD under advance license for the purpose of exports. 2. However, IGST exemption is not allowed upfront to exporter jewellers, for procuring gold from nominated entities, causing hardship to the exporters by way of cash flows. 3. The matter was discussed in the Fitment Committee Meeting dated 10th January, 2018 where it recommended that possibility of procurement of gold by jewellery manufacturers, exclusively for export of jewellery, from specified banks and PSUs may be explored in consultations with the Director General of Foreign Trade.

S. No.	Description	HSN	Present GST Rate (%)	Requested GST rate (%)	Comments
					4. This recommendation, which was also referred by certain States, was again discussed in the Fitment Committee meeting held on 9th and 10th of July, 2018. 5. DGFT has now specifically recommended allowing this concession in the interest of exports. 6. Considering that bank would take the responsibility of paying GST if gold is not exported in the form of gold product, there may be merit in agreeing to the request in the interest of the exports. In any case GST paid on such gold by the exporter is required to be refunded upon exports. Revenue's interest is fairly secured on account of bank acting as collateral. This would help exporters (by addressing the concern of cash flow). 7. Fitment recommends for exemption from GST on supply of gold by Nominated Agencies to exporters of article of Jewellery of gold.
13	Vegetables, (uncooked or cooked by steaming or boiling in water and put in a unit container)	0710	5%	Nil	1. Vegetables fresh, chilled, frozen (other than put in unit container and branded), or dehydrated are exempt from GST. 2. Fitment Committee observed that rationalisation of rates may be merited for these vegetables. 3. Hence Fitment Committee recommends reduction in GST rates on Vegetables, (uncooked or cooked by steaming or boiling in water and put in a unit container) from 5% to nil.
14	Vegetable provisionally preserved	0711	5%	Nil	1. Same as above [S. No 13 refers]. 2. Hence Fitment Committee recommends reduction in GST rates on Vegetables, (uncooked or cooked by steaming or boiling in water and put in a unit container) from 5% to nil.
15	Monitors/ TVs	8528 51	28%	18%	1. The GST rate has already been reduced on computer monitor having screen upto 20 inches and TVs upto 68 cm to 18% GST. The monitor and TVs above these sizes attract GST @28%. 2. Trade has represented that computer monitors are important parts of personal computers and keeping the rate as high as 28% on such products is not only hampering the industry but also the aim of the Government of digital India. 3. TVs upto 68 cm attract 18%. [The size of 68 cm was taken on account of tariff line]. This has led to disparity between TV and computer screen. 4. TVs upto 32 inches are commonly used items. 5. Fitment Committee recommends reduction in GST from 28% to 18% on monitor and TVs of size up to 32-inch size.
16	Power Banks of lithium ion battery	8507	28%	18%	1. GST on lithium ion battery falling under tariff line 8507 60 00 was reduced from 28% to 18% [with effect from 27.07.2018] based on the recommendation of 28th GST Council meeting.

S. No.	Description	HSN	Present GST Rate (%)	Requested GST rate (%)	Comments
					When used for manufacture of mobile phones these attract 12% GST rate. 2. Power banks consisting of lithium ion battery however attract 28% GST. 3. Power bank supplier have represented that it should be given the same tax treatment as given to lithium ion battery. 4. To reduce dispute in assessment Fitment Committee recommends reduction of GST from 28% to 18% on all kind of lithium ion accumulators, including power bank.
17	Digital cameras and video camera recorders	8525	28%	18%	1. The GST Council in its 23rd meeting has pruned the list of goods attracting 28% GST rate and GST rate was also reduced from 28% to 18% on all goods of heading 8525 [except digital cameras and video camera recorders (other than CCTV)] @8% list was further pruned in the 28th Council Meeting. 2. Digital camera and video cameras recorders falling under heading 8525 continue to attract 28% GST. However, considering that mobile phone attracts GST at the rate of 12% and most of the electronic/white goods now attract 18%, there is a case for rationalising rates of digital camera and video camera recorder. This is no more a luxury item and more of an item of hobby or professionals. When used for professional purposes, ITC of tax paid is available. 3. Hence Fitment Committee recommends for reduction in GST from 28% to 18% on digital cameras and video camera recorders
18	Re-treaded or used pneumatic tyres of rubber; solid or cushion tyres, tyre treads and tyre flaps, of rubber.	4012	28%	18%	1. Re-treading is generally done by MSME sector. 2. The revenue implication is not significant 3. Considering the nature of goods, there is justification for rate reduction keeping in view that a large number of items have already been taken out of 28% list to 18% list. 4. Fitment Committee recommends reduction of rate from 28% to 18% on re-treaded tyres and tubes.
19	Flexible Intermediate Bulk Container (FIBC)	6305	5%/ 12% depending on the value	12%	1. As per explanatory notes to HSN 2012 issued by WCO it is clearly stated that heading 3923 excluded Flexible Intermediate Bulk Containers and these are classifiable under heading 6305. The eight digits CTH for the same is 6305 32 00. 2. As per recommendation of the GST Council in its 15th meeting held on 3rd June 2017, the GST rate on all made ups of chapters 61, 62 and 63 were fixed at 5% for articles with value of upto Rs. 1000 per piece and 12% for those above Rs 1000 per piece. 3. Accordingly, Fitment Committee recommends: a) That Flexible Intermediate Bulk containers (FIBC) are classifiable under heading 6305.

S. No.	Description	HSN	Present GST Rate (%)	Requested GST rate (%)	Comments
					b) Instead of two rates based on the sale value of the product, a uniform rate of 12% may be prescribed for the product as it is essentially an item of intermediate use.
20	Objects used in Billiards and Snookers	9504	28%	18%	1. Heading 9504 covers video games consoles and Machines, article and accessories for billiards [9504 20 00], other games operated by coins, banknotes, i.e., casino games [9504 20 00] and others [other than board games of 9504 90 90]. 2. Chapter 94 covers sports goods and toys. All items under this Chapter attract GST at the rate of 12% or 18% except the heading 9504. 3. While reviewing the 28% list, the rate was not reduced on this heading on the ground that it also covers casino games. However, it is felt that the casino games falling under this heading are inputs for the casinos and therefore tax paid on such goods would be generally available Hence it is pass through. With considerable pruning of 28% list, there may not be justification to continue 28% rate on articles for billiards and snooker and video game consoles. Therefore, there is a justification to reduce the GST rate on the entire heading. This would bring entire chapter 95 under 12%/18%. 4. Hence Fitment recommends for reduction of GST from 28% to 18% on all goods of heading 9504
21	Retrofit wheel attachments and other parts /accessories for the carriage of physically challenged people	8714	28%	5%	1. Carriages for disabled persons, whether or not motorised or otherwise mechanically propelled falling under 8713 attract 5% GST rate 2. Parts (including retrofit wheel attachment) for such carriage fall under sub-heading 8714 20 [specific sub-heading] and attract GST rate of 28%. 3. Retrofit wheel attachments and parts and accessories of carriage are specifically designed for the use of physically challenged people with lower limb/limbs disorder. These are bolt-on kits which can be fitted to any two-wheeler scooter, converting it into a four-wheeler, so that people with lower limb/limbs disorder can use those. 4. Since the inception of GST, various assistive devices, rehabilitation aids and other goods for disabled such as crutches, wheel chairs, carriage for disabled persons, whether or not motorized or otherwise mechanically propelled etc. attract 5% GST. 5. Hence, Firmament Committee recommends reduction in GST from 28% to 5% on retrofit wheel attachment and other items falling under sub-heading 8714 20.
22	Temporary importation of Private Road	8703	Applicable GST rate	Exemption from IGST on temporary	1. A Notification No. 296/76-Customs dated 2.08.1976 was issued exempting vehicles imported from duties of Customs, in accordance

S. No.	Description	HSN	Present GST Rate (%)	Requested GST rate (%)	Comments
	Vehicles under the convention of carnet de passage			importation of private road vehicles under the convention	with the Convention on the Temporary Importation of Private Road Vehicles. 2. The temporary duty-free import under a valid carnet de passagesen-douane is allowed subject to re-export within 6 months of import, which is extendable by further 6 months by the Commissioner of Customs. 3. However, such imports attract IGST/Compensation Cess and request is for exemption from payment of IGST and compensation cess on vehicles imported for temporary purposes under the Customs Convention on the Temporary importation of Private Road Vehicles (carnet de passages-en-douane) [also to be given retrospective effect from 01.07.2017 through Finance Fill). 4. Fitment Committee recommends exemption from IGST/Compensation cess on vehicles imported for temporary purposes under the Customs Convention on the Temporary importation of Private Road Vehicles (carnet de passages-en-douane). The proposed exemption would be subject to the existing conditions of Notification No. 296/76-Customs dated 2.08.1976. Fitment Committee also recommends retrospective exemption from 01.07.2017 through Finance Bill.
23.	Review of 28% list			Rate reduction	1. Several requests/representations have been received for reduction of GST rate on items covered under 28% List. 2. The Fitment Committee reviewed the List. 3. The Fitment Committee has recommended reduction of GST rates on goods falling under this List as mention at S. No. 1, 15, 16, 17, 18, 20, and 21 and in S.No. 2 in **Annexure V** on supply of cinema exhibition service. 4. On other items in the List, Fitment Committee was of the view that either the revenue implications are too significant or items fall in the category of luxury/sin goods. Hence at this stage, GST rate on such items may not be reviewed. 5. This list may be further reviewed in future as and when the GST Revenue stabilises
B.	**Clarification, Valuation proposals and proposals for consequential changes**				
1	Solar power generating System (SGPS) and other renewable energy system-supplied under EPC			SGPS is at 5%. Clarify the tax rate on EPC supply of SGPS	1. Vide S. No. 234 of Schedule I in notification No. 1/2017-Central Tax (Rates), 5% rate has been prescribed on renewable energy devices & parts for their manufacture (for bio gas plant/solar power-based devices, solar power generating system (SGPS), wind mill operated electric generator, waste to energy plant devices etc) falling under chapter 84, 85 or 94 of the Tariff.

S. No.	Description	HSN	Present GST Rate (%)	Requested GST rate (%)	Comments
					2. SGPS is either supplied under two or three separate contracts of supply of parts, supply of services, or combination thereof. The applicability of tax rate of supplies of equipment and services supplied under an EPC contract for supply of SGPs has led to large number of disputes. This matter has been aggravated due to different decisions on the matter by the Advance Ruling of various states like Rajasthan, Maharashtra, Karnataka and Uttarakhand. 3. The fitment Committee has examined the matter. After taking into account the pre-GST position as well as the tax incidence on various input and input services (specific inputs falling under Chapter 84, 85 and 94 being at 5% and rest of the goods and services mostly being at 18%) the fitment Committee felt that this issue could be resolved by assigning value to the supplies falling under said entry 234 when supplied along with other supplies like services under EPC and goods not covered by said entry. It would be appropriate to take the deemed value of goods falling under entry no. 234 as 70% of the total amount charged. Remaining 30% value may be deemed as value of supply of services. It is based on fair estimation from cost breakup. The goods covered by said entry constitute about 70% of the value the total amount charged for solar power plant. 4. The above proposed valuation methodology will apply to other renewable energy system of S.No 234 of notification No. 1/2017-Central Tax (Rates). 5. Exact formulation will be worked out in consultation with Ministry of Law.
2.	Sprinklers and Drip irrigation system used in agriculture sector	84	12%	Clarifying that, “in the entry 195B, covers sprinkler irrigation system and attracts 12% GST	1. Doubts have arisen, as in certain cases a view has been taken in the field that, 12% GST would not be extended to “laterals of sprinklers” and “sprinklers irrigation system”, while laterals of drip irrigations are eligible for 12% GST. 2. 25th GST Council Meeting recommended concessional 12% GST for micro irrigation systems, namely, sprinklers, drip irrigation system, including laterals. Accordingly, the entry No. 195B was inserted vide notification No. 6/2018- Central Tax (Rate), dated 25th January, 2018 which provides 12% GST on “Sprinklers; drip irrigation system including laterals” 3. The micro irrigation, sometimes called‘ localised irrigation’ , ‘low volume irrigation’ or ,‘ trickle irrigation’ is a system where water is distributed under low pressure through piped network, in a pre-determined pattern, and applied as a small .discharge to each plant or adjacent to it

S. No.	Description	HSN	Present GST Rate (%)	Requested GST rate (%)	Comments
					4. The traditional drip irrigation using individual ,emmitters, subsurfaces drip irrigations (SDI) micro-spray or micro-sprinkler irrigation, and mini bubbler irrigation all belong to the catgeory of micro irrigation method. 5. Therefore, the term "sprinklers", in the said entry 195B, covers sprinkler irrigation system. 6. Therefore, sprinkler system consisting of nozzles, lateral and other components would attract 12% GST rate and thus accordingly a circular will be issued.
3	Bagasse based particle board	4410	12%	Clarification of 12% GST Rate for Bagasse based particle board whether plain or pre-laminated	1. The Bagasse Board has specific entry at S. No. 92 in Schedule II to the Notification 1/2017-Central Tax (Rate) 2. The said entry covers Bagasse boards falling under 44 or any other chapter. 3. The goods with description Bagasse Board [whether plain or laminated] falling under heading 4410 or 4411 or 4412 will attract concessional GST rate of 12% 4. Fitment Committee recommends for issuance of clarification stating that Bagasse Board [whether plain or laminated] attracts 12% GST.
4	Rigs, tools & Spares and all goods on wheels	Any chapter		Clarification of GST on such goods moved inter-State by the service provider for providing service	1. Any movement of goods for provision of service where no transfer of title in goods or transfer of goods to the distinct person is not involved does not amount to supply of goods. 2. Hence, any such movement on own account (not involving distinct person in terms of section 25), where such movement is not intended for further supply of such goods (it is not stock transfer or supply to own unit-distinct person), does not involve a supply (e.g., movement of testing equipment etc.). 3. Hence the Fitment Committee recommends for issuance of clarification on the above lines.
5	Liquefied Petroleum Gas for Domestic Use	2711	5%	Clarification that GST rate @5% on domestic LPG is applicable on LPG supplied by refiners/fractionators (like GAIL / ONGC) to OMCs (like IOCL/HPCL) for ultimate supply to household domestic	1. Clarification has been sought in the context of S. No. 165A of notification No.1/2017-Central Tax (Rate) dated 28.6.2017. On the recommendations of the GST Council in its 25th Meeting, S. No. 165A on notification No. 1/2017-Central Tax extending 5% GST rate for supply of LPG to household domestic consumers 2. The Fitment Committee observed that the domestic LPG is differentially priced and packed differently from commercial LPG. The usage of LPG for domestic supply is known at the time of supply being made by refiner/fractioneers to OMCs. 3. Accordingly, the Fitment Committee recommends for issuance of a clarification that said exemption will equally apply to the LPG supplied in bulk to

S. No.	Description	HSN	Present GST Rate (%)	Requested GST rate (%)	Comments
				consumers in terms of MOPNG letter	an OMC for bottling and supply to household domestic consumers.
6	Fish meal and other raw materials used for making cattle/poultry/aquatic feed	2301	5%	Clarification	1. Fish meal is an input used to manufacture aquatic feed, cattle feed, poultry feed etc. 2. Fish meal under HS code 2301 attracts 5% GST rate. Aquatic/cattle/poultry feed falling under 2309 or 2301 attracts nil GST rate. These products have not been zero rated. 3. Requests for exemption from GST have been received for large number of inputs going into animal feed (items like oil cakes of various oil seeds, soya seeds, meat bone meal, bran, sharps, residue of starch and all other goods falling under heading 2302, 2303, 2304) 4. Revenue implication of such exemption would be quite significant. 5. Fitment Committee was of the view that zero rating of animal feed may not be desirable and inputs may attract nominal tax of 5%. 6. Fitment Committee recommended for issuance of clarification that inputs for animal feed are not covered by S. No. 102 of notification No. 2/2017 and would attract applicable GST (5% in most cases).
7.	Animal Feed Supplements/ feed additives from drugs	2309/ 2936	Nil/18%	Clarification	1. HSN 2309, inter alia, covers vitamins and provitamins which improve digestion and, more generally, ensure that the animal makes good use of the feeds and safeguards its health 2. HS code 2936 coves vitamins and provitamins which are medicinal in nature and have much higher concentration of active substance. Vitamins classifiable under HS code 2936 are generally of higher cost/value. 3. This issue has earlier been clarified vide circular No. 188/22/96-CX, dated 26.3.1996. 4. Fitment Committee recommended issuance of circular on the same line.
8.	Chhatua (Known as "Sattu" in Hindi Belt)- It is a mixture of flour of ground pulses and cereals.	1106	Nil/5%	Clarify the tax rate on Chhatua /Sattu	1. Mixture of floors of cereals and lentils fall under Chapter 11 of Tariff (heading 1106 for flour of lentil) attracts nil GST if unbranded and attracts 5% GST when packed in a unit container and bears a brand. 2. Fitment Committee recommends that clarification may be issued accordingly.
9.	Polypropylene Woven and Non-Woven Bags and PP Woven and Non-Woven	3923	18%	Clarification as to classification	1. As per the explanatory notes to the HSN, all types of Polypropylene woven and non-woven bags and Polypropylene woven and non-woven bags laminated with BOPP [except FIBC (Flexible Intermediate Bulky Container)] are manufactured by using plastic granules (Polypropylene) which is

S. No.	Description	HSN	Present GST Rate (%)	Requested GST rate (%)	Comments
	Bags laminated with BOPP				a thermo plastic polymer and falls under HSN code 3923. 2. In Central Excise, the Central Government had issued a circular No. 54/12/91 dated 24.09.1992 to clarify that these items are classified under Chapter 39. 3. Fitment Committee recommends for issuance of circular on similar lines.
10.	Wood logs for pulping	44		Clarification	1. Wood in rough falls under heading 4403 and attracts 18%. The entire heading is covered under 18% rate. 2. As per HSN, heading 4401 covers: "*Wood in chips or particles, i.e., wood mechanically reduced into small chips (flat, rigid and roughly squared) or particles (thin and flexible) used for producing cellulose pulp by mechanical means, by chemical means or by combining mechanical and chemical means or for the manufacture of fibreboard or particle board. By virtue of Note 6 to this Chapter, the heading also includes similar products obtained, for example, from bamboo.* *Pulpwood presented in the round or quarter-split is excluded (heading 44.03)*". 3. Further as per HSN, heading 4403 covers *"The principal products classified here, when of the above description, include: timber for sawing; poles for telephone, telegraph or electrical power transmission lines; unpointed and unsplit piles, pickets, stakes, poles and props; round pit-props; logs, whether or not quarter-split, for pulping; round logs for the manufacture of veneer sheets, etc.; logs for the manufacture of match sticks, wood ware, etc."*. 4. Thus, there is 5% GST on wood chips [4401] and 18% GST on wood logs or any kind of wood in the rough, including the wood in rough/log used for pulping fall under heading 4403 and attract 18% GST. 5. Fitment Committee recommends to issue clarification accordingly.
11.	Waste to Energy (WTE) Plant	84/85/ 94	5%	1. Clarification that all goods used for setting up of the WTE plant e.g. collection, transportation, processing etc. attracts GST @ 5%.	1. Renewable energy projects including WTE plants and devices and their parts attract GST at the rate of 5% as per sr. no. 234 of notification No. 1/2017-Integrated Tax (Rate) dated 28th June, 2018. 2. This provision provides the benefit of reduced GST to all the goods falling under Chapter 84, 85 and 94 and used in the initial setting up of the plant. 3. However, the capital goods used for collection and transportation of waste to site is not eligible to the benefit of reduced rate.

S. No.	Description	HSN	Present GST Rate (%)	Requested GST rate (%)	Comments
				2. A separate HSN be allotted to the WTE Plant	4. Fitment Committee recommends for issuance of clarification stating that the capital goods used for collection and transportation of waste to site is not eligible to the benefit of reduced rate of 5% GST.
12.	Turbo Charger	8414	18%	Seeking clarification as regards classification of "Turbo Charger" for rail locomotives	1. The turbocharger is a turbine-driven forced induction device that increases an internal combustion engine's efficiency and power output by forcing extra compressed air into the combustion chamber. It has the compressor powered by a turbine. The turbine is driven by the exhaust gas from the engine. 2. Turbo charger is specifically classified under chapter heading 8414 80 30, and attracts 18% GST with Nil compensation cess. 3. Heading 8607 only covers parts of railways or tramway locomotives or rolling stock such as bogies, axles and wheels and parts thereof. 4. Fitment Committee recommends for issuance of clarification that turbo charger is classified under heading 8414 and attracts 18% GST and not 5% GST.
13.	Embroidered fabric sold in three piece for lady suits	-		Issue clarification regarding applicable rate	1. Fabrics of all kind attract GST at the rate of 5%. 2. Garments and made up attract GST at the rate of 5% when value is less than Rs 1000 per piece and 12% when the value exceeds 12%. 3. Doubts have arisen as regards applicable rates when the embroidered fabric with certain embellishment like gota etc. are sold in three pieces (suit salwar and dupatta fabric). 4. Earlier a clarification was issued to the effect that fabrics cut to size for salwar suits etc. continue to be fabric and attract GST at the rate of 5% irrespective of price. 5. However, now doubt has been raised about three piece fabric sold in a pack as ladies salwar suit, when such fabric is embroidered would fall under the category of made up or fabric. 6. Fitment Committee was of the view that even in three pieces the items remain fabric. To be a garment/made up, it has to be more than mere fabric. Made up article in Chapter 63 covers pieces which have undergone some working, such as hemming or formation of necklines, intended for the manufacture of garments but not yet sufficiently completed to be identifiable as garments or parts of garments. Thus, mere fabric, even if embroidered or has stitching of lace and tikki etc., and even if sold in three piece fabric as ladies suit set, will continue to classifiable as fabric (as essential character of fabrics is not altered) and attract 5% GST.

S. No.	Description	HSN	Present GST Rate (%)	Requested GST rate (%)	Comments
					7. Fitment Committee recommended issuance of clarification on the above lines.

Annexure II

Proposals recommended by Fitment Committee on 14th and 15th December – 2018

Sl. No.	Proposal	Comments
1.	i. Request to exempt long duration degree/ diploma programmes offered by IIMs from service tax since 2003 through retrospective amendment in Budget 2019 ii. Request to issue suitable clarification that with effect from 31st January, 2018, all degrees/ diploma awarded by IIMs under IIM Act, 2017 will be exempt from GST Reference; (i) Secretary, Ministry of Human Resource Development (ii) Director, IIM- Ahmedabad.	Recommendation: It is proposed that, 1. For the periods from 1st July, 2018 to 30th January, 2018: retrospective exemption to one- year executive development program may not be granted. Refund situation would arise because students pursuing long terms programs (one year or more) other than 3 specified programs mentioned at Sl. No. 67 of the notification No. 12/ 2017- CT (R), should have paid GST to IIMs. 2. For the periods from 31st January, 2018, it is proposed to, i. Issue a clarification that with effect from 31st January, 2018 degrees/ diploma awarded by IIMs under IIM Act, 2017 will be exempt from GST ii. Delete the entry at Sl. No 67 of notification No. 12/2017- Central Tax (Rate), dated 28.06.2017 and corresponding entries in notifications issued under IGST, UTGST and SGST Act. 3. For the periods before 1st July, 2017 (pre-GST): the proposal for granting retrospective exemption to exempt long duration degree/ diploma programmes offered by IIMs may be dealt on merits separately as part of annual regular budget, 2019 of the Union Government. **Discussion:** With effect from 31st January, 2018, IIMs are empowered to (i) grant degrees, diplomas, and other academic distinctions or titles, (ii) specify the criteria and process for admission to courses or programmes of study, and (iii) specify the academic content of programmes under the Indian Institute of Management Act, 2017. Therefore, IIMs are educational institutions as per definitions of "educational institution" as defined under notification 12/2017- Central Tax (Rate) dated 28.06.201. Therefore, IIMs can now enjoy exemption benefit from two different Sl. Nos., i.e. vide Sl. No. 66, a generic exemption as "educational institution" and vide Sl. No. 67, a specific exemption to IIMs. As there is now no need to continue with specific exemption granted to IIMs vide Sl. No. 67, which has become redundant, it is therefore decided to be deleted.
2.	Request to exempt levy of GST on services offered by psychologists and special/ remedial educators and all other rehabilitation professionals as recognized by the Rehabilitation Council of India from GST.	**Recommendation:** Agreed for exemption as no serious revenue implication. We may exempt the services supplied by rehabilitation professionals recognised under RCI Act, 1992 by way of rehabilitation/therapy/counseling and such other activity as covered by the RCI Act, 1992 at medical establishments, educational institutions, rehabilitation centers established by

Sl. No.	Proposal	Comments
	Reference: Bombay Psychological Association Trust; Ministry of Social Justice and Empowerment, Govt. of India	Central Govt/ State Govt or Union Territories or entity registered under section 12AA of the Income-tax Act. **Discussion:** 1. Allied health professionals constitute an important and integral force in the healthcare sector. They provide services at various levels, such as at medical establishments, private nourishing homes, various rehabilitation centers established by governments, schools, private bodies, trusts, NGOs and individual clinics. Since these professionals play a crucial role in health sector, we may exempt the services of rehabilitation professionals recognized under RCI Act, 1992 so as to make the rehabilitation healthcare services affordable to needy sections of society, such as students/ divyangjan and likes. 2. To restrict the misuse of this exemption, the exemption may be restricted to medical establishments, educational institutions, rehabilitation centers established by Central Govt/ State Govt or Union Territories or entity registered under section 12AA of the Income-tax Act. Most of these professionals are not collecting GST, the revenue implication for the exemption proposal would be minimal. Further, it will be a goodwill gesture to tax rehabilitation professionals who are serving a large section of disadvantaged, mentally and physically sick and unwell section of society in the country.
3.	The term "financial institutions" is not defined under GST law. Moreover, the terms "Banking and Financial Institutions" is used separately in some provisions of the GST law [such as Section 17(4)], giving impression that they are entities varying from each other. Hence, for the sake of uniformity and greater clarity, the same may be used in the notification. Request: (a) To add words "banking and …" before the words "financial institutions" in entry no. 34Ain Not. No. 12/2017- Central Tax (Rate) inserted vide Not. No. 14/2018 Central Tax (Rate) dt. 26.7.2018.	**Recommendation:** To amend notification to bring clarity. The exemption may be extended to services supplied by Central Government, State Government, Union territory to their undertakings or PSUs by way of guaranteeing the loans taken by such undertakings or PSUs from banks. Presently the exemption is available only for financial institutions. Further, the term Financial Institution may be defined in Notification No. 12/2017-Central Tax (Rate) to have the same meaning as given to it in the RBI Act, 1934. Discussion: 1. Since the Government undertakings or PSUs may take loans from Financial Institutions as well as Banks, it is proposed that the exemption may be extended to Banking Companies as well. 2. Further, the term Financial Institution may be defined in Notification No. 12/2017-Central Tax (Rate) to have the same meaning as given to it in the RBI Act, 1934. 3. In the RBI Act, Financial Institution has been defined as an institution other than a banking institution which carries on activities including financing by way of giving loans and advances, hire purchase of goods, insurance etc. Thus under the RBI Act, banks and other financial institutions have been treated as two distinct categories. 4. The term 'banking company' has been defined in the Notification No. 12/2017-Central Tax (Rate) as under:

Sl. No.	Proposal	Comments
		"banking company" has the same meaning as assigned to it in clause (a) of section 45A of the Reserve Bank of India Act,1934(2 of 1934).
	(b)The scope of the term "Financial institutions" may be defined in entry no. 34A in Not. No. 12/2017- Central Tax (Rate) inserted vide Not. No. 14/2018 Central Tax (Rate) dt. 26.7.2018.	Agreed as above. Recommendation: The proposal may be accepted.
	(c)Clarification as to whether the exemption provided by entry no. 34A in Not. No. 12/2017- Central Tax (Rate) inserted vide Not. No. 14/2018 Central Tax (Rate) is also applicable on issuance of Debenture bonds. Reference: Secretary, Finance (Revenue), Rajasthan	Agreed to reply as below. Recommendation: It may be clarified to Secretary, Finance (Revenue), Rajasthan that exemption provided by entry no. 34A of Not. No. 12/2017- Central Tax (Rate) is not applicable in respect of guarantee commission payable in case of issuance of bonds/debentures.
4.	Exemption notification to be issued for exempting GST on license fee charged for liquor license w.e.f. 01.07.2017. Reference: 1. GST Council Secretariat 2. DGCEI 3. Telangana 4. Sab-Miller	Recommendation: 1. Exemption notification may be issued. This issue has already been decided in the GST Council. However, the expression "GST was not leviable on license fee and application fee by whatever name it is called, for alcoholic liquor for human consumption" in the decision of the 26th GST Council meeting can be implemented through issue of an exemption notification and it would not be possible to issue a circular in this regard as the Central Government's position is that it is taxable and SCNs have been issued on the issue. 2. The issue of prospective exemption on license fee or application fee or by whatever name called charged for grant of liquor license is recommended by FitCom and shall be issued. 3. So far as the retrospective exemption is concerned, tax paid and not paid figures may be ascertained and same may be resubmitted for examination to Fitment Committee. Discussion: 1. The GST Council in its 26th meeting held on 10 March, 2018 approved that GST was not leviable on license fee and application fee by whatever name it is called, for alcoholic liquor for human consumption and that this would also apply mutatis mutandis to the demand raised by Service Tax/ Excise authorities on license fee for alcoholic liquor for human consumption in the pre-GST era. 2. The decision of the 26th GST Council meeting held on 10.03.2018 did not envisage issuance of any exemption notification or circular and neither were issued. 3. All services provided by Government, governmental authority or local authority to business entities (subject to specific exemptions so provided) became leviable to Service Tax with effect from 1.4.2016. They are also taxable under GST and therefore exemption needs to be issued.

Sl. No.	Proposal	Comments
		4. In order to clear the doubts on the issue and to safeguard Government revenue on other Government services, a clear-cut exemption notification needs to be issued exempting GST/Service Tax on the liquor license fee.
5.	Clarification regarding payment of GST on Lease Rent of Private Entrepreneurs Godowns (PEG) Reference: Food Corporation of India	Recommendation: Agreed for clarification. A clarification may be issued to FCI that: i. The services supplied by the private investor by way of leasing of warehouse in lieu of agreed rent, without any other services, shall be liable to tax under GST. Such services are classifiable under heading 9972 and taxable @18% under GST. ii. The service provided by godown owner in case of lease with services, where the godown owner, besides leasing the warehouse, undertakes to carry out activities of storage and preservation of stored food grains, is the service of storage and warehousing of agricultural produce, which is exempt from GST vide entry 54 of Notification no. 12/2017-Central Tax (Rate) dated 28.06.2017. Discussion: Under the Scheme for Construction of Godowns through Private Enterpreneurs-2008, two types of lease agreements have been entered into with private investors as under: - • Lease without services, where preservation, maintenance etc. of stored food grains is done by State Nodal Agency. • Lease with services, where the private godown owner apart from giving the godown on lease, is also under an obligation to carry out activities of storage and preservation of stored food grains, under the supervision of State Nodal Agency. 2. In case of lease without services, the private investor is supplying services to Nodal Agency by way of leasing of building of warehouse. Such services are classifiable under heading 9972 and taxable @18% under GST. 3. In case of lease with services, the godown owner takes complete responsibility of storage, warehousing, loading/unloading, preservation of food grains. He is the overall custodian of the warehoused goods and any storage losses are his responsibility. A single consideration (quintal per month) is charged for the said services. Accordingly, the service provided by godown owner in such cases is the service of storage and warehousing of agricultural produce, which is exempt from GST vide entry 54 of Notification no. 12/2017-Central Tax (Rate) dated 28.06.2017.
6.	Clarification on applicability of GST on Asian Development Bank's On-shore Indian Rupee Denominated Bond Programme Reference:	Agreed for clarification but request will be made to the line ministry to amend the law to exclude pass through/ indirect taxes from these two Acts, however, this reference would be made after the clarification has been issued. Recommendation:

Sl. No.	Proposal	Comments
	Joint Secretary (Fund Bank and ADB), Dept. of Economic Affairs (DEA)	A circular may be issued clarifying that the services provided by IFC and ADB are exempt from GST in terms of provisions of IFC Act, 1958 and ADB Act. The exemption will be available only to the services provided by ADB and IFC and not to any entity appointed by or working on behalf of ADB or IFC. Discussion: 1. ADB Act, 1966 provides that notwithstanding anything to the contrary contained in any other law, the Bank, its assets, properties, income and its operations and transactions shall be exempt from all the taxation and from all customs duties. The Bank shall also be exempt from any obligation for payment, withholding or collection of any tax or duty [Section 5 (1) of the ADB Act, 1966 read with Article 56 (1) of the schedule thereto refers]. 2. IFC Act, 1958 contains identical provisions. [Section 3 (1) of IFC Act, 1958 read with Article VI, Section 9 (a) of the Schedule thereto refers]. 3. CESTAT Mumbai vide final order dated 17-10-2016 in the case of M/s Coastal Gujarat Power Ltd. has held that when the enactments that honor international agreements specifically immunize the operations of the service provider from taxability, there is no need for a separate exemption. 4. The services provided by IFC and ADB are exempt from service tax and GST in terms of provisions of IFC Act, 1958 and ADB Act. 5. As suggested by CCT, Tamil Nadu, CBIC may issue instructions regarding Service Tax separately.
7.	Request for clarification on the applicability of GST on the incentives paid by RBI to Banks under “Currency Distribution and Exchange Scheme (CDES)”. Reference: Chief General Manager, RBI	Agreed for clarification that GST is payable. Recommendation: It may be clarified to RBI that GST is payable on incentives paid by RBI to banks for implementation of “Currency Distribution and Exchange Scheme (CDES)” Discussion: 1. Currency Management, viz., the issue of bank notes and management of currency is one of the core functions of the RBI. This is a statutory responsibility conferred on the central bank by the Preamble of the Reserve Bank of India Act, 1934, which mandates it “to regulate the issue of Bank notes and keeping of reserves with a view to securing monetary stability in India and generally to operate the currency and credit system of the country to its advantage”. Section 22 of the Act also authorises the RBI as the sole authority to issue notes, and in this capacity, the RBI, along with the Government of India is responsible for the design, production and overall management of the nation's currency.

Sl. No.	Proposal	Comments
		2. Section 23 of the RBI Act, 1934, had mandated that the function of issuance of bank notes is to be conducted by the RBI through a separate department called the Issue Department. Currency Distribution and Exchange Scheme (CDES) may be considered as statutory responsibility of RBI, but not of banks. Under CDES, banks are giving services to RBI. Banks receive consideration in form of incentives from RBI, which is in the nature of commission. Input services received by RBI under Currency Distribution and Exchange Scheme (CDES) are taxable under GST. However, the output services provided by the RBI are exempt from the levy of GST vide S. No 26 of Notification No. 12/2017 dated 28.06.2017
8.	Request for (1) levying security services under reverse charge mechanism (2) Levy GST of 18% on only the commission/agency charge instead of gross amount charged to client (3) Levy GST of 5% on the gross amount charged to client Reference: ADG, DG GST, New Delhi	Agreed for RCM only for security services (supply of security personnel). Recommendations: Security service (by way of supply of security personnel) to be put under RCM when such service is received by a registered person except government departments registered for TDS and entities registered under composition scheme. Taxable value of services shall be the full value of the consideration payable and is not to be changed. Discussion: As per FICCI Report, nearly 60 per cent of the security service providers still operate in un-organised manner, thereby keeping the sector pricing oriented and amenable to unfriendly employment practices and making it difficult to monitor quality and compliance. Also, delayed payments from clients which is forcing security industry to pay GST before the actual payment receipt, thereby increasing working capital requirements in the industry. This sector has many small service providers and is prone to evasion. Therefore, like pre-GST era, it is prudent to levy GST under reverse charge on security services as such measure would increase compliance in the sector and increase GST revenue collection.
9.	1. Request to clarify the base value on which GST liability needs to be calculated for the services of Business Facilitator/Business Correspondent (BF/BC) to a banking company. 2. Request to clarify the scope of services by BF/BC to a banking company with respect to accounts in rural areas 3. Request for reduction in GST rate and for exemption of services by BF/BC to a banking company in urban areas also 4. Request to allow corporate BF/BC to deposit GST on reverse charge mechanism for availing services from the unregistered Agent BF/BC.	Agreed for RCM and clarification only. Request for exemption not recommended. The banking company is liable to pay GST on the entire value of service charge or fee charged to customers whether or not received via business facilitator or the business correspondent. Recommendation: 1. The banking company is the service provider in the business facilitator model or the business correspondent model as per RBI guidelines. The banking company is liable to pay GST on the entire value of service charge or fee charged to customers whether or not received via business facilitator or the business correspondent 2. It may be clarified that for the purpose of availing exemption from GST under Sl. No. 39 of Notification No 12/2017-CT(R), the conditions flowing from the language of the notification

Sl. No.	Proposal	Comments
	Reference: Business Correspondent Federation of India (BCFI), Cabinet Secretariat, PMO	should be satisfied. These conditions are that the services provided by a BF/BC to a banking company in their respective individual capacities should fall under the Heading 9971 and that such services should be with respect to accounts in a branch located in the rural area of the banking company. 3. In pre-GST era also exemption from Service Tax was available to services of BF/BC to rural areas only as suggest by Department of Financial Services and approved by FM. Hence, status-quo may be maintained on the matter by restricting the GST exemption to services of BF/BC to banking company w.r.t accounts in rural areas to incentivise such intermediaries for achieving financial inclusion in a meaningful way. 4. As per the data given by BCFI, there are 7,86,740 Agent BCs who provide services to Corporate BCs. However, only 2009 BCs are registered under GST. In order decrease the compliance burden and increase revenue, the services provided by Agent BCs to Corporate BCs may be levied under reverse charge mechanism.
10.	ADG, Directorate General of Goods and Services Tax has informed that the service of "printing of pictures" covered under service code 998386 "Photographic and videographic processing services" is being classified under service code 998912 "Printing and reproduction services of recorded media, on a fee or contract basis". The two service codes attract different GST rate of 18% and 12% respectively. Request: To clarify classification of printing of pictures/images Reference: Directorate General of GST	Agreed for clarification. Recommendation: (a) Circular may be issued clarifying that service of "printing of pictures" falls under service code "*998386: Photographic and videographic processing services" of* the scheme of classification of service annexed to notification No. 11/2017-Central Tax (Rate) dated 28.06.2018 and not under "*998912: Printing and reproduction services of recorded media, on a fee or contract basis";* *(b)* Error in the exclusion clause in the explanatory note to service code 998912 may be removed by replacing the service code 998382 and 999612 appearing in the exclusion clause with the service codes 998386 and 999613 respectively. Discussion: 1. ADG, Directorate General of Goods and Services Tax has informed that the service of "printing of pictures" covered under service code 998386 "Photographic and videographic processing services" is being classified under service code 998912 "Printing and reproduction services of recorded media, on a fee or contract basis". The two service codes attract different GST rate of 18% and 12% respectively. 2. According to Explanatory Notes to the scheme of classification of services, the service code "**998386 Photographic and videographic processing services,** *includes,* - *developing of negatives and the printing of pictures for others according to customer specifications such as enlargement of negatives or slides, black and white processing; <u>colour printing of images from film or digital media;</u> slide and negative duplicates, reprints, etc.; developing of film for both amateur photographers and commercial clients; preparing of*

Sl. No.	Proposal	Comments
		photographic slides; copying of films; converting of photographs and films to other media" 3. Further, according to explanatory notes, the service code *998912 "Printing and reproduction services of recorded media, on a fee or contract basis*" clearly excludes, - *-colour printing of images from film or digital media, cf. 998382,* *-audio and video production services, cf. 999612"* 4. An associated issue is that in the explanatory note to service code 998912, the service codes 998382 and 999612 appear in the exclusion clause instead of service code 998386 and 999613. The service code 998382 pertains to "advertising and related photography services" and the service code 999612 pertains to "motion picture, videotape, television and radio programme production services" which do not match with the description of services in the exclusion clause. The error may be rectified.
11.	To clarify the applicable GST rate in respect of license fee recovery (LFR) charges by oil marketing companies (OMC) from petrol pump dealers Reference: Ministry of Petroleum & Natural Gas	Agreed for clarification as per the Council decision. Recommendation: It may be clarified that leasing of pumps and reservoirs by the OMCs to petrol pump dealers is a mixed supply and the LFR charged for the same shall be leviable to GST @ 28%, the rate applicable to pumps. Leasing of land and buildings along with equipment shall fall under heading 9972 (real estate services) and shall attract GST rate of 18%. Discussion: 1. The above clarification was recommended by the Fitment Committee in its meeting held on 18th Jan 2018. However, before issuing clarification, the matter was again referred to Ministry of Petroleum & Natural Gas for advising as to which is the predominant element the LFR charged for leasing of pump and storage reservoirs. MoPNG has advised vide letter dated 24.09.2018 that there is no principal supply and LFR cannot be said to be a composite supply. 2. Therefore, the above clarification approved by Fitment Committee in its meeting held on 18th January, 2018 may be issued as no new facts have come to light.
12.	Entry created for multimodal transportation of goods at 12% may be restricted only to domestic multimodal transportation so as to restore status quo in respect of international transport of goods by vessel/air combined with inland transport of goods by road or rail Reference: Association of Multimodal Transport Operators of India	Agreed for clarification as the entry was meant only for domestic supplies. Recommendation: It may be clarified under section 11(3) of the CGST Act, 2017 that scope of entry for multi-modal transport with GST rate of 12% inserted w.e.f. date 26.07.2018, covers only transport of goods from a place in India to another place in India, that is, only multi-modal transport within India. Discussion: Separate entry for multi modal transport was created to address the issue of domestic multi-modal transportation of goods by vessel and road. The Coastal Container Transporters Association

Sl. No.	Proposal	Comments
		(CCTA), Gujarat and All India Motor Transport Congress (AIMTC) had represented that in case of coastal transportation of goods by vessel and road, two equally important segments of combined transport service were subject to levy of GST on reverse charge (without ITC) as well as forward charge (with ITC) thereby posing serious issues relating to ITC availment and GST payment & compliance.] 2. In the case of international transportation of goods by vessel or aircraft the predominant mode of transportation is by vessel/aircraft. It would not be reasonable to have a tax structure for international multi-modal transport which is disadvantageous as compared to that applicable on transport by vessel or aircraft. 3. Therefore, we may clarify that scope of entry for multi-modal transport with GST rate of 12% inserted w.e.f. date 26.07.2018, covers only transport of goods from a place in India to another place in India, that is, only multi-modal transport within India. This would restore the status quo for international import and export transport by vessel and air as it existed prior to 26.07.2018. The policy intention has always been to resolve the problem for domestic multimodal transport. 4. We may do so by inserting an explanation in the entry to this effect under section 11(3) of the CGST Act, 2017, so that it comes into effect from 26.07.2018, that is the day when the specific entry for multimodal transportation of goods was created.
13.	i. To issue a clarification that all the Councils/Boards of Primary/Secondary/Higher Secondary Education are covered under the definition of "educational institution" in the Explanation 2(y) of the GST Notification No. 12/2017-Central/State Tax (Rate) dt. 28.06.2018, and ii. The Board/Council level examinations conducted by the Councils/Boards of Primary/Secondary/Higher Secondary Education may be exempted from GST Reference: CCT West Bengal	Agreed for clarification. Recommendation: It may be clarified to West Bengal that Central and State Educational Boards are treated as Educational Institution for the limited purpose of providing services by way of conduct of examination to the students. Therefore, services provided by Council/ Board of Primary/ Secondary/ Higher Secondary Education for conduct of examination to its students are exempt. Discussion: Vide explanation 3 (iv) of notification No. 12/2017- Central Tax (Rate), it has been clarified that the Central and State Educational Boards shall be treated as Educational Institution for the limited purpose of providing services by way of conduct of examination to the students. [Inserted vide notification No. 14/2018 – Central Tax (Rate) dt 26.07.2018]
14.	To clarify the nature of supply and rate of GST applicable on supply of food / pre-cooked edible items in restaurant-cum-sweet shop when purchased off the shelf Reference: AAR Uttarakhand's ruling dated 22.10.2018 in case of M/s. KundanMisthanBhandar, Nainital	Agreed. To issue instruction to Commissioner concerned to file appeal against the AAR. WB to examine the concept of "off the shelf sale" and suggest amendment in notification if any so that in future such disputes can be avoided. Recommendation: We may clarify to Commissioner concerned that the nature of business establishment making supply of food, drinks and other articles for human consumption will not determine whether same is a supply of goods or services but will depend on the constituents of each individual supply and whether same satisfies

Sl. No.	Proposal	Comments
		the conditions / ingredients of a 'Composite supply' or 'Mixed supply' as defined under section 2(30) and 2(74) of the CGST Act respectively and in view of the Fitment Committee decision ask the jurisdictional authorities to file appeal against the ruling before the Appellate Authority for Advance Ruling, Uttarakhand. Discussion: 1. AAR Uttarakhand has decided in the application under reference that where sweetshop is running on the ground floor and restaurant on the first floor, nature of restaurant services is such that it is to be treated as the main supply and the other supplies combined with such main supply are to be treated in the nature of incidental or ancillary services. Thus, restaurant services get the character of principal supply over other supplies. Therefore, all combination of supply of goods and services, in that case shall be treated as supply of service and the sweet shop shall be treated as an extension of the restaurant in as much as the supply is covered under para 6(b) of the Schedule II of the CGST Act. 2. Decision and interpretation to treat combination of supply as composite supply of service on the basis of nature of establishment i.e. principal supply by a restaurant and incidental or auxillary supply by the mithai shop is faulty and untenable as supply whether composite or mixed will be determined on the basis of satisfaction of conditions / ingredients in the definition of 'Composite supply' and 'Mixed supply' under section 2(30) and 2(74) of the CGST Act respectively. In these definitions, the issue needs to be decided in terms of individual supply and its constituents.
15.	Request to clarify GST rate applicable on supply of food by educational institutions to its students. Reference: Principal, Dhruva Advisors LLP; Manager- Indirect Tax	Agreed to issue clarification as these supplies have always been exempt. Recommendation: We may clarify by way of issue of a circular that GST is exempt on supply of food and drinks by an educational institution when provided by the institution itself to its students, faculty and staff and is leviable to GST of 5% when provided by any other person based on a contractual arrangement with such institutions. Also, we may: 1. Modify Explanation 1 to entry 7(i) of notification No. 11/2017-CT(Rate) to omit words 'school, college' to read as under: "This entry includes such supply at a canteen, mess, cafeteria or dining space of an institution such as a hospital, industrial unit, office, by such institution or by any other person based on a contractual arrangement with such institution for such supply, provided that such a supply is not event based or occasional."

Sl. No.	Proposal	Comments
		2. In terms of the power vested under Section 11(3) of CGST Act, amend Col. No. 2 of Sl. No. 66 of notification No. 12/2017-CT(Rate), to read as "Heading 9992 or Heading 9963" Discussion: With insertion of explanation 1 in entry 7 (i) of notification No. 11/2017-CT(R), and withdrawal of circular no. 28/02/2018-GST dated 8.1.2018 as amended, confusion has arisen regarding rate of GST applicable on supply of food in educational institutions. Such supplies are exempted under notification No. 12/2017-CT(R) whereas notification No. 13/2018-CT(R) dated 26.7.2018 prescribes GST rate of 5% on supply of food when provided by schools, colleges etc. Therefore, there is an urgent need to issue clarification for avoiding litigation on the matter.
16.	Requesting for clarification on Service Tax/GST liability on Basic Saving Bank Deposit (BSBD) or Pradhan Mantri Jan DhanYojana (PMJDY) Bank accounts. Reference: Department of Financial Services	Agreed. Exemption to be given without linking the provision of service to the issue of payment of consideration. Recommendation: GST may be exempted on the supply of **services by banks to Basic Saving Bank Deposit (BSBD) account holders under PradhanMantri Jan DhanYojana (PMJDY)** Discussion**:** 1. RBI vide DBOD.No. Leg. BC.35/ 09.07.005/ 20012-13 dated August 10, 2012, advised banks to offer minimum common facilities the existing 'no-frills' accounts' by converting them into 'Basic Savings Bank Deposit Accounts'. Such account does not have the requirement of any minimum balance. 2. Major services provided under PMJDY schemes are exempted such as interest on deposit, accidental and life insurance. Further it has been given to understand that the banks will not be charging the customers for the incidental charges such as processing fees, minimum balance charges etc. to BSBD account holders under PMJDY. It is proposed to exempt GST on any services of banks to BSBD account holders under PMJDY.
17.	To exclude Government from liability to pay GST on GTA service under reverse charge Reference: Appellate Authority for Advance Ruling, Rajasthan	Notification No. 13/2017-CT(R) and 12/2017-CT(R) may be amended accordingly and exemption provided to Government from paying GST on GTA services. Recommendation: (i) Notification No. 13/2017 – Central Tax (Rate) dated 28-06-2017 Sl. No. 1 (d) of the table may be amended so as to exclude from its purview (a) a department or establishment of Central Government or State Government; or (b) local authority; or (c) Governmental agencies, which have taken registration under the CGST Act only for the purpose of deducting tax under Section 51 and not for making a taxable supply of goods or services. (ii) Services provided by GTA to (a) a department or establishment of Central Government or State

<table>
<tr><th>Sl. No.</th><th>Proposal</th><th>Comments</th></tr>
<tr><td></td><td></td><td>Government; or (b) local authority; or (c) Governmental agencies, which have taken registration under the CGST Act only for the purpose of deducting tax under Section 51 and not for making a taxable supply of goods or services, may be exempted. Notification No. 12/2017 – Central Tax (Rate) dated 28-06-2017 may be amended accordingly.

Discussion:
1. Appellate Authority for Advance Ruling, Rajasthan has pointed out that services supplied by Goods Transport Agency (GTA) to registered persons are under RCM [Notification No. 13/2017 – Central Tax (Rate) dated 28-06-2017, entry 1(d)]. Further, services provided by GTA to unregistered persons are exempt from GST vide Notification No. 12/2017 – Central Tax (Rate) dated 28-06-2017 Sl. No. 21A.

2. With the coming into force of Section 51 of the CGST Act with effect from 01-10-2018, all the Government Departments required to deduct tax at source are required to take registration under section 24 (vi) of the CGST Act. As a result, they shall be required to pay tax on GTA services under RCM.

3. Law Committee has recommended that persons liable to registration by virtue of being tax deductor under section 51 or tax collector under section 52 to be excluded from the purview of entry 1(d) of the Notification No. 13/2017 Central tax- Rate dated 28.06.2017.

4. Section 52 of the CGST Act pertains to collection of tax at source by an electronic commerce operator who may continue to pay tax on GTA services under RCM.

5. The proposed changes will ensure that compliance burden to pay GST on GTA services do not fall on the Government Departments and local authorities which have taken registration only for deducting tax under Section 51 of the CGST Act. At the same time GTAs will not be required to pay tax on services provided to such entities under forward charge.</td></tr>
<tr><td>18.</td><td>To clarify the GST rate applicable on right to use Intellectual Property and similar products other than IPR</td><td>Recommendation:
It is proposed that to bring clarity, the residuary rate entry for Heading 9973 in notification No. 11/2017-CT (R) dated 28.06.2017 may be split in two parts as follows.
<table>
<tr><td colspan="2">Existing</td><td colspan="2">Proposed</td></tr>
<tr><td>Description of Services</td><td>Rate (%)</td><td>Description of Services</td><td>Rate (%)</td></tr>
<tr><td colspan="4">Sl. 17 Heading 9973 (Leasing or rental services, with or without operator)</td></tr>
<tr><td>(viii) Leasing or rental services, with or</td><td>Same rate of Central Tax as on supply of like goods involving</td><td>(viia) Leasing or renting of goods</td><td>Same rate of Central Tax as on supply of like goods involving</td></tr>
</table></td></tr>
</table>

<table>
<tr><th>Sl. No.</th><th>Proposal</th><th>Comments</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><td rowspan="2">without operator, other than (i), (ii), (iii), (iv), (v), (vi) and (vii) above</td><td rowspan="2">transfer of title in goods</td><td></td><td>transfer of title in goods</td></tr>
<tr><td>(viii) Leasing or rental services, with or without operator, other than (i), (ii), (iii), (iv), (v), (vi), (vii) and (viia) above</td><td>18</td></tr>
</table>

Discussion:
1. Heading 9973 of scheme of classification of services under GST includes “Group 99733: the licensing services for the right to use intellectual property and similar products”. However, the rate notification No. 11/2017-CT (R) dated 28.06.2017, prescribes rate only for transfer or permitting the use or enjoyment of Intellectual Property Rights (IPR). No rate has been prescribed for transfer of intellectual property and similar products other than IPR. IPR, as held in several decisions of the Tribunal and the Courts, refers to rights in intellectual property protected by the relevant IPR law in force. Intellectual property not protected by IPR law in force cannot be termed as IPR.

2. The residuary entry for the Heading 9973, i.e entry Sl. No. 17(viii) prescribes GST rate as “same rate of Central Tax as on supply of like goods involving transfer of title in goods”. However, the intellectual property does not have underlying goods and thus the prescribed rate does not apply to transfer of intellectual property and similar products other than IPR.
</td></tr>
<tr><td>19.</td><td>To exempt various services provided by Lok Sabha Secretariat.

Reference: Lok Sabha Secretariat</td><td>Same treatment (for payment of tax under RCM) as available to Government is recommended. Not agreed for exemption.

Recommendation:
The same treatment with regard to payment of tax under RCM as available to Central and State Governments may be extended to services provided by Parliament and State Legislatures.

Discussion:
1. Services provided by the by the Central Government, State Government, Union territory or local authority to business entities are taxable. However, the tax is payable under RCM with a few exceptions. [S. No. 5 & 5A Notification No. 13/2017-Central Tax (Rate) refer.]

2. It is proposed that, the same treatment (RCM) as available to Central and State Governments may be extended to Parliament and State Legislatures by inserting following explanation in Notification No. 13/2017- Central Tax (Rate) and corresponding IGST, SGST and UTGST notifications:</td></tr>
</table>

Sl. No.	Proposal	Comments
		“Provisions of this notification, in so far as they apply to Central and State Governments, shall also apply to Parliament and State Legislatures.”

ANNEXURE III

LIST OF GOODS NOT RECOMMENDED FOR CHANGE IN GST RATE

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
1.	Butter and Ghee	0405	12%	5%	1. The issue of GST rate reduction was discussed in the Fitment Committee meeting held before the 28th GST Council meeting. However, the same was not agreed. 2. Desi ghee is not only sold by the unorganized sector but is also sold by the major companies such as Amul, Mother Dairy etc. 3. This has significant revenue implications. 4. Small manufacturer could avail threshold exemption and composition. 5. Hence, Fitment Committee does not recommend any reduction in present GST rate
2.	Dehydrated Vegetables	0712	Nil	Impose some GST (5%)	1. This request has been made by a section of the trade for the reason that imposition of certain GST would allow passing on of input stage tax. 2. However, as it is a conscious decision to keep vegetables at nil rate, being essential item of mass consumption, hence it may not be feasible to impose GST on these items.
3.	Almond Kernels	08021200	12%	5%	1. Dry fruits in general, including dates attract 12% GST rate. 2. The GST rate of 5% on cashew nut and walnut is an exception and was recommended by the Council keeping in view their significance to local economy in certain states. 3. 12% GST rate on almonds is same as the general GST rate on medicines and medical devices and processed foods. 4. There is not much justification for reduction in GST rate on dry fruits as they are meant for consumers who could afford the tax incidence. 5. Hence, Fitment Committee does not recommend any reduction in present GST rate
4.	Raw Mango Slices Sprinkled with salt	08129010	5%	0%	1. The Fitment Committee had recommended to GST Council the rates after taking into account the previous tax incidence on account of Central Excise, Service Tax and VAT (including cascading on account of these taxes) as well as embedded taxes and the incidence of CST, Octroi, Entry Tax, etc. 2. Further, preparations of such sliced mango require inputs and input services which attract GST. Hence certain rate on such items helps in pass through of input credit. 3. Similar items like grapes dried and raisin, peel of citrus fruits or melon frozen dried or provisionally preserved in brine and tamarind dried etc attract 5%. Dry fruits (except cashew and walnut) attract 12% GST. 4. Hence, Fitment Committee does not recommend any reduction in present GST rate.

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
5.	Cotton seed oil cake	Chapter 15	5%	Nil or 2%	1. Oilseeds are used to extract edible vegetable oils and oil cakes are a residue of the process. 2. Granting exemption to cotton oil seeds or reducing rates to 2% will have negative implications to revenue. It may not be feasible to prescribe a new rate of 2%. 3. Hence, Fitment Committee does not recommend any reduction in present GST rate
6.	Palmolein oil supplied to NFS card holders	15	5%	2%	1. GST is a multi-stage tax. It would not be possible to grant exemption or reduce rate to 2% for selected Government schemes and would lead to leakage. National food Security (NFS) food items can be subsidized through budgetary grants. 2. Hence, Fitment Committee does not recommend any reduction in present GST rate
7.	White Refined sugar	17019990	12%	5% on import of White Refined Sugar (17019990)	1. The issue has already been clarified vide circular no. 52/26/2018 dated 9th August 2018. 2. Hence, Fitment Committee does not recommend any reduction in present GST rate
8.	1. Chikki 2. Bicycle parts	1702 8712	5% (chikki) 12 % (bicycle parts)	5%/5%	1. Chikkis are already at 5% by virtue of S. No. 92 of Schedule I of notification No. 1/2017- Central Tax (Rate) dated 28.6.2018. 2. Bicycles and other non-motorised cycles falling under Ch. Heading 8712, attract GST @12% with Nil compensation cess. 3. Bicycle rims, spokes, hubs, free-wheels, saddles, chain, wheels etc which form the major components used in the manufacture of bicycles, all attract 12% GST rate. 4. Fasteners like nuts and bolts are a minor component, and a higher GST rate on such items is unlikely to affect the overall manufacturing cost of bicycle. 5. Hence, Fitment Committee does not recommend any reduction in present GST rate
9.	Breakfast Cereals	1904	18%	12%	1. Processed food items, in general, are kept at 18% based on their pre-GST tax incidence. 2. Inputs for making breakfast cereal such as Wheat, Maize, and other cereals are generally at nil rate of duty. 3. There is a substantial value addition in value in making breakfast cereals. 4. Hence, Fitment Committee does not recommend any reduction in present GST rate
10.	Biscuits	1905	18%	12%	1. The issue of reducing the GST rates on these products was discussed in the 28th GST Council meeting on 21st July 2018 and it was decided that the matter may be examined by the fitment committee. 2. The GST Council had discussed the issue of GST rates in detail and recommended 18% GST rates on them. 3. Unlike Central Excise where the duty was collected at the place of removal usually factory gate, GST is a

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
					multistage tax and such price-based values would be difficult to administer. 4. Biscuits are manufactured in the organized sector as well as by bakeries etc. Having two different slabs for biscuits based on the selling price will be prone to evasion. 5. This has significant revenue implication. The industry size is more than Rs 50000 crore a year. 6. Hence, Fitment Committee does not recommend any reduction in present GST rate
11.	Noodles, Pasta and snack food made out of locally cultivated Tubers, grains, millets and fruits	1902	12%	5%	1. Pasta has been kept at 12% based on the pre-GST tax incidence of 6% Central Excise duty and 5% VAT. 2. Granting exemption to a particular variety of pasta (made from particular set of raw materials) would be difficult to administer. 3. Hence, Fitment Committee does not recommend any reduction in present GST rate.
12.	Fruit & vegetable Pulps / Purees for Industrial Use	20	12%	0% or 5%	1. The Central Excise duty on these products was 6% and the weighted average VAT was around 5% and hence these goods have been kept at 12% GST rates. 2. Further, as fruits and vegetable pulp is taken as an input by food processing industry to prepare processed goods which are also sold by registered brands under unit containers at significantly higher prices; the GST rate of 12% on this tariff item can be utilized as credit by such industry. 3. Hence, Fitment Committee does not recommend any reduction in present GST rate.
14.	Fried Gram	2106	5%/ 12%	nil	1. Fried gram is a ready to consume value added product unlike pulses, which are used by common man as a staple food item. 2. Fried gram is also being marketed as a namkin by major brands. 3. There is a substantial value addition in making fried gram by way of mechanical processes, which change the physical character of the input. 4. Similar products like Namkeens, bhujia, mixture, chabena and similar edible preparations in ready for consumption form attract 12% GST when sold in a unit container bearing a registered brand name and 5% GST rate otherwise. 5. Fried gram cannot be equated with puffed rice or parched rice. 6. Hence, Fitment Committee does not recommend any reduction in present GST rate
15.	Handmade Baddi & Mungodi	2106	12%	Exempt	1. It is difficult to distinguish handmade products and mass-produced products in this case. 2. It may not be feasible to pick only certain goods under a heading for exemption under GST. 3. In any case, small manufacturers' as well as small traders are outside the tax net.

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
					4. Hence, Fitment Committee does not recommend any reduction in present GST rate
16.	Non-Dairy Whip Topping and Vegetable Cream	2106	18%	Nil/5%.	1. The product is classified under HS code 21069099. 2. The Central Excise rate on such products was 12.5% [when not cleared in unit containers] and VAT rate on such products was around 5%. 3. The current GST rates are in accordance with the pre-GST tax structure. 4. Hence, Fitment Committee does not recommend any reduction in present GST rate.
17.	Scented sweet Supari	21069030	18%	5%	1. Pre-GST supari attracted Central Excise duty at the rate of 12.5%. The weighted average VAT rate was around 5%. Therefore, based on the pre-GST tax incidence the rate for supari was kept at 18%. 2. Reducing the GST rates on betel nuts (supari) would reduce protection to the domestic suppliers vis-à-vis the imports. 3. Evasion of taxes by certain suppliers cannot be a basis for granting exemption from duty. 4. Hence, Fitment Committee does not recommend any reduction in present GST rate.
18.	Flavoured Milk	2202	12%	Clarification that it is classifiable under Chapter 4	1. The Explanatory Notes to HSN describe the goods classifiable under the heading 0402 as under: *This heading covers milk (as defined in Note 1 to this Chapter) and cream, whether or not pasteurised, sterilised or otherwise preserved, homogenised or peptonised; <u>but it excludes milk and cream which have been concentrated or which contain added sugar or other sweetening matter</u> (heading 04.02) and curdled, fermented or acidified milk and cream (heading 04.03).* *The products of this heading may be frozen and may contain the additives referred to in the General Explanatory Note to this Chapter. The heading also covers reconstituted milk and cream having the same qualitative and quantitative composition as the natural products.* 2. Flavoured milk is classifiable under HS code 2202. 3. Fitment Committee does not recommend issuance of such clarification.
19.	Exclusive Ice block / Ice Cubes used in marine industry	22019010	5%	Nil	1. The GST rates have been fixed on the basis of pre-GST tax incidence. It attracted nil Central excise duty and 5% VAT. Therefore, the GST rates have been fixed accordingly. 2. Ice Cubes have other applications also and granting end used based exemption for the marine industry would be difficult to administer and may lead to evasion. 3. 5% rate is beneficial for the industry as they can pass through the input taxes. Nil tax distorts tax structure. 4. Hence, Fitment Committee does not recommend any reduction in present GST rate

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
20.	Oil Seeds and Oilcakes as animal feed [Chapter 23]		5%	Exempt feed manufacturing and servicing. Exempt inputs of feeds and both oil seeds and oil meals	1. Poultry, cattle and aquatic feed have been exempted. However, these have not been zero rated. Therefore, there is no end use-based exemption for the inputs of animal feed. 2. Oilseeds are used to extract edible vegetable oils and oil cakes are a residue of the process. 3. Oilseeds attract 5% GST rate and are used and inputs to extract edible vegetable oils. 4. Oil cake is a by-product of oil extraction and is generally used as animal feed. 5. Further, granting exemption to only oil cakes used in the poultry sector (end use-based exemption) would be very difficult to administer 6. Hence, Fitment Committee does not recommend any reduction in present GST rate.
21.	Soya bean seeds used as animal feed	1201	0/5	Nil	1. Soya bean, whether or not broken other than of seed quality in tariff item 1201 has always been at 5% rate based on the recommendation of the fitment committee. The GST Council recommended the rates after taking into account the previous tax incidence on account of Central Excise, Service Tax and VAT (including cascading on account of these taxes) as well as embedded taxes and the incidence of CST, Octroi, Entry Tax, etc. 2. Further all similar items under chapter 12 (not of seed quality) are taxed at 5% bracket. 3. Hence, Fitment Committee does not recommend any reduction in present GST rate
22.	Chewing Tobacco	24039910	28% GST + 160% compensation cess	Request classification at [24039990] Compensation cess at 96%)	1. Chewing Tobacco (without lime tube) comes under HSN code [2403 99 10]. The GST rate on this product is 28% vide notification No. 01/2017-Central Tax (Rate) dated 28th June 2017. Further vide notification No.1/2017-Compensation Cess (Rate) dated 28th June 2017, compensation cess on aforementioned HSN code is 160%. 2. As per explanatory notes for HSN classification [2403 91] refers to "Homogenised" and [2403 99] "reconstituted" tobacco. Explanatory notes further describe [2403 99] "Other" to include Chewing tobacco, usually highly fermented and liquored under tariff line [2403 99 10]. 3. In GST chewing tobacco (without lime tube) [2403 99 10] is at SL. No 26 and chewing tobacco (with lime tube) [2403 99 10] is at SL. No. 27 of notification No. 1/2017-Compensation Cess (Rate) dated 28th June 2017 with 160% and 142% of compensation cess levy respectively. 4. Thus, all chewing tobacco is classified under tariff line [2403 99 10]. 5. Hence, Fitment Committee does not recommend any reduction in present GST rate
23.	Tobacco Leaves	240110	28%	5%	1. Explanatory notes to HSN state that tariff Head 2401 covers unmanufactured tobacco in the form of whole

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
					plants or leaves in the natural state as well as tobacco leaves that have been subjected to the process of fermentation, curing, stemming, stripping, trimming, cutting etc. Further tariff head 2401 also includes tobacco leaves, blended, stemmed/stripped and cased ("sauced" or "liquored") with a liquid of appropriate composition. But the heading excludes tobacco which is ready for smoking. 2. As earlier approved by Fitment committee, clarification has already been issued that tobacco leaves means leaves of tobacco as such or broken tobacco leaves or tobacco leaves stems. However, now doubts have been raised as to what constitutes as such. This dispute has arisen on account of Advance Rulings. 3. Fitment Committee felt that the issue needs further examination in the light of Advance Rulings. UP, Maharashtra and Gujarat to provide additional information/inputs in the matter for issuance of clarification/ amendment. 4. Accordingly, the Fitment Committee took a view that clarification may not be issued at this stage.
24.	Sand Stone and Marble Stone	2516 and 2515	5%/ 12%	Exempt	1. Presently sandstone is at lowest rate of 5% as all other stones. 2. No further concession is feasible 3. Hence, Fitment Committee does not recommend any reduction in present GST rate.
25.	Marble & Granite	2515 and 2516	18%	5%	1. The rates on marble and granites have been comprehensively reviewed and GST rates on slabs and tiles of marble and granites have been reduced from 28% to 18%. 2. Hence, Fitment Committee does not recommend any reduction in present GST rate
26.	MSME Cement Manufacturing Sector	25	28%	A separate slab for GST on Cement for MSME Sector	1. Creating a differential rate structure for a commodity, based on its manufacturing process or the kind of manufacturer may not be feasible in a multi stage levy. 2. Any such exemption is not only prone to misuse. 3. Lower GST rates on slag were intended to benefit this segment of the industry. However, it appears the slag producer corner the benefit. This is an unintentional fall out of rate reduction. 4. Hence, Fitment Committee does not recommend creation of separate slab.
27.	Guar Gum powder	13023230	18%	5%	1. Guar gum powder mixed with Tamarind Kernel Powder as a binder is classified under CTH 13023230 as guar gum treated and pulverized. The GST rate on the same is 18%. 2. The present GST rate of 18% is as per pre-GST tax incidence. 3. As stated, 99% of guar gum is exported. Therefore, 18% rate may not have any severe complication. 4. The issue has been discussed earlier and the Fitment Committee in its meeting held before the 28th GST

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
					Council meeting, did not recommend any change in GST rates. 5. Hence, Fitment Committee does not recommend any reduction in present GST rate
28.	Furnace Oil 380 CST	2710	5%	Exempt supply to Foreign going Vessels	1. This items already attracts a low rate of 5%. This rate 2. Hence, Fitment Committee does not recommend any reduction in present GST rate
29.	Vacuum Gas Oil (VGO)/ Reformates transferred from one refinery to another	27	18%	Exempt	1. This issue has arisen because the final products (petrol and diesel) are not covered under the GST regime and therefore the ITC of input would become part of the cost of the final product. 2. However, Fitment Committee felt that it may not be feasible to resolve the issue at this moment. No change recommended.
30.	E and P equipment		5%	Difficulties being faced by E&P Sector in availing the benefit of concessional rate of GST on procurement of goods under GST regime.	1. As per condition 1 of notification 2/2017-IGST dated 28.6.2017, the concessional rate of 5% would be applicable if the recipient of the specified goods is a licensee, and that he produces to the jurisdictional tax authorities, at the time of outward supply of goods, a certificate from a duly authorised officer of the Directorate General of Hydro Carbons in the Ministry of Petroleum and Natural Gas, Government of India, to the effect that the goods are required for petroleum operations. 2. Under GST, IGST is payable on inter-State supply of goods. Therefore, at each movement of goods the supplier has to obtain the certificate from DGH. 3. Fitment Committee decided to take the view of DGH before issuance of clarification.
31.	Naphtha	27075000	18%	5%	1. Fuel and feedstock used in industries, in general have been prescribed GST rate of 18%. 2. Hence, Fitment Committee does not recommend any reduction in present GST rate
32.	Liquid Nitrogen	28043000	18%	Exempt or 5%	1. Liquid Nitrogen is used in industrial applications and in cryo preservation also. Any end use base exemption/concession is not feasible for such item. 2. Hence, Fitment Committee does not recommend any reduction in present GST rate
33.	Disinfectant Fluid (Phenol etc)	3808	18%	12%	1. All the organic chemicals are prescribed at GST rate of 18%. End used based exemptions is not feasible. 2. Hence, Fitment Committee does not recommend any reduction in present GST rate
34.	Measles-Rubella Vaccine	30	12% (actual rate is 5%)	Exemption	1. Almost all vaccines, including MMR are at 5%. Critical drugs/pharma are also at 5%. This categorisation is as per the recommendations of Health Ministry. 2. Nil GST put domestic drugs at a dis-advantage vis-à-vis imports.

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
					3. It may not be feasible to make exception only for one vaccine. Issue need to be considered holistically for all the vaccines after thorough consideration of implication. Fitment Committee does not recommend any change for present.
35.	Patented medicinal Products		5%/ 12%	Exemption for certain period to encourage innovation. [Exemption was available in Central Excise regime]	1. No such exemption has been granted in GST. 2. In a multi-point taxation regime, granting exemption at the manufacturing level would not serve much purpose. Further, such exemptions are difficult to monitor and prone to misuse. 3. Incentive may be given from budgetary support. 4. Fitment Committee does not recommend any change.
36.	Plasma as component of Human Blood	3002	5%	Nil	1. All pharma products/medicine/drugs are at 5%/12%. Hence, separate dispensation for certain items is not feasible. 2. Hence, Fitment Committee does not recommend change in present GST rate.
37.	Imports of drugs and test kits used in research activities in India with collaboration with US agencies.		12%	Exempt	1. 5% GST has been prescribed on specified live saving drugs or medicines including their salts and esters and diagnostic test kits. 2. IGST has been exempted on imports of Medicines/drugs/vaccines supplied free by United Nations International Children's Emergency Fund (UNICEF), Red Cross or an International Organisation subject to specified conditions. 3. IGST has been also exempted on imported Lifesaving Medicines for personal use supplied free of cost by overseas supplier, subject to specified conditions. 4. Further deepening of exemptions may not be desirable as exemptions distort GST structure. Hence, Fitment Committee does not recommend any reduction in present GST rate
38.	Nicotine Polacrilex Gum	30049099	18%	NIL	1. Nicotine Replacement Therapy products are just a mechanism to deliver the requirement of nicotine without the tar, orally. Thus, addiction to Nicotine remains. 2. It is pertinent to note that ENDS (Electronic Nicotine Delivery System) has been recommended for prohibition by Health Ministry. This suggests that Nicotine delivery (even without tar) is harmful. 3. It is not desirable to promote nicotine (in whatever form) by way of tax reduction. 4. Hence, Fitment Committee does not recommend any reduction in present GST rate
39.	All Fertilizers, Pesticides, Fungicides,	31/38	5%/ 12%/ 18%	5% for All Agricultural Inputs	1. Pesticides and micronutrients in general attract 18% GST, which is as per pre-GST tax incidence [12.5% Central Excise duty + 5% VAT +other taxes].

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
	Micronutrient Fertilizers, Organic Fertilizers, Plant Growth Regulators				2. Specified bio-pesticides attract concessional 12% GST. 3. Fertilizers are at concession rate of 5% 4. Input chemicals for pesticides/herbicides and weedicides are at 18%. Hence, reducing the GST rates would distort ITC chain, will lead to inversion, with no significant gains. 5. Such rate structure put domestic manufacturers at disadvantage. 6. Hence, Fitment Committee does not recommend change
40.	Henna based powder hair colour	3305	18%	5%	1. All cosmetic and similar products are at 18%. Initially these were at 28%. Rates have already been rationalised. 2. Hence, Fitment Committee does not recommend any reduction in present GST rate
41.	Matches	3605	5%/ 18%	5%	1. This issue has been examined in past on several times. Not acceded to. 2. No change recommended by Fitment.
42.	Phosphogypsum and Natural gypsum plaster	3824	18%	5% on par with natural phosphor gypsum	1. Pre GST-tax incidence on phosphogypsum was more than 18%. 2. Phosphogypsum is an industrial product and has industrial applications. 3. Natural ores are at concessional rates. Industrial products and natural ores cannot be equated even if some applications may be common. 4. No change recommended.
43.	Molasses used for production of Ethanol which in turn is supplied for Ethanol Blending Programme (EBP)	1703	28%	12%	1. The issue of keeping molasses at 28% slab had been discussed earlier in the GST Council. Pre GSt tax incidence on Molasses was significantly higher. 2. Set off of tax paid on molasses used for ethanol is available. In case of inversion, refund of input tax is available. However, conversion of molasses to ethanol entails significant value addition. Hence manufacturer could avail and utilise ITC. 3. No change recommended
44.	Biodiesel	3826	12%	5% with ITC	1. The GST rate on biodiesel has already been reduced to 12%. Further reduction will lead to deepening of inversion. 2. The entire tax burden of GST on biodiesel gets passed on to the customer. 3. Fitment Committee does not recommend any change
45.	Resin Bonded bamboo mat board, with or without veneer in between.	44	18%	12%	1. Final consumption item of bamboo (furniture, flooring, basket etc) are at 12%/5%. 2. Resin bonded bamboo mat board, with or without veneer in between is distinct item than the bamboo flooring, though classifiable under same chapter, i.e. Chapter 44 and essentially an intermediate). 3. All wooden boards including veneer, boards and sheets irrespective of constituent wood, attract GST rate of 18%. Separate dispensation for resin bonded bamboo mat board, with or without veneer in between may lead to disputes and competing demands 4. Hence, Fitment Committee does not recommend any change.

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
46.	Photo/ Picture Frame	4411, 8306	12%/ 18%	Nil	1. Exempting frame may not be desirable. Small manufacturers/ suppler are entitled to threshold/composition. 2. Hence no change recommended
47.	Cylinder Mould Vat Made Watermarked Bank Note (CWBN)	4802	12%	Nil	1. Paper is already at 12%. No further reduction is desirable based on end use and segmentation. 2. The Fitment Committee does not recommend any reduction in present GST rate
48.	1. Paper Cups (4823) 2. Poly Coated Paper (4811)	4823/ 4811	18%	12%	1. The pre-GST tax incidence on cup, trays, plates, dishes and like of paper or paper boards [falling under tariff item 4823 61 00, 4823 69 00] was @12.5% Central Excise duty and 5% VAT 2. In the GST regime, these goods attract 18% GST. 3. Small suppliers are entitled to threshold and composition. With composition limit increasing significantly with simple compliance, there should not be much hardship to supplier of such goods. Hence, Fitment Committee does not recommend any reduction in present GST rate
49.	Handmade paper	48021010	12% / 18%	Nil/5%	1. Most of the papers falling under chapter 48 attract 12% GST. 2. Handmade paper is not an item of mass consumption. It is generally meant for use by affluent consumers. 3. Hence, Fitment Committee does not recommend any reduction in present GST rate
50.	Print Media & Newspaper Industry	4801	5%	Nil	1. The newsprint falls under heading 4801 and attracts 5% GST rate 2. Exemption to paper of any kind will make the imports of such goods cheaper and would adversely impact the domestic product/Industry. 3. No change recommended.
51.	Hank yarn and Khadi products sold through different sources other than KVIC		5%	nil	1. Cotton yarn attracts the lowest GST rate of 5%. 2. There is no specific tariff line for hank yarn. 3. Differential treatment to hank yarn vis a vis other yarn would lead to distortion for the manufacturers of yarn. It would entail break of ITC chain, and reversal of ITC etc. Further any such exemption is prone to misuse. 4. To promote handlooms khadi yarn khadi fabrics sold through KVIC certified outlets, amber charkha have already been exempted under GST. 5. Hence, Fitment Committee felt that present rate structure may continue.
52.	Refund of accumulated ITC on Textile fabric	-	-	ITC on fabrics remaining unutilized up to 31st day of July 2018 may not	1. The restriction on refund of accumulated ITC on fabrics was recommended by the GST Council after detailed deliberations in its 15th meeting held on 3rd June, 2017 as it would have led to huge amount of refunds being generated. 2. In the 28th Meeting of the GST Council held on 21st July,2018 the problems faced by weavers due to blocking of refunds on accumulated ITC was raised and

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
				be made to lapse	after discussions the Council recommended to allow refund of accumulated ITC on fabrics with prospective effect and lasing of unutilised ITC. 3. Fitment does not recommend any change.
53.	Fishing line Lead weights	5608, 5404, 3916	12%	5%	1. Fishing hooks, fishing rods, fishing ropes, fishing twines, fishing tackles are considered as fishing gear accessories, which are essential for fishing industries. These items attract duty of 5%/12% 2. The fishing line is a long thread of nylon attached to a baited hook, with a sinker or float, and used for catching fish and are made of synthetic monofilament. 3. Reducing GST from 12% to 5% on fish line would bring in inversion as Nylon yarn attracts 12% GST. This is not desirable 4. Hence, no change recommended.
54.	Fishing Nets	5608	5%	Nil	1. The GST rate on fishing nets under tariff heading 5608 was initially recommended at 12% by the GST Council on the basis of pre-GST incidence of taxes. However, to support the fishing industry, the GST Council in its meeting held on 10th November, 2018 recommended reduction of GST rate to 5%. 2. Exempting fishing nets would disturb the tax structure and place domestic manufacturers at a disadvantage. 3. Hence, Fitment Committee does not recommend any reduction in present GST rate.
55.	Narrow Fabrics Items falling under	58 & 60	12%	Bring Entire chapter 58 and 60 in 5%.	1. Headings 5806 and 5801 have already been brought into the 5% GST rate as per recommendations of the GST Council as these 2 headings include narrow woven fabrics which are similar to knitted and crocheted fabrics of chapter 60 and used for items like Niwar. 2. However, all other tariff headings under chapter 58 include specialised fabrics like tulles, quilted fabrics, braids, tapestries, trimmings, embroidered fabrics etc. The GST rate on these articles was recommended by the GST Council in its 15th meeting based on the pre-GST incidence of taxes on these articles. 3. Has been examined earlier and not acceded to. 4. Hence, Fitment Committee does not recommend any reduction in present GST rate
56.	Khadi / Garments / Goods and Made-up	63	5%/ 12%	Exempt	1. To promote khadi goods, khadi yarn and khadi fabrics sold through KVIC certified outlets, amber charkha have already been exempted under GST. 2. The GST rate on Khadi garments and made ups has been recommended by GST Council on the basis of pre-GST tax incidence on readymade garments and made up articles which was as under: - (i) 2% without ITC or 12.5% with ITC for garments and made ups with retail sale price (RSP) of such garments or articles is Rs.1000 and above. (ii) Nil without ITC or Nil without ITC or 12.5% with ITC for garments and made ups of retail sale price (RSP) below Rs.1000.

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
					3. Exempting khadi garments would invite request to exempt other garments, particularly garments of local importance and items like saree and would be difficult to implement. 4. Incentivising Khadi garments through non-tax means (as is being done presently) appears a better option. 5. Hence, Fitment Committee does not recommend any reduction in present GST rate
57.	Khadi Village Industry Stores (assorted items)		-	Exempt	1. It would be difficult to identify and administer products based on their mode of manufacture viz. handmade, machine made or both. These products are also being made and marketed by companies in the organized sector. 2. Hence, Fitment Committee does not recommend any reduction in present GST rate
58.	Leather and Footwear components	6406	18%	12%	1. The GST duty structure was considered in the 28th GST Council meeting in 21st July 2018 and discussed at length. 2. The credit of duty paid can be utilised towards payment of duty on finished goods. In case of inversion, refund is also admissible. 3. No change recommended.
59.	Clay Bricks			Prescribe capacity-based levy for simplification	1. There is no provision in law to levy GST on the basis of capacity. This is against the basic tenets of GST which is a tax on value addition at each stage of the supply chain. 2. Hence, Fitment Committee does not recommend any reduction in present GST rate
60.	Biomass Briquettes	Any chapter	5%	Nil	1. Biomass briquettes are already placed at a concessional rate of 5%. Small scale suppliers can take the benefit of threshold exemption. 2. Hence, Fitment Committee does not recommend any reduction in present GST rate
61.	Salt Glazed Stone ware pipes	6906	18%	5%	1. Prior to 16.11.2017, SGSW pipes falling under 6906 attracted 28%. GST rate has already been reduced on these to 18% 2. All type of pipes & fitting attracts 18% GST. Carving out lower rate for SGSW pipes & fitting may not be desirable. 3. No change recommended.
62.	Bangles	7117, 7018, 3926	0%/ 3%	Nil	1. Bangles of base metal, whether or not plated with precious metals already attract concessional rates. 2. The issue was examined by the Fitment Committee held for 28th GST Council meeting and did not recommend any reduction in present GST rate. 3. No change recommended.
63.	Gold	7108	3%	1%	1. In the 4th Meeting of the GST Council held on 3rd/4th November 2016, it was decided that the rate of tax on Gold shall be decided by the Council itself. The Council in its 15th Meeting held on 3rd June, 2017 elaborately discussed the issue and placed Gold at 3% rate.

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
					2. Fitment Committee does not recommend any reduction in present GST rate.
64.	Cut and Polished semi-precious Stones	710399	3%	0.25%	1. These are generally used in jewellery and jewellery articles which attract 3% rate. Tax paid on these stones is available as ITC. Special rate of 0.25% on diamonds and precious stone was prescribed for the reason that most of such stones are imported in rough and after finishing most of it is exported as such. 2. On import side semi-precious stones have been kept at lower rate than precious stones (diamonds) [5% and 7.5% respectively]. 3. Therefore, this requires further deliberation if any change is to be made in tax structure. 4. No change recommended at this stage.
65.	Brass, Steel & Aluminium made pots		12%/ 18%	5%	1. GST rate on utensils made of iron and steel, copper, brass and aluminum are all at 12%. GST rate on cutlery has also been reduced to 12%. Inputs are all at 18% 2. 5% GST on manufactured goods results in negative protection for the domestic goods, and thus goes against 'Make in India' policy. 3. Hence, Fitment Committee does not recommend any reduction in present GST rate.
66.	Hard wares and building materials items i.e. Bolt Nuts, Screws, Brushes, Door Fitting etc	82	18%	5%	1. These are final consumption goods and GST rates have been prescribed, as per pre – tax incidence. Pre-GST tax incidence was more than 28%. 2. GST rate on these items was reduced to 18% in the 23rd GST council meeting. 3. Fitment Committee does not recommend any reduction in present GST rate
67.	Brass kerosene pressure stove parts	74	18%	12%	1. GST rate on Brass Kerosene Pressure Stove has already been rationalised @ 12%, based on the recommendations of the GST Council in its' 28th meeting held on 21.07.2018. 2. Reducing GST rate on parts would lead to deepening of inversion. In any case manufacturer is entitled to refund in case of inversion. 3. No change is recommended in GSt rates.
68.	Calling Tablets (Computer Tablets) of 7" size and some of the other components of tablets like chargers, back covers	8471	18% / 28%	5% below Rs. 5000/ 12% upto Rs 10,000 / 18% above Rs 10000.	1. 12% GST has been provided on mobile and parts of mobile so as to incentivise domestic manufacturing. Tablet and their parts attract 18% GST 2. Multiplicity of rate on the same item based on value is not desirable. 3. Fitment Committee does not recommend any reduction in present GST rate
69.	Electronic Calculator	8470	18%	5%	1. Calculators are imported at Nil BCD and only IGST at 18% is protecting domestic manufacturers. If GST rate will be reduced to 5%, the domestic Industry will face stiff competition.

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
					2. Hence, Fitment Committee does not recommend any reduction in present GST rate
70.	Hybrid Solar Thermal Air Conditioners	8415	28%	5%	1. Making such exception will lead to assessment disputes and not desirable. 2. May be incentivise through other means such as subsidy. 3. No change recommended.
71.	1. Cottage Industry machinery namely: 2. Sugarcane Juicer Working on .5 hp or 1 hp motor 3. Oil Ghani working on 2 hp motor 4. Groundnut decorticator working on 2 hp motor Rice huller working on 5 hp motor		18%	5% All cottage industries machinery which can work on 2 hp power should be exempted from GST.	1. Machinery for the extraction or preparation of animal or vegetable fats or oils are classifiable under heading 8437 (milling) and attract 5% rate. Rice huller and groundnut decorticator also fall under this heading and attract 5% GST. Exemption for these items is not desirable as it would lead to significant distortion for the manufacturer. 2. Other agricultural/horticultural machineries are at 12%. 3. Hence, Fitment Committee does not recommend any reduction in present GST rate
72.	Submersible pump for irrigation and insulated aluminium and copper wire used in submersible pump	8413	18%	12%	1. Rate reduction will lead to duty inversion as the raw material i.e. brass, Steel and Aluminium attracting 18% GST which will result in refund of ITC. Already GST rate has been reduced from 28% to 18% 2. End use-based exemption are difficult to administer. 3. Fitment Committee does not recommend any change.
73.	Parts of pump for handling water		18%	12%	1. On the same reasoning as above, Fitment Committee does not recommend any change.
74.	Solar Batteries & Power Back-up Batteries		28%	12%	1. All the devices and equipment falling under Chapter 84, 85 and 94 and used for solar power generation plant attracts a concessional duty at 5%. 2. GST rate on lithium ion battery has also been separately reduced to 18%.

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
	[Chapters 84, 85 and 94]				3. Hence no further change is recommended.
75.	Batteries and battery parts	8506, 8507	28%	5%	1. GST rate on Primary cells and primary batteries was reduced from 28% to 18% w.e.f 15.11.2017. 2. GST rate on lithium ion battery which is environment friendly was reduced from 28% to 18% w.e.f 27.07.2018. 3. Battery parts, including cell, are generally at 18%. 4. Has significant revenue implication. 5. No change recommended at this stage.
76.	Railways spare parts	8607	5%	18%./ 12%/ or allow input refund.	1. Fitment examined the issue twice earlier. Once in January, 2018 and again in July, 2018. Increase GST would burden Indian Railway. 2. Railways has argued that present GST rate be maintained or to allow refund to manufacturers of parts. Increase in GST rates on such part has not been contested by Railways. Allowing refund to manufacturers of such parts, without increasing the rates, has significant revenue implication. 3. As stated by Railways, cost is passed on by these manufacturers to railways. 4. No change recommended at this stage.
77.	Bicycle, Rickshaw & their parts	8712, 8714	12%	5%	1. Bicycles and other non-motorised cycles falling under Heading 8712, and rickshaws (and other hand-propelled vehicles) falling under Heading 8716 already attract 12% GST. 2. Certain segment of this industry have requested not to make any change in rates as any further reduction will lead to distortion. 3. Hence, Fitment Committee does not recommend change in present GST rate
78.	Motor Vehicles Parts and forged Components 18% / 28%		28%	18%	1. The total tax incidence under the GST regime on these items is less than the pre-GST incidence. 2. Rate of GST on many tractor parts was reduced from 28% to 18% based on the decisions taken in the 20th meeting of the GST Council on 05.08.2017. 3. The Fitment Committee felt that the issue of reduction in the rate of GST may be taken up when the rationalisation of the 28% GST slab takes place once revenue stabilizes.
79.	Cars / Vehicles		28%+1 % to 22%	1.Exempt compensation cess 2.Allow payment of CC through ITC of GST.	1. The exporter has option to export without payment of tax and claim refund on inputs or to export on payment of tax (and on zero rated transactions) and claim refund of tax so paid. 2. It may not be feasible to charge IGST and exempt compensation cess on exports or allow cross-utilization of Input Tax Credit. This would make the business process complex. 3. Hence, Fitment Committee does not recommend any change.

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
80.	CV Body Building	8706	28%	18% on goods OR increase in GST rates on services from 18% to 28%.	1. A circular has been issued to clarify the situation in which body building activity amounts to service and there is no ambiguity in the application of the circular 2. The request of the manufacturer is essential to bring parity in rate of vehicle and bodybuilding service. However, this kind of differential exists in other cases also. 3. Hence, Fitment Committee does not recommend any change.
81.	Goods consumed on board a cruise ship		18% on ticket and on-board consumption	Exemption for an initial period of 3-5 years.	1. The consumables like stores etc. are presently being taxed at the merit rate of 18% GST. 2. Alcohol is outside the purview of GST, and states like Maharashtra are charging VAT on supply of liquor to foreign going vessels. 3. The Ministry's argument is that in view of high taxes in India, the cruise tourism is not growing despite significant spending in the creation of infrastructure. 4. Cruise travel is a luxury accommodation on ship, combined with leisure and entertainment and the person going for cruise travel would be able to afford the tax also. 5. No change recommended by the Fitment at this stage.
82.	Sailing / Yachting Equipment	8903	28% + 3% Cess	Sailing equipment used for games be placed in a separate Category (delinked from Luxury / Pleasure Yachts)	**For sports persons:** Exemption from IGST has been granted *vide* Notification No.86/2017-Cus dated 14.11.2017 to import of specified sports goods when imported by eminent sportsperson. **Others** 1. The GST rate of 28% was prescribed for Yachts and other vessels for pleasure and sports, including rowing boats and canoes, with additional 3% compensation cess, as it was felt that such goods are purely for recreational activities and are generally not consumed by the public. 2. Hence, Fitment Committee does not recommend any change.
83.	Ships under 8901 (with >6500 DWT) & under 8905 1000 i.e. Dredgers		5%	Nil [5% IGST on Ships (with >6500 DWT) and Dredgers may be removed.	1. The GST rate structure for ships and vessels and other floating structures was examined by the GST Council during its 14th meeting held on 18-19 May 2017, and a concessional 5% GST rate was approved. 2. The Ministry of Shipping had stated that the shipping industry would not be in a position to utilize the ITC of IGST for a long period of time and that the new GST regime would put the Indian Shipping Industry at a disadvantageous position as foreign owners who brought ships to India were not burdened with the tax. 3. The reference was examined in 17th meeting held on 18.06.2017. Exemption was not agreed to. 4. This issue has been discussed in several rounds of meetings with the Ministry and DG Shipping. In this context, the Shipping Ministry has now recommended GST exemption to (i) <u>Ships >6500 DWT</u> (Dead Weight Tonnage) [falling under HS 8901] and (ii) <u>Dredgers,</u>

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
					(falling under HS 89051000). It is stated that such ships and dredgers are not manufactured in India. 5. Fitment Committee felt that exemption on the ground that utilisation of ITC would take long years may not be desirable. Similar issues exist in civil aviation and other sectors. 6. No change recommended by Fitment.
84.	Radiology Equipment/ X-ray Tubes / Other medical equipment and devices	90	12%	5%	1. The present GST rate of 12% is revenue neutral rate considering 6% Excise Duty and 5-12% VAT in pre-GST era. 2. Hence, Fitment Committee does not recommend any change.
85.	Cochlear Implants (Hearing Aids) and its Accessories	[Chapter 90]	5%	Exempt	1. GST at concessional rate of 5% has been prescribed on cochlear implants including various assistive devices, other rehabilitation aids while their parts and raw material attracts 18% GST. 2. If this devices/equipment are exempted from GST, then while imports of such devices/equipment would be zero rated, domestically manufactured such devices/equipment will continue to bear the burden of input taxes, increasing their cost and resulting in negative protection for the domestic value addition. 3. In this year budget, parts of Cochlear Implants have been exempted from BCD. 4. Hence, Fitment Committee does not recommend any change.
86.	Dental Implants	9021	12%	0%	1. Lower GST @ 12% has been prescribed on dental implants. 2. Most of the inputs and raw materials for manufacture of these assistive devices/equipment attract 18% GST. 3. In case of exemption, then while imports of these items would be zero rated, domestically manufactured such items will continue to bear the burden of input taxes, increasing their cost. 4. Hence, Fitment Committee does not recommend any change.
87.	Musical Instrument, their Parts	92	18%	5%	1. All musical instruments (other than handmade), their parts and accessories are classified under Ch 92 and attract the 18% GST rate. 2. In pre-GST regime the tax incidence was much higher (excise 12.5%, VAT 14-15%). 3. Hence, Fitment Committee does not recommend any change.
88.	Cane Furniture/other cane articles	46/94	12%/ 5%	Exempt	4. Already a significant concession has been provided to cane and bamboo article/furniture. Further reduction may not be desirable 5. Hence, Fitment Committee does not recommend any change.

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
89.	Handmade Furniture	9403	18%	5%	1. This issue has been discussed in details in Fitment Committee and Handicraft Committee. No special dispensation for handmade furniture found feasible. 2. Hence, Fitment Committee does not recommend any change.
90.	Coir Mattresses	9404	18%	5%	1. The Coir products are classified under Chapter heading 9404 and attract GST @ 18%. Coir mattresses specifically fall under tariff item 9404 29 90 attracting the merit rate of 18% GST. 2. The GST rates on mattresses were earlier 25% and reduced to 18% on comprehensive review of rates 3. Fitment Committee does not recommend any change.
91.	Furniture	9403	18%	12%	1. Initially, all furniture items other than bamboo furniture was subjected to the highest rate of 28% GST. Bamboo furniture was initially placed at 18% GST. 2. But with general rationalisation of the 28% and 18% slabs, the general rate of GST on furniture was reduced from 28% to 18%. On bamboo furniture, rate was reduced from 18% to12%. 3. Fitment Committee does not recommend any change.
92.	Zipper parts	9607	18%	12%	1. The request of the Zipper industry to reduce the GST rates on the Zippers/ Zip Fasteners was considered by the GST Council in its 28th meeting held on the 21.07.2018 and had recommended for reduction in the GST rates on Zip and Slide fasteners falling under heading 9607 from 18% to 12%. 2. Accordingly, the GST rate on these goods was reduced from 18% to 12% *vide* notification No.18/2018-Central Tax (Rate) dated 26.07.2018. 3. However, GST rate on Zipper parts, like zipper roll, stopper and puller, falling under same heading was not reduced. They attract 18% GST. Industry has represented that domestic manufacturers are making parts of zipper and benefit of reduced rate is not available to them. Zipper are manufactured by big units. The benefit of reduction of rate has gone to them. 4. Fitment Committee examined the request. While it was felt that there may be some merit in the argument, it was also felt that zipper parts are essentially intermediate products for zipper or the fabric/garment/bag industry. Hence ITC of tax paid on them would be available. Further reducing the GST rate on zipper parts deepens the inversion further as some of the parts and raw material for parts of zipper may be at 18%. 5. There were divergence of views. Hence Fitment Committee could not arrive at consensus, This issue requires further deliberations.
93.	Floor Cleaning Cotton Mop	9603	18%	NIL or 5%	1. In the pre-GST period, mops, feather dusters and brooms etc [classified under heading 9603] attracted 12.5% Central excise duty in addition to 5% VAT. 2. Accordingly, such mops were kept under the 18% GST slab.

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
					3. It is pertinent that brooms were exempted from GST considering the essential nature, and the fact that they are commonly used by the vulnerable sections of the population for cleaning purposes. 4. No change recommended.
94.	Writing Instrument Industry (9608) and Drawing/Sketch pen Inks	9608	18%	1.Exempt Fibre tip pens/ Drawing/ Sketch/ colouring pens / 5% on all other kinds of Pens and parts	1. Fountain pens and stylograph pens attract GST @18 % which is based on pre-GST tax incidence [12.5% GST + 4%-5% VAT] whereas all other Pens falling under Heading 9608 are subject to a concessional GST @12%. 2. These rates are based on pre-GST incidence. 3. Fitment Committee does not recommend any change.
95.	Rubber Stamps & Rubber Stamp materials [96110000]		18%	5%	1. In the pre-GST regime, such items were subjected to 12.5% central excise duty + VAT ranging from 5% - 12% 2. These were kept under initially in 28% GST slab. Since then GST rates have been rationalised to 18%. 3. Small manufacturers are entitled to threshold/composition. 4. No change recommended.
96.	Sanitary Napkins	96190010 96190020.	Nil	To allow ITC and refund under section 54(3)	1. GST rate on sanitary napkins has been reduced on the basis of several request. However, this has resulted in denial of ITC. Imposition of tax is not feasible at this stage. Further refunding ITC on exempted goods is also not feasible. 2. No change recommended.
97.	Exemption from IGST for goods imported for the purpose of re-export after job work		Applicable rate	Nil	1. As such refund of GST paid is available on exports. 2. Therefore, this is essentially an issue of cash flow. 3. It was observed that issues relating to such job work and GST treatment are also under examination in the Law Committee where inputs have been sought from Customs Wing as the issue has wider ramification. 4. Hence Fitment Committee felt that the issue requires further examination before taking a final view.
98.	Area based exemption to certain forest-based industries in certain districts of Maharashtra		0/5	nil	1. GST is a multi-stage value added tax and as such an area-based exemption limited to few districts in a state would be difficult to administer. 2. The State Government may incentivise the same through budgetary support. 3. Fitment Committee does not recommend any change.
99.	Tags used for certification of seeds	Any Chapter	18%	5%	1. In so far as tags (as goods) are concerned are inputs to the service of certification of seeds. The value attributable to the goods is not significant.

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
					2. As regards the service involved in certification of seed, the issue could be further examined after receipt of detailed information. Tamil Nadu has been requested to provide further information as regards the issue involved. 3. Fitment Committee does not recommend any change.
100.	Sago	1106	5%	0%	1. All food items at 5% GST 2. Hence Fitment Committee does not recommend any change in present GST
101.	Tapioca starch		12%	5%	1. Tapioca starch is a prepared product from Sago. 2. It is placed at 12% along with other Starches. 3. Fitment Committee does not recommend any change in GST rate
102.	Agricultural Machinery	8432-8436	18%	12%	1. Already for agricultural machinery falling under these headings 8432, GST rate is 12%. The goods falling under heading 8435 [presses, crushers used in manufacture of wine, cider and juices] are at 18%, as these are essentially industrial capital goods. 2. Certain items like pulley, flywheel, gearing housing, transmission shaft which attracted 28% have already been recommended for reduction to 18% 3. No further change recommended
103.	Chips, Mixture, Murukku (unbranded)	2106	12%	5%	1. Mixture and murukku already at 5% 2. Chips is high value commercial finished goods **3.** Hence Fitment Committee does not recommend any change in present GST.
104.	Different types of vathal		5%	0%	1. Unbranded edible preparation, in general, attract 5% GST 2. Vathal already attract concessional GST rate of 5% 3. Hence, Fitment Committee did not recommend any change in GST rate.
105.	Goods used by differently abled persons (Cars)	8703	18%	5%	1. All vehicles attract 28% GST+ applicable cess. 2. The items such as cars for differently abled already attract GST at the rate of 18% while motor vehicles attract GST at the rate of 28% plus cess ranging from 1% to 22%. 3. Hence, Fitment Committee did not accept the proposal
106.	Beverages (un-branded)	2202	28% + Cess	12%	1. Small dealers can avail benefit of threshold/composition scheme. 2. Hence, Fitment Committee did not accept the proposal.
107.	Rusk	1905	5%	0%	1. Rusk is a value-added product and attracts 5% GST. 2. The Council has already increased in composition scheme turnover limit. 3. Hence Fitment Committee does not recommend any change in present GST
108.	Textile Machinery parts	8448	18%	5%	1. Textile machinery and parts attracts 18% GST 2. Reduction in GST will cause duty inversion for machine manufacturer putting domestic manufacturers of machine at disadvantage. 3. Hence Fitment Committee does not recommend any change in present GST
109.	Coriander	0909	5%	0%	

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
110.	Dry chillies		5%	0%	1. GST rate on fresh Coriander, Tamarind, chilli, cumin, anise, Fenugreek and mustard is Nil. 2. Dry Coriander, Tamarind, chilli, cumin, anise, Fenugreek and mustard attract 5% GST, at par with other spices and in line with pre-GST tax incidence on them 3. Small supplier is entitled to threshold exemption/composition. 4. Hence Fitment Committee does not recommend any change in present GST
111.	Anise, Chilli, Cumin, Mustard, Fnugreek, Dried Ginger, Turmeric and Pepper and their masala powders	0909	5%	0%	
112.	Envelopes, letters and cards / registers, business forms and diaries / paper or paper board labels, files,Exercise book.note book and account book	4817	18%	12%	1. Lower GST rate has been provided on goods normally used in education 2. Printed books including Braille books, Children's picture, drawing or colouring books, Maps and hydrographic or similar charts of all kinds, including atlases, wall maps, topographical plans and globes, printed, Newspapers, journals and periodicals, whether or not illustrated or containing advertising material, Slate pencils and chalk sticks, Slates attract NIL GST rate 3. Exercise book, graph book, & laboratory note book and notebooks. Pens [other than Fountain pens, stylograph pens], Pencils (including propelling or sliding pencils), crayons, pastels, drawing charcoals etc. attract **12%** GST rate 4. Items like Envelopes, Diaries etc. attract standard rate of 18% based on pre-GST tax incidence 5. Hence Fitment Committee does not recommend any change in present GST
113.	Cheroot	2402	28%+ Cess	28%	1. It is a tobacco product. GST rates has been prescribed on the basis of pre-GST incidence, where they attracted central excise duty on par with Cigarettes. 2. This is product injurious to health. 3. Hence Fitment Committee does not recommend any change in present GST
114.	Non- woven bags made from polyester / fibre	3926	18%	5%	1. In general goods falling under chapter 39 attract 18% GST. 2. Reduction in rates will lead to duty inversion 3. Hence Fitment Committee does not recommend any change in present GST
115.	Bleach liquid	28	18%	5%	1. Bleach is an inorganic chemical 2. All chemicals attract 18% GST 3. Separate dispensation for few goods will lead to distortions 4. Hence Fitment Committee does not recommend any change in present GST
116.	Copper sulphate	28	18%	5%	1. Concession has been sought on the ground that it is used as pesticides, 2. Copper sulphate is an industrial produced product. Its inputs are all at 18%. 3. Therefore, rate reduction causes inversion As such all pesticides, weedicides are at 18%. 4. Fitment Committee recommended no change.

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
117.	Neem cake		5%	0%	1. MSME can avail threshold/composition scheme. 2. Nil GST will break the ITC chain and increase costs 3. No change recommended
118.	Rice Bran	2302	5%	0%	1. Nil GST will break the ITC chain and increase costs 2. No change recommended at this stage.
119.	Silver anklet, silver toe ring and silver waist cord Mangalsutra and similar items of wedlock	7113	3%	0%	1. GST does not envisage end use-based exemption which are difficult to administer, result in increased interface between tax administration and tax payers and prone to misuse, particularly in a multistage tax. 2. 3% rate is the one of the lowest rates. 3. No change recommended.
120.	Silk yarn and Silk Fabric	5004-5006	5%	0%	1. GST rate on real jari and silk yarn is 5%. 2. Nil rate will break ITC chain, increase cost of domestic goods and put them to disadvantage vis-a-vis imports 3. No change recommended.
121.	Chewing Tobacco	2403	28%+Cess	28%	1. Falls in category of sin goods 2. No change recommended.
122.	Mosquito Kill (Moskill) based on LED	8516	28%	18%	1. These products would be covered in the general review of 28% items list. 2. No change recommended.
123.	Beverages (aerated water)	2202	28%	0%	1. It is good of conspicuous consumption 2. Small dealers can avail benefit of threshold/composition scheme. 3. No change recommended
124.	Candied Papaya (Tutti Frutti)		18%	5%	1. Other bakery and sugar confectioneries attract 18% GST 2. No change recommended
125.	Palmyrah Sugar	1702 or 1704	5%	0%	1. Similar goods attract 5% GST. Exemption creates distortion. 2. No change recommended
126.	Korai Mat	4602	5%	0%	1. These products are already at a concessional 5% GST rate. Entire Chapter is at 5%. Reduction of GST rate on this entry would lead to similar requests from other entries in the Chapter. 2. Small dealers can avail benefit of threshold/composition scheme. 3. Hence Fitment Committee does not recommend any change in present GST
127.	Products from the leaves of Palm tree, Coconut tree, Dates tree, Areca tree, Mandari tree, Banyan tree and Banana tree (cups, mats,	4601	18%	5%	1. The Fitment Committee observed that the goods were already at 5%. 2. Hence Fitment Committee does not recommend any change in present GST

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
	pots, thonnai, plates etc.)				
128.	Handmade Locks	8301	18%	0%	1. Locks and safe falling under heading 8301 and 8303 respectively have already been reduced to standard rate. 2. The inputs like metals are at 18% and reduction in GST will lead to duty inversion. 3. Distinction of handmade and machine made not desirable. 4. Hence Fitment Committee does not recommend any change in present GST
129.	Camphor	2914	18%	5%	1. Camphor (Cinnamomumcamphora) is a terpene (organic compound) that's commonly used in creams, ointments, and lotions. Camphor oil is the oil extracted from the wood of camphor trees and processed by steam distillation. It can be used topically to relieve pain, irritation, and itching. Camphor is also used to relieve chest congestion and inflammatory conditions. 2. It has a strong odour and taste and is easily absorbed through the skin. Camphor is currently made out of turpentine. 3. It has multiple industrial and pharmaceutical uses. Therefore, end use of camphor will be difficult to administer and prone to misuse, more so in a multistage tax like GST. 4. Most of the chemicals attract 18% GST as per the pre-GST tax incidence. 5. Hence Fitment Committee does not recommend any change in present GST
130.	Gauze and bandage	3005	12%	5%	1. Medicines in general are at 12% GST rate. 2. Hence Fitment Committee does not recommend any change in present GST
131.	Articles made of Natural seeds or beads		5%	0%	1. Already at 5% GST rate. 2. Small scale dealers/ manufacturers can avail benefit of threshold exemption. 3. Hence Fitment Committee does not recommend any change in present GST l
132.	Articles used for temples like vahaganam, temple car, tiruvatchi (decorative arch)		Applicable rates	0%	1. End used based exemptions are generally not granted under GST. 2. Granting exemption to construction material used in temples, cars etc would be difficult to administer. 3. Hence Fitment Committee does not recommend any change in present GST
133.	Other Handicrafts		18% /12%	5%	1. Rate structure on Handicraft goods already examined by 28th GST Council. 2. Handicraft items have been placed at 5%/12%. Any further reduction will distort the rate structure, will bring in distortion in tax rates. 3. Hence Fitment Committee does not recommend any change in present GST
134.	Bronze & Brass deities,		12%	0%	1. Deities/Idol of marble/stone/wood/metal at NIL GST

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
	pooja art wares and lamps, Tanjore Paintings, Silver shield deities and Colonial style wooden furniture				2. Paintings and other items are at 12%. These issues were examined and rates were prescribed by the Council on the recommendation of the Handicraft Committee. These items have significant inputs which attract 18% rate. Hence exempting these items would break ITC chain and create distortion. 3. No change recommended.
135.	Handmade Iron Safe	8303	18%	0%/5%	1. Inputs at 18% GST 2. Reduction will cause duty inversion 3. It is not desirable to create difference based on the process of manufacture as any such concession will lead to assessment disputes 4. Hence Fitment Committee does not recommend any change in present GST
136.	Ultra-high temperature milk	0401	5%	0%	1. There is a substantial value addition in manufacturing UHT milk and is sold at a price that is 150% of the normal milk. For example: Amul Toned milk (fresh) is priced at Rs. 41 per litre whereas Amul Taaza toned milk (UHT milk) in tetra pack is priced at Rs. 60 per litre. 2. Only dairy products consumed by common man such as fresh milk, curd or lassi are kept at nil GST rates and all value-added products which are sold at a premium such as UHT milk, butter, condensed milk etc. attract higher GST rates. 3. No change recommended.
137.	Pulp of Vegetables, fruits, nuts or other parts of plants	2001 – 2006	12%	5%	1. The Central Excise duty on these products was 6% and the weighted average VAT was around 5% and hence these goods have been kept at 12% GST rates. 2. Further, as fruits and vegetable pulp is taken as an input by food processing industry to prepare processed goods which are also sold by registered brands under unit containers at significantly higher prices; the GST rate of 12% on this tariff item can be utilized as credit by such industry. 4. No change recommended
138.	Fruit based sauces, fruit syrups	2103	12%	5%	1. Processed foods in general attract 12% GST rate. 2. The rates were fixed based on the pre-GST tax incidence on these articles. 3. All goods under the said Chapter have been placed at a uniform rate of 12%. Further, reduction will result in request for other goods also. 4. These fall under High Fat, Salt and Sugar (HFSS) category for which a reference has been received from the Ministry of Health for increase in GST rates. 5. Moreover, many multinational companies are also involved in manufacturing and marketing these products and reduction in GST rates would adversely affect revenue. 6. No change recommended.

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
139.	Fruit beverages	2103	12%	5%	1. Processed foods in general attract 12% GST rate. 2. The rates were fixed based on the pre-GST tax incidence on these articles. 3. All goods under the said Chapter have been placed at a uniform rate of 12%. 4. These fall under High Fat, Salt and Sugar (HFSS) category for which a reference has been received from the Ministry of Health for increase in GST rates. 5. No change recommended
140.	Coconut water put up in unit container	2202 99 90	12%	5%	1. Coconut water not in Unit container at nil GST 2. Otherwise it attracts a concessional GST rate of 12% 3. Hence Fitment Committee does not recommend any change in present GST
141.	School bags	4202	18%	12%	1. Cotton and jute bag attract 12%. All other bags falling under heading 4202 attract 18%. 2. Distinction between bags may not be feasible. 3. Distinctly identifiable items for education like exercise book, graph book, & laboratory note book and notebooks. Pens [other than Fountain pens, stylograph pens], Pencils (including propelling or sliding pencils), crayons, pastels, drawing charcoals etc. attract 12% GST rate 4. No change recommended.
142.	Electronic weighing scale	8423	18%	5%	1. All electronic items are at 28%/18% GST rates. 2. It is a finished good and extending concessional rate not feasible 3. Hence Fitment Committee does not recommend any change in present GST
143.	Tamarind	0813	5%	0%	1. GST on dry tamarind has been re-examined by the GST Council and it recommended 5% GST on it. 2. 5% GST is also at par with many ingredients, like spices, used in making of food. 3. Threshold exemption and composition scheme should help small dealers. 4. No change recommended.
144.	Pantile	6905 10 00	5%	0%	1. Earthen or roofing tiles 2. Items like Building bricks also at 5% 3. Already at lowest GST rate of 5% 4. Hence Fitment Committee does not recommend any change in present GST rates.
145.	Fixed speed engine above 15HP	8408	28%	18%	1. Fixed speed engine upto 15HP considered to be generally used for agricultural purposes and attract 12% concessional GST 2. Other engines are for commercial and industrial purpose, 3. 28% rate is reviewed continuously. May be considered as and when revenue stabilizes.
146.	Input materials like blood bags, test tube, net testing kit, lab		12%	0%	1. Inputs used to manufacture these products are at 18% GST 2. Reduction in GST rate will lead deepen the duty inversion 3. Hence Fitment Committee does not recommend any change in present GST

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
	instrument for blood bank				
147.	Used Cars	8703	18%/ 12%	Reduction of GST on used cars	1. There is a margin scheme in GST for valuation of second-hand goods which provides for GST only on the profit margin of the person dealing with buying and selling of second-hand goods. 2. Further second-hand car sold by an unregistered person is outside the purview of GST. 3. Hence, Fitment Committee does not recommend any reduction in present GST rate
148.	Cigarettes	2402	28% + other duties and cess	New slab of 'less than 60mm' length to counter growth of low-priced illegal Cigarettes	1. Creating a new HSN code is not desirable because it will be prone to mis-use. Further, [prescribing a different rate for the Cigarette less than 60 CM has already been tried in Excise regime and it had to discontinued because of evasion. 2. Hence, Fitment Committee does not recommend any reduction in present GST rate
149.	Washing Soap & Toilet Soap made from non-edible oils	3401	18%	Create separate entry and prescribe lower rate.	1. Creating a new HSN for soaps made from non-edible oils is not feasible as the HSN code based on international convention is used in India. 2. Further, prescribing rate based on the oils used for the manufacturing will lead to mis declaration and tax evasion. 3. Hence, Fitment Committee does not recommend any reduction in present GST rate
150.	Mirror polished stone	6802	-	Clarification regarding scope be issued	1. The issue has been settled by the entry inserted on the recommendation of the GST Council during its 28th meeting 2. Hence Fitment Committee does not recommend any change in present GST
151.	Bakers' Yeast	2102 1020	12%	5%	1. The GST rate has been fixed on the pre-GST tax incidence on these goods. 2. All such goods are at 12% 3. No change recommended
152.	Petrol/Kerosene Engine below 15 HP	8408	18%	12%	1. Matter has already been discussed in the 28th GST Council meeting and Council has not accepted the request. 2. Hence Fitment Committee does not recommend any change in present GST
153.	LWC Paper upto 70 GSM	4810	12%	Nil	1. All types of Paper are kept at a uniform rate of 12%. 2. Granting exemption to a particular type of Paper would lead to similar requests from other types of Paper and would be difficult to administer. 3. Hence, Fitment Committee does not recommend any change in present GST rate
154.	Coal	2701		Single stage levy be there	1. GST is a multistage tax and cannot be levied at single point. If the request is accepted it would lead to cascading.

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
					2. Hence, Fitment Committee does not recommend any change in present GST rate
155.	Fire Safety Products	8424	18%	Nil	1. Inputs like chemicals and iron and steel at 18% 2. Reduction in GST will cause duty inversion 3. Fitment Committee does not recommend any change in present GST rate
156.	Handicap's Products - Wheelchair, Brake Typewriter, Ear Machine, Surgical Belt	8469 9021	5%	Nil	1. Already at concessional rate of 5%. 2. Further reduction in GST rates will create hardship for the domestic manufacturer. 3. No change recommended.
157.	Kolhapuri Chappal	6403	18%/5%	Nil	1. The GST Council in in its 28th meeting discussed rate structure of footwear in detail. 2. Fitment Committee has recommended GST rate on footwear based on transaction value rather than based on RSP. This gives significant relief to the footwear industry.
158.	Non-ferrous metal Products	7325	18%	12%	1. GST rate is based on pre-GST tax incidence 2. The goods are industrial inputs, all of which attract 18% GST. 3. Any reduction in GST will cause distortion in rate structure. 4. No change recommended.
159.	Switch Gears and its parts	8536	18%	5%	1. These are intermediate products. ITC thereof is available as pass through. 2. No change recommended.
160.	Electric Vehicles	87	12%	Nil	3. Already lower GST of 12% with Nil Compensation Cess has been provided as compared to normal motor vehicles which attracts 28% GST and Compensation cess. 4. Nil GSt would put domestic manufacturers in disadvantage vis-à-vis imports. 5. Fitment Committee does not recommend any change in present GST rate
161.	Spare parts of Tractor	84/87	18%	12%	1. Generally, all auto parts attract 28% GST rate. 2. However, to secure the interest of farmers in the distressed agriculture sector, the rate of GST on many tractor parts was reduced from 28% to 18% [with effect from 18.08.2017] based on the decisions taken in the 20th meeting of the GST Council on 05.08.2017. 3. Agricultural Tractors (except road tractors for semi-trailers of engine capacity more than 1800 cc) attract 12% GST. 4. Reducing the tax rates on these parts below 18% would deepen the inversion for parts manufacturer, which is not desirable. 5. Further, a vide gap of 28% on general auto parts and 12% on tractor parts would be prone to misuse, by misclassification.

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
					6. Tractor manufacturers in any case can claim refund on account of inversion, if they are not able to utilize the ITC. 7. No change recommended
162.	Recycled Plastic	39	18%	5%	1. All type of plastics items is at 18%. Their raw materials, bulk plastics are also at 18%. 2. On plastic scrap, GST rate has already been reduced from 18% to 5% to promote re-cycling. 3. It is not desirable to have differential tax rates on virgin plastic and recycled plastic products as it would be prone to misuse and lead to litigation. 4. Further, these items are intermediate goods and industry can claim ITC. 5. No change recommended.
163.	Bidi	24	28%	18%	1. GST Rate on Bidi has been discussed at length in the 15th GST Council meeting wherein after much deliberation, the Hon'ble Chairperson suggested that tendu leaves could be taxed at the rate of 18% under reverse charge and bidi could be taxed at the rate of 28%. The Council agreed to this suggestion. 2. 28% with no cess is the lowest rate for any tobacco product. 3. Considering the nature of the product there may not be much justification to reduce it below 28%. 4. Hence, Fitment Committee does not recommend any change of GST rate.
164.	Wet Grinder	85	12%	5%	1. The GST rate recommended initially by the GST Council on wet grinder with stone was 28% as per the pre-GST incidence of taxes on it. 2. During the review of 28% goods list in the 23rd GST Council GST rates on around 170 items were reduced to 18%. 3. However, as a special case on the request of the state of Tamil Nadu regarding the extensive use of wet grinder in their state, the GST Council made an exception and reduced the rate of wet grinder with stone from 28% to 12%. 4. Hence, Fitment Committee does not recommend any further change of GST rate.
165.	Scrap	72/74/76	18%	5%	1. The Fitment Committee in its meeting held on 2.10.2017 had recommended to reduce the GST rate to 5% on Plastic scrap, Paper scrap (Waste paper), Rubber scrap and Glass scrap. 2. The above recommendations of the Fitment Committee were considered by the GST Council in its 22nd Meeting held on 6.10.2017. 3. GST on e-waste has also been reduced from 18% to 5% to encourage recycling and further disposal of e-waste.

<table>
<tr><th>S. No</th><th>Description</th><th>HSN</th><th>Present GST Rate (%)</th><th>Requested GST Rate (%)</th><th>Comments</th></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td>4. However, metal scrap continues to attract 18% GST. Metal scrap stands on a different footing than plastic or paper scrap.
5. Metal scrap is fully recyclable and easily available in national/international market. It is preferred input in the metal industry, particularly Aluminium and Iron and Steel.
6. Hence, Fitment Committee does not recommend any further change of GST rate.</td></tr>
<tr><td>166.</td><td>Fisherman boats</td><td>89</td><td>5%</td><td>Nil</td><td>1. Fishing boat falling under chapter 89 attracts 5%
2. The raw materials for fishing boat attract 18% GST (in general)
3. Full exemption from GST will bring in distortion
4. Hence, Fitment Committee does not recommend any further change of GST rate.</td></tr>
<tr><td>167.</td><td>Cricket Bat</td><td>9506 99 20</td><td>12%</td><td>Nil</td><td>1. The cricket bats are classified under Tariff item 9506 99 20 and attract 12% GST with Nil compensation cess.
2. Thus bats are already at a concessional rate of 12 % along with other sports goods.
3. Carving out a separate category for exemption/ further reduction of rates would not be desirable.
4. A rate lower than 12% on manufactured goods would create hardship to domestic manufacturers considering willow/wood attracts 18% GST.
5. Hence, Fitment Committee does not recommend any further change of GST rate.</td></tr>
<tr><td>168.</td><td>Roasted Groundnut</td><td></td><td>12%</td><td>5%</td><td>1. Present GST rate on Roasted groundnut is as per pre-GST tax incidence. MSME can avail composition scheme.
2. No change recommended.</td></tr>
<tr><td>169.</td><td>Pickle</td><td>20</td><td>12%</td><td>Nil</td><td>1. In the 14th GST Council Meeting held on 18th – 19th May, 2017, it was decided to levy 18% GST rate on pickles.
2. Thereafter the GST Council again discussed the matter of GST rates on pickles in 16th GST Council Meeting held on 11 June 2017 and recommended 12% GST on pickle along with other goods.
3. Following is the details of the GST rate:
<table>
<tr><th>Heading</th><th>Description of Goods</th><th>GST Rate</th></tr>
<tr><td>2001</td><td>Vegetables, fruit, nuts and other edible parts of plants, prepared or preserved by vinegar or acetic acid</td><td>12%</td></tr>
<tr><td>2002</td><td>Tomatoes prepared or preserved otherwise than by vinegar or acetic acid</td><td>12%</td></tr>
<tr><td>2003</td><td>Mushrooms and truffles, prepared or preserved</td><td>12%</td></tr>
</table></td></tr>
</table>

<table>
<tr><th>S. No</th><th>Description</th><th>HSN</th><th>Present GST Rate (%)</th><th>Requested GST Rate (%)</th><th>Comments</th></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td>
<table>
<tr><td></td><td>otherwise than by vinegar or acetic acid</td><td></td></tr>
<tr><td>2004</td><td>Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen, other than products of heading 2006</td><td>12%</td></tr>
<tr><td>2005</td><td>Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products of heading 2006</td><td>12%</td></tr>
</table>
4. Pickle industry is also dominated by organised players in urban areas.
5. It has significant revenue implication.
6. No change recommended.
</td></tr>
<tr><td>170.</td><td>Hybrid Cars</td><td></td><td></td><td></td><td>
1. Pre-GST, Hybrid vehicles [irrespective of size and capacity of engine] attracted 12.5% central excise duty and 1% NCCD and VAT at standard rate that is 14.5% or 15% or 20%.
2. GST Council, in its meeting on 18th May, 2017, had recommended that: -
a) That there may be no Compensation cess on small hybrid petrol cars [of engine capacity upto 1200 cc] and small diesel hybrid cars [of engine capacity upto 1500cc]
b) Impose 15% Compensation cess [at par with same capacity normal cars] on other hybrid cars.
3. After imposition of Compensation cess on Hybrid cars, the matter was re-examined and inter-alia it was found that the manufacturer was not passing on the benefit of lower central excise duty to end customers.
4. The present GST rate structure on hybrid cars is:
<table>
<tr><th>Segment</th><th>Heading</th><th>GST rate</th><th>CC rate</th></tr>
<tr><td>Hybrid small Cars (length < 4 m; Petrol<1200 cc</td><td>8703</td><td>28%</td><td>Nil</td></tr>
<tr><td>Hybrid small Cars (length < 4 m; Diesel < 1500 cc)</td><td>8703</td><td>28%</td><td>Nil</td></tr>
<tr><td>Hybrid Cars/ Sports Utility Vehicles (other small hybrid cars)</td><td>8703</td><td>28%</td><td>15%</td></tr>
</table>
5. Therefore, in general even with the above revised rates of Compensation cess plus 28% GST, the total GST on hybrid vehicles is lower than the corresponding pre-GST tax incidence. Further, in the last revision of Compensation cess rate:
</td></tr>
</table>

S. No	Description	HSN	Present GST Rate (%)	Requested GST Rate (%)	Comments
					a) There has been no increase in the Compensation cess rate on small petrol and diesel cars, and the total GST incidence on them is lower by about 3 % than the pre-GST tax incidence on them. b) There has been no increase in the Compensation cess on mid segment and large segment hybrid cars. Small hybrid cars in any case were exempt from Compensation cess right from the beginning. As a result, hybrid cars have an advantage over similar engine capacity IC engine cars. c) The hybrid cars made are generally in the large segment, and they have a tax advantage of 5% over similar normal IC engine cars d) In any case, with increase in Compensation Cess by 5% to 7% on similar IC engine cars, large hybrid cars have a tax advantage of 5% in general. 6. In addition to lower duty on hybrid vehicles, full exemption from basic customs duty [BCD] has also been provided on the many specified parts for manufacture of hybrid motor vehicles. 7. Hence, Fitment Committee does not recommend any change of GST rate.
171.	Branded /Unbranded Food Grain	-	5%/Nil		1. The GST Council discussed rate on food grains put up in unit container and bearing a brand name in great detail and recommended 5% GST rate on the same. 2. Subsequently, to check tax avoidance certain changes were made in the provision, including that if a dealer foregoes an actionable claim against his brand name, no GST will apply. 3. The small supplier can opt for the composition scheme and pay tax at the rate of 1% of the turnover. Further this limit for the composition scheme is proposed to be increased to R. 1.5 Crore. 4. Presently, due to the rate differential between branded and unbranded food items, the small and medium enterprises have an advantage over the large companies selling branded food items. 5. Further branded food items are not for mass consumption as they are sold at a premium over the unbranded food items. 6. No change is recommended.
172.	Animal Food (Cat and Dog Feed)	2309 10 00	18%	5%	1. Animal and dog feeds are generally imported 2. These are used by affluent class who can afford the tax incidence. 3. Therefore, there may not be a justification to reduce GST rate on these goods. 4. No Change recommended

Annexure IV

Issues where no change has been proposed by Fitment Committee on 14th and 15th December- 2018

Sl. No.	Proposal	Comments
1.	Request for seeking GST exemption on the services provided to students in India relating to admission to foreign universities. Reference: Association of Australian Education Representative in India (AAERI)	Not agreed Recommendation: This request is for a new exemption which did not exist in pre-GST regime. Therefore, the request for the exemption may not be acceded to. Discussion: Placement and recruitment related services provided by AAERI to prospective Indian students for the overseas university are performed in India, it would not be prudent to exempt the same from the GST. Further, as AAERI acts as an intermediary between the prospective student and the university, in accordance to section 13(8)(b) of IGST Act, 2017 the place of supply of intermediary service shall be the location of the supplier of services, i.e. location of AAERI. Although, the service recipient is outside India and the payment for the service is received in convertible foreign exchange, the service provided by AAERI can't be qualified as export of services because of the place of supply of service is in India. Hence it would be taxable under GST. To exempt such intermediary service would require changes in IGST Act.
2.	Request to grant refund of GST paid by Indian Red Cross Society on all inward supplies used for blood service activities. Reference: Red Cross Society	Not agreed Recommendation: There is no practice of zero rating of domestic supplies. This is a request for zero rating and may not be acceded to. Discussion: Supply of Human Blood and its components are exempt from GST vide Notification No. 2/2017-Central Tax (Rate), [Sl. No. 106 refers]. The exemption as existed in Service Tax regime has been carried forward to GST. The input goods and services used for supply of blood are taxable. The request for grant refund of GST paid by IRCS on all inward supplies (inputs and other materials) would mean zero rating. Under GST regime, zero rating is done for only physical exports and supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.
3.	Seeking clarification about applicability of GST on License fees collected from the residents of working women hostel, and applicability of GST on Mess fee collected from the inmates of Working Women Hostels run by SamajKalyanSamiti, NDMC Reference: NDMC	Not agreed, assessment issue. Discussion: In the self-assessment era NDMC should know that the guideline issued by Govt. of NCT Delhi is generic in nature. More specific entry, namely Sl. No. 12 and Sl. No. 14 of the notification would be applicable for accommodation service provided in working women hostels. Similarly, with regards to mess fee collected from the inmates of the hostel, same is taxable to GST @ 5% without ITC vide Sl. No. 7 (i) of notification No. 11/2017- Central Tax (Rate) dated 28th June,

Sl. No.	Proposal	Comments
		2017. Fitment committee cannot do the assessment work for every issue referred to it.
4.	Request for GST exemption on services relating to drilling of bore-wells Reference: Dr. ThambiDurai, Dy. Speaker, Lok Sabha; Karnataka	Not agreed Recommendation: May not be considered Discussion: 1. The issue was earlier discussed in the Fitment Committee meeting held on 9th and 10th July, 2018. In the FC meeting it was decided that the issue has to be examined by State of Tamil Nadu since a large number of the bore-well drilling operators are from the state and it has a revenue implication for the state. The matter was accordingly deferred. 2. Tamil Nadu vide its DO letter No. 7738/B1/2018, dated 24.07.2018 has stated that bore-well drilling activity is carried out using drilling equipment mounted on lorry for the purpose of agriculture and drinking water. Besides, industries are main consumers who drill large numbers of bore-wells. It would not be possible to identify whether the driller is exclusively undertaking agriculture drilling or for any other purpose and it may lead to evasion of tax. Moreover, the owner of the drilling machines would have paid GST on the purchase of the vehicles, drilling machines, compressors, rigs etc., and if any exemption is granted on the supply of drilling of bore-well service, the same would disentitle them from claiming input tax paid on the purchase of above equipment. 3. Tamil Nadu has further stated that out of the total cost of digging a bore-well, about 37% of the cost is towards the cost of drilling, rest is the cost of submersible pumps, pipes etc. Hence the exemption may not mitigate the burden of tax on the landowners and farmers and it would break the ITC chain, resulting in embedded tax which will have to be borne by the landowners and farmers and not by the drillers. Tamil Nadu has recommended that as the claim of exemption could lead to evasion of tax and may not benefit farmers, the proposal seeking exemption on the services rendered by way of drilling of bore wells for agricultural use may not be considered.
5.	Request to address the issue of Government companies having Government equity less than 90%, which are not considered as government entity. Reference: Chairman, Railway Board	Not agreed Recommendation: The request of Railway Chairman amounts to demand for a new concession which would have wide ramification on revenue. Therefore, at present no change may be made in the definition of 'Government Entity'. Discussion: It was a conscious and deliberate policy decision of GST Council not to dilute the Government's equity or control less than 90%. The present decision of the Council as reflected in notification Nos. 11 and 12/2017- Central Tax (Rate) means that, for concessional rate or exemption to be available, the

Sl. No.	Proposal	Comments
		Government's participation should by way of equity or control be greater than 90%.
6.	It has been requested to exempt the sublease of land to a company entirely owned by Project Affected People on account of R&R for acquisition of land by Government or its undertakings Reference: Sh. Raju Shetti, MP, Lok Sabha	Not agreed, Maharashtra may communicate once company consisting entirely of Project Affected Persons (PAPs) forms. Recommendation: Examining the GST exemption request at this stage would be premature. The request for GST exemption on grant of sub-lease of industrial plots or plots for development of infrastructure for financial business, provided by a developer to a private limited company comprising entirely of Project Affected Persons (PAPs) may be put on hold till the time M/s KDL become a private limited company comprising entirely of Project Affected Persons (PAPs). Discussion: From the report submitted by Maharashtra it emerges that the proposal made by the VIP to exempt the upfront premium payable in respect of sub- lease of land in respect of de-notified SEZ, from M/s KEIPL (a private company) to M/s KDL (a farmer owned company consisting entirely owned by PAPs) is pre-mature as because M/s KDL is yet to become a 100% farmer's owned (PAPs) company. Even if we decide to propose an exemption, such exemption benefit would not be applicable to M/s KDL. Therefore, it is proposed that the request for GST exemption on grant of sub-lease of industrial plots or plots for development of infrastructure for financial business, provided by a developer to a private limited company comprising entirely of Project Affected Persons (PAPs) may be put on hold till the time M/s KDL become a private limited company comprising entirely of Project Affected Persons (PAPs).
7.	Request for providing GST exemption to community led water supply schemes, and Alternatively, to clarify the rate of tax applicable to works undertaken through Jalanidhi scheme, if exemption is not acceptable Reference: Government of Kerala; Referred by Law Committee	Exemption and rate reduction not agreed. Recommendations: (i) request for GST exemption to community led water supply schemes of Kerala may not be acceded to. (ii) since KRWSA is a Governmental Entity, therefore, works contract service supplied to it by vendors/contractors/ community contracts for the implementation of Jalanidhi Scheme would attract concessional rate of GST of 12% or 5%, depending upon the value of earth work (that is, value of earth work constituting more than 75per cent. of the value of the works contract). [Sl. No. Sl. No 3(iii) and Sl. No 3(vii) of notification No. 11/2017-Central Tax (Rate), dated 28.06.2017 refers] Discussion: 1. It may be recalled that in past works contract service provided to Government has been discussed in length and data submitted by the Government of Telangana was also analyzed, which revealed that even in canal works, incidence of GST is less as compared to pre- GST regime. In some roads, building and bridge works, even 12% GST rate merited refund.

Sl. No.	Proposal	Comments
		2. It may also be recalled that prior to 1st July, 2017, in the service tax era the service component of works contract service provided to Government and Governmental authority was exempted from service tax. However, there were embedded taxes on inputs, input services and capital goods (such as service tax, excise duty and VAT). Furthermore, most of the states levied VAT under composition scheme ranging from 1 to 5%. As the works contracts were in composition scheme, Credit of VAT paid on goods was not allowed. 3. Therefore, it is not justified to provide GST exemption to community led water supply schemes. Further it may be noted that most of the States of India have different models of community led schemes for water supply, sanitation etc. Specific exemption to Jalanidhi scheme of Kerala government does not justify its merit.
8.	Request to exempt services of Chhattisgarh Professional Examination Board (CPEB) provided to unemployed youths in relation to conduct of entrance test for employment purpose from GST Reference: Chief Secretary, Chhattisgarh Government	Not agreed Chhattisgarh Government may consider notifying CPEB as a Government body or entity. Recommendation: Chhattisgarh Professional Examination Board is neither a government nor Government Entity. Specific exemption if granted to a professional body like CPEB, in future similar request would arise from many other professional bodies who are conducting recruitment and admission related examination. Exemption may not be granted.
9.	Request to reduce or exempt GST on captive mining services. Reference: Shri. Saurabh Patel, Minister of Energy, Gujarat	Not agreed Recommendation: The request for the exemption/reduction of rate of GST may not be acceded to. Discussion: 1. The basic price of G-13 coal (excluding regulatory levies and taxes) offered by Coal India as indicated by GSECL is Rs. 817/MT. As against this, the price proposed to be paid by GSECL to MDO for only mining of raw coal is Rs. 1295/MT. 2. Even if the rate of GST on mining service is reduced from 18% to 5%, the cost of coal from captive mine of GSECL shall be reduced to Rs.2077/MT, which would still be Rs. 410/MT more than the price of coal purchased from CIL. 3. The cost of captive coal mined by NTPC, as per the Balance Sheet of NTPC for the FY 2017-18, was Rs. 1187/MT. 4. The high cost of captive coal estimated by GSECL is due to high cost of mining. 5. Service Tax collected on mining service during FY 2016-17 was Rs. 4600 crores. Reducing the GST rate on mining services to 5% will have revenue implication of Rs. 4000 crores annually. 6. The cost of inputs and inputs services in mining sector is quite high and any exemption from GST on mining will lead to blockage of input tax for the MDO and reducing the rate to 5% will result in ITC overflow.

Sl. No.	Proposal	Comments
10.	Modification in Notification No. 12/2017 - Central Tax (Rate) dated 28.06.2017, entry 65B Reference: Additional Chief Secretary, Finance, Rajasthan	Not agreed. State Govt. may consider issuing internal instruction for flow of required information from miners to mining department and ERCC. Recommendation: The proposal to amend the condition of exemption may not be considered.
11.	Whether to grant retrospective exemption from GST on Government's share of Profit Petroleum for the period from 1.7.2017 to 24.01.2018.	Not agreed to take up the issue for retrospective exemption. As a matter of principle, retrospective exemption should be avoided as they are required to be given effect through finance bills of center and all the states. Discussion: Government's share of Profit petroleum has been exempted from GST w.e.f. 25.01.2018 vide Notification No. 5/2018-Central Tax (Rate) dated 25th January, 2018. 2. Retrospective exemption from service tax for the period from 01.04.2016 to 30.06.2017 has been granted in the Budget, 2018. 3. In view of the above exemption, following situation has emerged: (i) Government's share of Profit petroleum is exempt from Service Tax for Pre- GST period i.e period before 01.07.2017. (ii) Government's share of Profit petroleum is exempt from GST from 25.01.2018. (iii) Government's share of Profit petroleum is taxable under GST for the period from 01.07.2017 to 24.01.2018.
12.	Requesting to exempt services of Insolvency and Bankruptcy Board of India (IBBI) from GST keeping in view the regulatory nature of work done by IBBI. Reference: IBBI	Not agreed Recommendation: Request to exempt GST on the services rendered by IBBI may not be accepted Discussion: 1. From the data provided by IBBI, it is seen that there is significant amount of input credit available to IBBI owing to high cost of inputs and input services. Input credit on inward supplies would not be available to IBBI due to GST exemption and GST paid on inward supplies would stick as cost to IBBI. 2. Request for GST exemption on the grounds of compliance burden on part of IBBI is not on sound logic. A statutory body regulating the activities of large number professionals is expected to pay tax as MCI and Bar Council are doing for their services.
13.	Request to reduce GST on Online Delivery Services of Food from 18% to 12% with ITC Reference: Bundl Technologies Private Ltd	Not agreed. Recommendation: Request to reduce GST from 18% to 12% or 5% with input tax credit on a specific input service of restaurants i.e. online food delivery may not be considered.

Sl. No.	Proposal	Comments
		Discussion: Restaurants are paying GST on various inputs and inputs services which would stick as cost due to lower rate of tax i.e 5% without input tax credit on output service. This is a concomitant effect of such lower rate of GST without input credit. In the present case, restaurants are paying 18% GST on commission paid for online food delivery service. The industry can bear such additional costs on inputs as same is passed on to the customers. Earlier, the benefit of ITC was not being passed onto the customers. Any reduction on GST rate from the current 18% would result into revenue loss in future as the online food service sector is rapidly growing in India. Reducing GST rate on a specific input service i.e online food delivery service, may result into similar demands for rate reduction from supplier of other inputs/input services to restaurant industry.
14.	(i) Request to reduce the GST on cruise tourism to 5% (ii)To exempt the supplies of goods (which are then supplied onboard) to a cruise lines at home ports from GST Reference:Sh. K. J. Alphons, Minister of State (IC) for Tourism, GOI	Not agreed as it is a luxury consumption. Recommendation: Not agreed. Maharashtra raised the argument of nascent industry but this has not been agreed for any other industry. Discussion: The proposals were examined in the Fitment Committee meeting held on 9th and 10th July, 2018 and in the 28th GST Council meeting held on 21.07.2018. The proposals were not acceded to.
15.	Request for retrospective Service Tax exemption and GST exemption to long term lease of plots by entities having 50% or more ownership of Central Government, State Government or Union Territory in an industrial or financial business area. Reference: CFO, Gujarat International Finance Tec-City Company Limited (GIFTCL)	Not Agreed for retrospective exemption. Recommendation: i. A decision regarding exemption from Service Tax cannot be decided by GST Council. Ministry of Finance would deliberate this issue of retrospective service Tax exemption separately once the details of SCN are received from DGGI zonal unit. ii. 01st July, 2017 to 12th October, 2017 is concerned, it may not be advisable to grant exemption for such a small period. GST if any should have been collected by GIFTCL and paid to the Government as per the tax payment cycle. If retrospective exemption shall be granted, it would attract refund.
16.	Request to apply a uniform GST rate on coal mining services and on supply of coal. Reference: Gujarat Urja Vikam Nigam Limited, forwarded by CCT, Gujarat	Not agreed Recommendation: The request for applying a uniform GST rate on coal mining services and on supply of coal may not be acceded to. [Discussion at Sl. No. 9 above]
17.	To reduce GST Rate on common effluent treatment services from12% to 5% so as to eliminate credit blockage, ensure seamless credit flow avoid exporting of taxes. ii. Request to exempt purchase of machinery and capital equipment from GST	Not agreed Recommendation: i. The request to further reduce rate of GST on CETP from 12% to 5% may not be acceded to.

Sl. No.	Proposal	Comments
	iii. Request that the GST paid by CETPs on capital goods from 01-07-17 should be paid back or permitted to claim back. iv. Request to exempt CETPs' service providers including O&M operators. Reference: Dyers Association of Tirupur, forwarded by CCT, Gujarat	ii. Request to exempt CETPs' service providers including O&M operators may not be accepted as ITC of the same is available to the CETPs. Discussion: 1. As recommended by Fitment Committee in its meetings on 10th and 13th January, 2018 and approved by GST Council Meeting held on 18th Jan 2018 GST on CETP was reduced from 18% to 12%. 2. The Industry is seeking for a further rate reduction. 3. The request to reduce GST on CETP services from 12% to 5% was again examined by the Fitment Committee meeting held on 11.07.2018 but not agreed to.
18.	Clarification is sought on following issues: 1. If the firm wants to provide all above services for a "Single consolidated Rate" as a package (with transportation of taxable goods as well as tax-free goods), whether such supply would be treated as "Mixed supply" as per the provisions of Sec 8 of the CGST Act, 2017, since the services are not naturally bundled and capable of being provided independently as well? [In certain cases, charges for Clearing and Forwarding Agency Charge are higher than transportation charges and in certain cases charges of transportation are higher] 2. What shall be the applicable HSN code and Tax Rate for such bundle of services? 3. Whether the firm shall be eligible to avail ITC on following: - GST paid on Commercial vehicles & Repair & maintenance cost of such vehicles used for transportation of goods / containers - ITC on inward supply from CFS/ Port/ Labour contractor etc. related to such packaged outward supply? Whether the client Exporters shall be eligible to claim refund of the GST paid by them on our outward supply invoices? Reference: Shree Shipping Services	Not agreed. Assessment issue. Recommendation: The request for issuing clarification may not be accepted. Discussions: It will not be advisable to go into such individual permutations and combinations of services which will vary from firm to firm. Whether a combination of services is a composite supply or mixed supply will depend on facts of each case.
19.	Request to exempt services provided by the Pension Fund Regulatory and Development Authority (PFRDA) from GST. Reference: Pension Fund Regulatory and Development Authority	Not agreed Recommendation: The request for exemption from GST may not be acceded to. Services provided by regulatory bodies are not being exempted under GST.

Sl. No.	Proposal	Comments
20.	Request to exempt services provided by the Petroleum and Natural Gas Regulatory Board (PNGRB) from GST. Reference: Petroleum and Natural Gas Regulatory Board	Not agreed Recommendation: The request for exemption from GST may not be acceded to. Services provided by regulatory bodies are not being exempted under GST.
21.	Request: To exempt grant of right to use spectrum from levy of GST. Reference: Secretary, Dept. of Telecommunications; COAI, ASSOCHAM	Not agreed Recommendation: The request for exemption from GST may not be acceded to. Discussion: In a VAT system, Input Tax Credit of Capital Goods gets utilised over a period of time. The same holds true for telecom companies too.
22.	Request: Exemption of GST on author's royalty and e-booksor to bring the same under forward charge. Ref: Federation of Publishers' & Booksellers' Association in India (FPBAI); Meerut Publishers Association	Not agreed Recommendation: The request for exemption from GST and to bring royalty under forward charge mechanism may not be acceded to. Discussion: It would be both an administrative ease to collect GST on royalty from the publisher rather than individual authors and at the same time provide relief from GST compliance to upcoming authors.
23.	To reduce the GST rate on commercial renting to 4% Reference: Sh. KambhampatiHaribabu, MP (Lok Sabha)	Not agreed to reduce the rate. Recommendation: The request for reduced rate of GST may not be acceded to. There is no such rate of GST of 4% or special treatment to commercial buildings.
24.	To reduce GST rate on software services to 4% Reference: Sh. KambhampatiHaribabu, MP (Lok Sabha)	Not agreed to reduce the rate. Recommendation: The request for reduced rate of GST may not be acceded to. There is no such rate of GST of 4%. Services are generally taxed at standard rate of GST of 18%.
25.	Request to allow ITC to industrial canteen contractors similar to the entry of tour operator, at least the credit of tax charged by another canteen contractor under a back-to-back contract should be permitted to avoid the cascading effect of tax. Reference: Gujarat VAT Dept, All India Industrial Caterers Association	Not Agreed Recommendation: Request may not be agreed as the GST has been already reduced to 5% without ITC on supply of food by industrial canteens Discussion: As regard tour operators, fuel is major input cost whose tax credit was not available. Hence, ITC was allowed in the same line of business. While in case of industrial canteen there is an option to pay at 18% with ITC.
26.	1. Allow input credit of GST paid with respect to health/medical/accidental and life insurance coverage for employees;	Not Agreed

Sl. No.	Proposal	Comments
	or 2. Notify insurance services procured for employees of staffing industry as identified services eligible for ITC purposes. Reference: Gujarat VAT Department; Randstad India Private Limited	Recommendation: Request of all input tax credit of life insurance and health insurance may be referred to Law Committee as ITC is either blocked/ allowed in Law. Discussion: This requires change in law.
27.	Requested for exemption from 5%/12%/18% on services relating to Agricultural activities Reference: Agriculture Dept. Secretariat; forwarded by CCT Tamil Nadu	Not agreed as exemption will result in blockage of ITC and increase cost. Recommendation: Proposal may not be acceded to. Support services for agriculture are already exempt. There are no specific issues in request for exemption.
28.	Requested for exemption from 18% for services provided by State and Central cooperative banks Reference: forwarded by CCT Tamil Nadu; Karnataka	Not agreed Recommendation: Proposal may not be acceded to. Discussion: Exemption of output services will lead to blockage of ITC and shall increase the cost of output services to the consumers. This will create disparity between Cooperative and other banks.
29.	Reduction in rate of tax from 18% on service of insurance Reference: forwarded by CCT Tamil Nadu	Not agreed Recommendation: Proposal may not be acceded to. Discussion: The insurance service attracts GST only on the risk component of premium. Effective rate of tax on premium paid is in the range of 1.8 to 4.5% as Rule 32(4) of CGST Rules provides for value to be adopted in for different types of policies in vogue. Exemption would lead to ITC reversals and shall increase the compliance burden on part of the insurance company. Exemption of output services will lead to blockage of ITC and shall increase the cost of output services to the consumers.
30.	Request to reduce GST rate from 18% to 5% on job work relating to engineering components Reference: Coimbatore Thiruppur District Micro and Cottage Entrepreneur Association and other similar Associations; forwarded by CCT Tamil Nadu	Not agreed to reduce rate. Recommendation: Proposal to reduce rate on job work service from 18% to 5% for all sectors may not be acceded to. The output rate of the goods where these job-worked items are used is at 18% and also the input goods used for job-work is at 18%. So, reducing the rate to 5% may lead to inversion and refund.
31.	Requested for exemption from GST toservices outsourced by Educational Institutions above higher secondary level Reference: forwarded by CCT Tamil Nadu	Not agreed Recommendation: The request is for a new exemption; may not be acceded to.

Sl. No.	Proposal	Comments
		Discussion: In pre-GST regime, service was charged to 15% and in GST it is charged at standard rate of 18%. This is a demand for input side rate exemption.
32.	Reduce GST rate on Outdoor catering services to 5% Reference: The Tamil Nadu Hotel Association; forwarded by CCT Tamil Nadu; Telangana	Not agreed as it will result in blockage of ITC Recommendation: Proposal may not be acceded to as it would be impediment to formalization of economy. Discussion: Entry 7(v) of notification No. 11/2017-CT(Rate) was modified after recommendation of 28th GST Council meeting restricting its scope to supply in functions which are occasional and event based. Further review is not warranted so early. Change in the revenue trends is also required for such a decision. Further, reducing rate to 5% without ITC will result in blockage of input tax credit for outdoor caterers and may encourage sourcing of non-tax paid inputs.
33.	Reduction in rate of tax from 12% to 5% on chit fund services Reference: forwarded by CCT Tamil Nadu	Not agreed Recommendation: Proposal may not be acceded to Discussion: GST rate on services provided by a foreman of a chit fund in relation to chit is already reduced to 12% without input credit vide Entry No 15(i) of Notification No 11/2017-CT(R).
34.	Reduction in rate of tax from 18% to 5% on input services provided to residential school and residential Polytechnic college Reference: Ramakrishna mission; forwarded by CCT Tamil Nadu	Not agreed. Recommendation: No Action required. Request to reduce rate for input services for Ramakrishna Mission home may not be acceded to as end use-based exemptions are prone to misuse. This is a demand of input side rate reduction.
35.	Reduction in rate of tax from 18% to 5% on Man Power Services Reference: Tanizhaga Call Taxi Matrum Anaithu Vagana Otunargal Sangam; forwarded by CCT Tamil Nadu	Not agreed to reduce the rate. Recommendation: Proposal may not be acceded to Placing the services of manpower supply under RCM shall address the issue sufficiently. Discussion: In pre-GST regime, service was charged to 15% and in GST it is charged at standard rate of 18%. However, in GST there is seamless flow of ITC due to which effective incidence of tax is lower. There is no merit in reducing the tax rate. Also, significant GST revenue is being collected from Supply of manpower service. Any reduction in GST rate would severely impact the 'GST revenue from services' which has already reduced to 18% from pre-GST era share of 24%

Sl. No.	Proposal	Comments
36.	To remove GST on royalty payable by person engaged in mining clay for brick manufacturing. Reference: Uttar Pradesh Eint Nirmata Samiti	Not agreed. Recommendation: It is taxable at 18% and the ITC is available. Royalty has been always taken as consideration for provision of service under the service tax Act also. Its nature as tax is a matter pending before the larger bench of Supreme Court. However, such payments are treated as consideration and taxable under GST.
37.	To extend 12% GST rate applicable on Government works contracts to works contract services provided to persons other than Government. Reference: Telangana	Not Agreed. Recommendation: The combined pre-GST incidence of taxes on works contract services was more than 18%. It has been discussed in Council in past and reduced rate was allowed to Government contracts only.
38.	Clarification for taxability under GST Law for Seed Testing. Reference from Rajmata Vijayraje Scindia Krishi Vishwa Vidhyalaya, Gwalior	Not Agreed for clarification. Recommendation: No specific issue has been raised to enable examination.
39.	Exemption/reduction of GST on incubation centers established under ATAL Innovation Mission, NITI Aayog Reference: AIC-Prestige Inspire Foundation, Indore	Not agreed. Recommendation: The proposal may not be agreed to. Discussion: Services provided by an incubate up to a total turnover of fifty lakh rupees in a financial year and Taxable services, provided or to be provided, by a Technology Business Incubator or a Science and Technology Entrepreneurship Park recognised by the National Science and Technology Entrepreneurship Development Board of the Department of Science and Technology, Government of India or bio-incubators recognised by the Biotechnology Industry Research Assistance Council, under the Department of Biotechnology, Government of India are already exempt under GST.
40.	GST exemption on services provided by the PFRDA Reference from The Pension Fund Regulatory and Development Authority, New Delhi (PFRDA)	Not agreed for exemption. The request for exemption from GST may not be acceded to. Services provided by regulatory bodies are not being exempted under GST.
41.	Clarification regarding implication of introduction of the new tariff entry for Multimodal Transportation of goods The rate of GST @12% fixed on multimodal transport is more than the tax rate on rail transport. Reference from Ministry of Shipping, M/s Indian Farmers Fertiliser Cooperative	Not agreed. Recommendation: The proposal may not be agreed to. Discussion: GTA services are at 12% under forward charge. Lower rate cannot be prescribed for multimodal transport under forward charge.

Sl. No.	Proposal	Comments
	Limited, New Delhi and The Container Shipping Lines Association, Mumbai	
42.	Exemption from GST on the services provided by the private tour operators to religious pilgrimages. Reference from Minister of Finance & Planning, Commercial Taxes and Legislative Affairs, Govt. of Andhra Pradesh	Not agreed. Recommendation: It was taxable under service tax also. Request is for a new exemption, may not be accepted. No exemption on such grounds would be desirable as many such request may come in future.
43.	Reduction of the GST rates imposed on Health Insurance Policies from 18% to 5%. Reference: Shri A.K. Singh (Advocate), New Delhi	Not agreed. Recommendation: It was taxable under service tax at standard rate. It continues to be taxed under standard GST rate of 18%.
44.	Exemption on Poultry Feed Inputs & services. Reference: Karnataka Poultry Farmers & Breeders Association and Khan Poultry Karnataka	Not agreed. Recommendation: Support services for agriculture are already exempt. This is a demand for input side exemption.
45.	To reduce GST rate to 12% for Composite supply by sub-contractors retrospectively from 22.08.2017 instead of 25.01.2018. Reference: CFI	Not agreed. Recommendation: Retrospective exemptions are not desirable as the taxes must have already been passed on.
46.	To prescribe GST rate of 2% on the agreements which were executed prior to 01.07.17 and attracted VAT @ 2%, with effect from 01.07.17. Reference: R. K. Sharma& Brothers	Not agreed. Recommendation: Works contract are a continuous service and part of the supply after 01.07.2017 has to be taxed at the applicable GST rates.

Annexure V

Proposals referred by Fitment Committee on 14th and 15th December- 2018 for decision by GST Council

Sl. No.	Proposal	Comments
1.	Request has been received to exempt GST payable on third party insurance premium when a goods carrying vehicles takes insurance for plying on the road. However, it was proposed to reduce GST on third party insurance premium of goods carrying vehicle from existing 18% to 12%. Reference: ADG, DGGST forwarding representation of All India Motor Transport Congress (AIMTC)	PROPOSAL BEFORE FITCOM To reduce GST on third party insurance premium of goods carrying vehicle from existing 18% to 12%. RECOMMENDATION No consensus emerged among Fitment Committee members on this proposal and it was decided to discuss it further considering that there appears merit in the issue. REASON FOR THE PROPOSAL Motor third-party insurance or third-party liability cover, which is sometimes also referred to as the 'act only' cover, is a statutory requirement under the Motor Vehicles Act. It is referred to as a 'third-party' cover since the beneficiary of the policy is someone other than the two parties involved in the contract (the car owner and the insurance company). The insurance of motor vehicles against damage is not made compulsory, but the insurance of third-party liability arising out of the use of motor vehicles in public places is made compulsory. No motor vehicle can ply in a public place without such *insurance*. Ministry of Road Transport and Highways (MoRTH) envisages more stringent enforcement of the compulsory motor third party insurance. MoRTH is of the opinion that there is a case for reduction in the rate of GST. While the extent of uninsured vehicles may vary from category to category, it is understood that the percentage of uninsured vehicles in certain categories is as high as 60%. With stricter enforcement resulting in more and more uninsured vehicles being brought within the ambit of motor third party insurance, the overall revenue arising out of GST on Motor Third Party insurance will increase. Though it seems that proposal will lead to revenue loss of appx. Rs. 600 Crores. Improvement in compliance would lead to part of it being recovered.
2.	To reduce rate of GST on supply of cinema exhibition service. Reference: 1. Multiplex Association of India. 2. Resolution of 29th GST Council meeting held on 04.08.2018.	PROPOSAL BEFORE FITCOM To reduce GST rate on (i) ticket of price Rs.100 or less from 18% to 12%. (ii) tickets of price more than Rs. 100 from 28% to 18% RECOMMENDATION Fitment Committee was of view that instead of two rates a single rate of 18% across all tickets may be levied. It was also felt that further discussion is needed on the subject.

Sl. No.	Proposal	Comments
		REASON FOR THE PROPOSAL 1. In 29th GST Council meeting, States represented for reducing the rate of GST on exhibition of cinema from 28% to 18%, avoiding price stratification and exploring option of promoting regional, theme based and educational cinema. Chairman GST Council directed Fitment Committee to examine the request with revenue data as this issue impacts a very large number of people. 2. Charging high GST rate of 28% on cinema which is otherwise applicable to luxury, sin and de-merit goods / services is affecting the business volumes and is encouraging piracy, affecting tax revenue and the national economy. The trade and industry has been viewing this rate as very high compared to rate internationally. 3. This is also viewed as a healthy family entertainment. Considering the fact that cinema reaches wider masses and acts as a major social and cultural catalyst, generate employment and revenue to exchequers, is not a luxury or sin service. 4.The proposal before Fitment Committee involved revenue loss of appx. Rs. 900 crores. However, at present compliance levels are low in single screen theatres and lower rates are likely to improve the revenue.
3.	To exempt or reduce GST rate on Haj travel by chartered flights from 18% to 5% Reference: Chief Minister of Bihar Sh. Husain Dalwai, MP Dr. T.M. Thomas Isaac, Minister for Finance and Coir, Kerala CCT, West Bengal	PROPOSAL BEFORE FITCOM We may request Ministry of Civil Aviation to explore the possibility of notifying the seats sold to Haj pilgrims in the non-scheduled air transport/chartered flights as economy class tickets which would effectively reduce the tax rate to 5%. RECOMMENDATION 1. We may request Ministry of Civil Aviation to explore the possibility of notifying the seats sold to Haj pilgrims in the non-scheduled air transport/chartered flights as economy class tickets which would effectively reduce the tax rate to 5%. 2. Alternatively, the services of transportation of passengers by air by non-scheduled /charter operations engaged by specified organisations in respect of religious pilgrimage facilitated by the Government of India under bilateral arrangement may be charged to GST at the same rate as applicable to Economy class, that is, 5% with ITC of input services REASONS FOR THE PROPOSAL 1. The existing rates of GST on various types of air travel are as under: <u>Economy class</u> :5% with ITC of input services <u>Other than economy class</u>: 12% with full ITC. <u>Non-scheduled /charter opearations</u>:18% with full ITC. 2. The air fare collected from Haj pilgrims ranges from Rs. 70,000 per person to Rs. 120,000 per person. The difference in

Sl. No.	Proposal	Comments
		GST rates applicable on economy class (5%) and chartered flight (18%) increases the cost of air fare for haj pilgrims by Rs. 13000 to 16000 per person. 3. The aeroplanes and seats on which the Haj pilgrims travel are the same as in Economy class. 4. The issue pertains to GST rate on non-scheduled air transportation service and charter operations. The matter whether there exist economy and non-economy classes of travel in non-scheduled air transport services/charter operations was referred to Ministry of Civil Aviation (MoCA) as decided in the 28th GST Council meeting held on 21st July, 2018. However, no reply has been received so far from the Ministry.

Annexure VI

Approval of the decisions of the Law Committee pertaining to taxability/GST rate on services

<table>
<tr><th>S. No.</th><th>Proposal</th><th>Comment</th></tr>
<tr><td>1.</td><td>To clarify, whether supply of haulage and maintenance services by Indian Railway to Private Container Train Operators (CTOs) under one contract constitutes a composite supply with the haulage of wagons as the principal supply (taxable @5%) or distinct supplies (taxable at 5% and 18% respectively).

Reference:
Member Traffic, Railway Board, Ministry of Railways</td><td>PROPOSAL BEFORE THE LAW COMMITTEE:
Following proposed clarification was placed before the Law Committee for examination:

“Supply of the services of haulage and maintenance of wagons by Indian Railway to Container Train Operators (CTOs) satisfies all criteria of the definition of composite supply. The same should be considered as a composite supply with the haulage of wagons as the principal supply.

RECOMMENDATION OF THE LAW COMMITTEE

Law Committee on 16.11.2018 approved the proposed clarification after concluding that it was a composite supply. Upon examination of the invoice it was noted that the principal supply and the ancillary supplies were valued together and charged to tax at a rate as applicable to the principal supply.

DISCUSSION:
Indian Railways has entered into identically worded Concession Agreements with various Container Train Operators (CTOs) according to which the Railway Administration shall haul the trains of CTOs on payment of prevalent haulage charges. The CTO’s wagons will also be maintained by Indian Railway and wagon maintenance charges shall be included in the haulage charges. According to the agreement, the present haulage charges include 5% thereof by way of maintenance charges.

View of the Directorate General of GST Intelligence (DGGI) in the matter was that the services of haulage and maintenance provided by Indian railway to private CTO’s are two distinct services. While 5% GST is payable on haulage by Indian railway under forward charge, GST @ 18% is required to be paid by the private CTO’s on RCM.

The matter was examined in Ministry of Finance, GOI and the view of the Ministry was that the supply of the services of haulage and maintenance of wagons by Indian Railway to CTOs satisfies all criteria of the definition of composite supply. The same should be considered as a composite supply with the haulage of wagons as the principal supply.</td></tr>
<tr><td></td><td>Request from Stressed Assets Stabilisation Fund (SASF) for grant of exemption from payment of</td><td>RECOMMENDATIONS OF THE LAW COMMITTEE

On taxability of transaction taking place between SASF and various stakeholder, SASF may be clarified the following:

<table><tr><th>Transaction Sl. No. as per Flow</th><th>Issue / Query</th><th>Clarification</th></tr></table></td></tr>
</table>

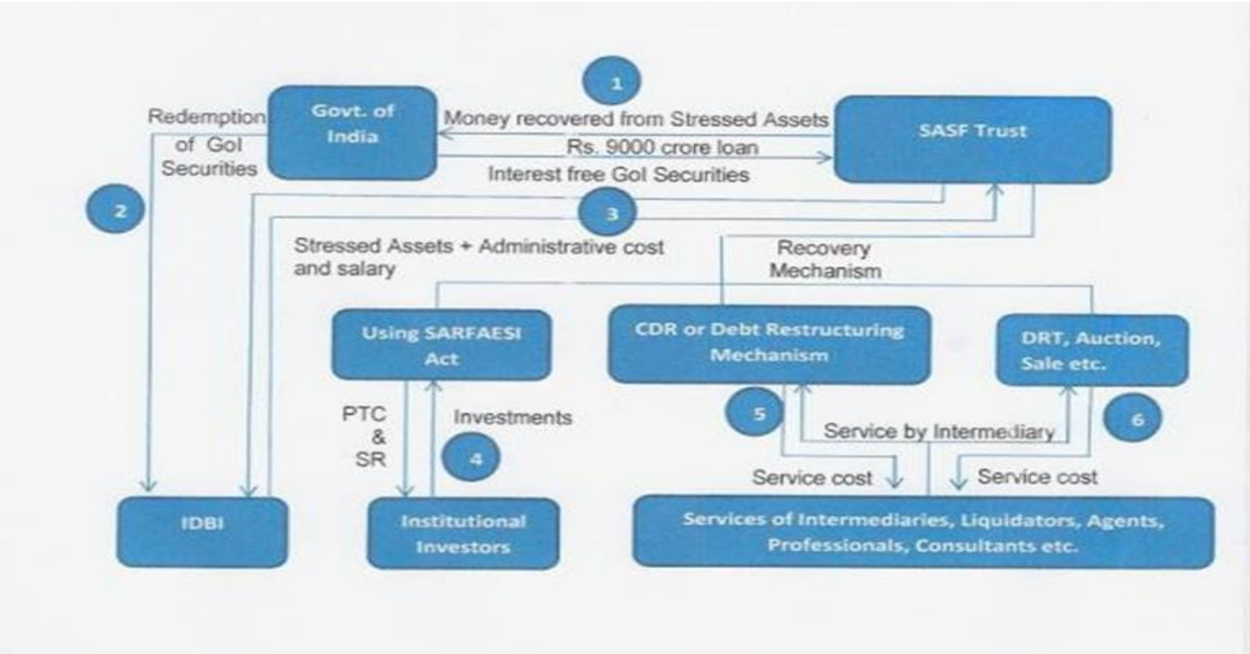
	Service Tax/ GST on- **(A) Recoveries or realisation out of the Stressed Assets** **(B) Any other incidental revenue earned/generated thereon.**	**chart in Annexure**		
		1.	**Are transaction between GoI and SASF taxable.**	No GST is payable on transaction between GoI and SASF in which GoI has advanced loan of Rs. 9000/- crores and receives back money from SASF as and when recoveries are made from the Stressed Assets. This activity of advancing and repayment of loan in so far as the consideration is represented by way of interest or discount is exempt from GST [Sr.No. 27 of notification No. 12/2017-CT(Rate) refers].
		2.	**Are transaction between GoI and IDBI taxable.**	No GST is payable on transaction between GoI and IDBI. GoI on receipt of recovery amount from SASF in February of each year redeems the interest free GoI securities issued to SASF which has been assigned by SASF in name of IDBI. IDBI therefore redeems the securities from the GoI. This is a transaction in security and is not covered in the ambit of GST and hence not taxable.
		5.	**Is amount recovered through process of Debt restructuring, CDR or compromise settlement mechanism liable to GST.**	In Debt Restructuring, CDR and compromise settlement mechanism, the terms of loan such as rate of interest, period of re-payment etc. or repayment amounts are negotiated / settled and recovery of the loan amount is effected. Repayment of loan in so far as the consideration is represented by way of interest or discount is exempt from GST [Sr.No. 27 of notification No. 12/2017-CT(Rate) refers].
		4 and 3	**Is GST leviable on recoveries made out of stressed assets using provisions of the SARFAESI Act involving assignment and securitisation of debt.**	Securitisation involves two stage process of assignment of secured debt and issue of securities to the institutional investors. Both stages are not considered supply under GST. Therefore, no GST is payable on realization or recoveries from Stressed Assets made through securitisation process under SARFAESI Act by way of issue of security receipts or pass through certificates as same are transactions in securities. However, as clarified vide para 2.8.9. of the CBEC Education Guide and Sr.No. 41 of the FAQ on Financial Services sector [Banking, Insurance and Stock Brokers Sector] issued by GST Policy Wing, administrative cost and salary expense recovered by SASF from IDBI will be taxable, as same are in the nature of 'any other charges' recovered for

		providing the services of assignment / securitisation and recovery of the Stressed Assets.
6.	**Is GST payable on realizations made using other modes of recovery such as auction, sale etc.**	GST is payable on realization or recoveries made through other modes of recovery such as auction and sale, as permanent transfer or disposal of business assets where input tax credit has been availed on such assets is treated as supply even if made without consideration [Para 1 of schedule I to CGST Act refers]. Further, any part of the asset, if severed and otherwise removed and sold as movable property would qualify as goods and leviable to GST. In remaining cases, taxability is to be determined on case to case basis depending on whether disposal or manner of recovery qualify as supply under GST as scope of class of assets covered in the definition of 'Stressed Assets' as defined in para 2(d) of the Trust deed is quite wide and various modes have been prescribed in para 4 of the Trust deed for disposal and recovery from the Stressed Assets.
5 and 6.	**Are services of various intermediaries, agents, professional or consultants taxable.**	Services of the recovery agent or other intermediaries, agents, professional or consultants engaged in the process of securitisation, restructuring or reconstruction of the Stressed Asset are taxable.
NA	**Is Service Tax / GST leviable on any other incidental revenue earned / generated on recovered amount.**	Taxation of revenue earned or generated on realization or recoveries from Stressed Asset would depend on the nature of activities undertaken and whether same qualify as supply under GST. However, interest earned on mere deposit of recoveries or realization is exempt from GST [Sr.No. 27 of notification No. 12/2017-CT(Rate) refers].

ANALYSIS IS ENCLOSED IN ANNEXURE-A below.

ANNEXURE 'A' to Annexure VI

SASF has been set up by the Government of India to recover the Stressed Assets of IDBI. A Trust deed was signed on 24.9.2004 to which SASF, IDBI and Govt. of India were the signatories. Govt. of India made a provision of Rs. 9,000 crore in the Budget for the Financial Year 2004-05 for extending loan to the Trust for acquiring the Stressed Assets of IDBI which were invested by the SASF Trust in zero interest GoI Special Securities redeemable in 20 years. SASF acquired the Stressed Assets of IDBI and recovers the amount from them under SARFAESI Act, DRT Act etc. SASF remits the money so recovered to GoI. GoI at the end of February each year pays to IDBI the amount received from the Trust. The IDBI redeems the Special GoI Securities from the Government. All the expenses for administering the Trust are borne by the IDBI. Various service activities and the consideration involved in the transactions are depicted as under:-



1. Taxability of transactions happening between various stakeholders as depicted in chart above is discussed as under:

2. TAXABILITY OF SERVICES BETWEEN GOVERNMENT OF INDIA AND SASF

3.1 As far as the taxability of transaction between GoI and SASF [depicted at (1) in flow chart above] is concerned, GoI has advanced loan of Rs. 9000/- crores and receives back money from SASF as and when recoveries are made from the Stressed Assets. This activity of advancing and repayment of loan in so far as the consideration is represented by way of interest or discount is exempt from GST [Sr.No. 27 of notification No. 12/2017-CT(Rate) refers].

3.2 **TAXABILITY OF SERVICES BETWEEN GOVERNMENT OF INDIA AND IDBI**

3.2.1 As far as the taxability of transaction between GoI and IDBI [depicted at (2) in flow chart above] is concerned, GoI on receipt of recovery amount from SASF in February of each year redeems the interest free GoI securities issued to SASF which has been assigned by SASF in name of IDBI. IDBI therefore redeems the securities from the GoI. This is a transaction in security and is not covered in the ambit of GST and hence not taxable.

3.3 **TAXABILITY OF SERVICES BETWEEN SASF, IDBI AND OTHER STAKEHOLDERS IN DIFFERENT MODES OF RECOVERY**

3.3.1 SASF for recovery of assets has been accorded the status of Public Financial Institution to take advantage of provisions of Recovery of Debts due to Banks and Financial Institutions Act, 1993 by approaching Debt Recovery Tribunal (DRT) as well as SARFAESI Act, 2002 and Corporate Debt Restructuring (CDR) Mechanism for resolution of the assets acquired. SASF adopts three pronged resolution strategy as under:

(i) Debt Restructuring in respect of units, which are potentially viable under and outside the CDR mechanism.

(ii) Compromise settlement viz. one time / negotiated settlement of dues where units have lost viability.

(iii) Legal measures by way of filing recovery suit against the promoter / companies in DRT and taking over the units under the provisions of the SARFAESI Act, 2002 / NCLT.

3.3.2 In first two options [depicted at Sr.No. 5 in flow chart above], the terms of loan such as rate of interest, period of re-payment etc. or repayment amounts are negotiated / settled and recovery of the loan amount is effected. Repayment of loan in so far as the consideration is represented by way of interest or discount is exempt from GST [Sr.No. 27 of notification No. 12/2017-CT(Rate) refers].

3.4 In third option, activity involved is acquisition of Stressed Assets of IDBI [depicted at Sr.No. 3 in flow chart] and raising of money through issue of securities to institutional investors by taking recourse to provisions of SARFAESI Act [depicted at Sr.No. 4 in flow chart], which is nothing but 'Securitization of Debt'.

3.4.1 The Reserve Bank of India has issued guidelines on Securitisation of Standard Assets vide Circular No. DBOD No. BP.BC.60/2104048/2005-06 dated 1.2.2006. The relevant extracts are as under: -

> *"Securitisation is a process by which assets are sold to a bankruptcy remote Special Purpose Vehicle (SPV) in return for an immediate cash payment. The cash flow from the underlying flow of assets is used to service the securities issued by the SPV. Securities thus follow a two stages process. In the first stage, there is sale of single asset or billing and sale of bill of assets to a bankruptcy remote Special Purpose Vehicle (SPV) in return for an immediate cash payment and in the second stage selling the security interests representing claims on incoming cash flows from the asset or pool of assets to third party investors by issue of tradable debt securities."*

3.4.2 The first stage of securitisation process described in the RBI guideline is nothing but assignment of secured debt in which secured assets are sold by one entity to another entity at certain discount to the face value of the loan / asset which in this case is the payment of Rs. 9000 crore through interest free securities of GoI to IDBI by SASF for acquisition of Stressed Assets of IDBI. This has been clarified to be a transaction in money during the Service Tax regime vide para 2.8.9. of the CBEC Education Guide and a transaction in securities vide Sr.No. 41 of the FAQ on Financial Services sector [Banking, Insurance and Stock Brokers Sector] issued by GST Policy Wing. Relevant extracts of para 2.8.9. of the CBEC Education Guide are as under: -

> *"2.8.9. Would sale, purchase, acquisition or assignment of a secured debit like a mortgage also constitute in a transaction in money?*
>
> *Yes. However, if a service fee or processing fee or any other charge is collected in the course of transfer or assignment of a debt, the same would be chargeable to Service Tax.*

3.4.3 Vide Sl. No. 40 of the FAQ on Financial Services sector, it has been clarified that only actionable claims in respect of lottery, betting and gambling would be taxable under GST. Further, where sale, transfer or assignment of debts falls within the purview of actionable claims, the same would not be subject to GST. It has also been clarified that any charges collected in the course of transfer or assignment of a debt would be chargeable to GST, being in the nature of consideration for supply of services. Vide Sr.No. 41 it has also been clarified that sale, purchase, acquisition or assignment of a secured debt does not constitute a transaction in money; it is in the nature of a derivative and hence a security.

3.4.4 Though there is difference of opinion regarding exact nature of transaction involved in assignment of secured debt, however, the transactions have been considered to be outside the ambit of GST and hence not taxable except service, processing fee or other charges collected in the course of assignment of debt.

3.4.5 The second stage of securitisation process involves raising of funds through issue of tradable debt securities. These security debt instruments assume multi-dimensional variants and can be classified as Pass Through Certificates (PTC), Pay Through Certificates or Security Receipts (SR). PTC and SR issued to the investors by the SPV i.e. SASF are securities as defined in the Securities Contracts (Regulation) Act, 1956 and do not qualify as Goods or Services as defined in the GST Act and hence not leviable to GST.

3.4.6 After the first stage of assignment of secured debt, the entire debt i.e. Secured Assets becomes the asset / property of the SPV i.e. SASF and 2nd stage of securitization and recovery of amount from the Stressed Asset is a service to itself. Thus, both stages of the Securitisation process are outside the scope of the GST and not taxable. However, for providing the services of securitisation, administrative cost and salary expenses are incurred and same are recovered from IDBI as per the Trust Deed. Both, during Service Tax regime and under GST, it has been clarified that if any service fee or processing fee or any other charges are collected in the course of transfer or assignment of secured debt, the same would be chargeable to Service Tax and GST. As per Trust deed, SASF is required to provide the service of recovery of loan from Stressed Assets of IDBI for which consideration is paid to SASF in form of recovery of administrative cost and salary expenses. Trust deed mandates IDBI to bear all expenses relating to administration of the Trust. These expenses are in nature of ‘any other charges’ recovered from IDBI for the process of assignment and securitisation of debt and in effect, consideration for recovery of money from the Stressed Asset / Loans and therefore, as clarified vide para 2.8.9. of the CBEC Education Guide and Sr.No. 41 of the FAQ on Financial Services sector [Banking, Insurance and Stock Brokers Sector] issued by GST Policy Wing, such expenses recovered from IDBI will be leviable to Service Tax and GST respectively. Since as per Trust deed SASF is responsible for recovery from Stressed Assets and the modality adopted for the purpose of recovery is governed by the SARFAESI Act, the activity performed is securitisation of debt and administrative cost and salary expense recovered by SASF from IDBI will be taxable.

3.4.7 Further, as charges are linked to the process of securitisation and recovery of Secured Asset / Loan, and service provider being a trust and not a recovery agent, GST on these charges will be payable on forward charge basis and not on RCM basis as provided under Sr.No. 8 of notification No. 13/2017-CT(Rate) dated 28.06.2017.

3.4.8 As far as taxation of realization or recoveries from Stressed Assets made through securitisation process under SARFAESI Act by way of issue of security receipts or pass through certificates, same will not be subject to GST being transactions in securities. As per Economic Time article published in October, 2017, based on ICRA statistics, the volume of securitisation transaction in first 6 months of FY 16-17 was to the tune of Rs. 45,000 crores. Since huge volumes are involved, we may seek concurrence of Fitment Committee and GST Council on taxation of these securitisation transactions.

3.5 TAXABILITY OF SERVICES USING OTHER MODE OF RECOVERY SUCH AS AUCTION, SALE ETC.

3.5.1 As far as taxation of realization or recoveries made through other processes such as auction, sale etc. [depicted at Sr.No. 6 of flow chart], as per para 1 of schedule I to CGST Act, permanent transfer or disposal of business assets where input tax credit has been availed on such assets will be treated as supply even if made without consideration. Further, any part of the asset, if severed and otherwise removed and sold as movable property would qualify as goods and leviable to GST. In remaining cases, taxability would be determined on case to case basis depending on whether disposal or manner of recovery qualify as supply under GST as scope of class of assets covered in the definition of 'Stressed Assets' as defined in para 2(d) of the Trust deed is quite wide and various modes have been prescribed in para 4 of the Trust deed for disposal and recovery from the Stressed Asset.

3.5.2 As far as the services of the recovery agent or other intermediaries, agents, professional or consultants engaged in the process of securitisation, restructuring or reconstruction of the Stressed Asset are concerned, same would be leviable to GST.

3.6 TAXABILITY OF REVENUE EARNED OR GENERATED ON RECOVERIES

3.6.1 Taxation of revenue earned or generated on such recoveries will depend on the nature of activities undertaken and whether same qualify as supply under GST. However, interest earned on mere deposit of recoveries or realization is exempt from GST [Sr.No. 27 of notification No. 12/2017-CT(Rate) refers].

4. Therefore, except the transactions of securitisation under SARFAESI Act and redemption of GoI securities by IDBI which are outside the purview of GST and provision of loan by GoI to SASF and interest on deposits which are exempt from GST, for remaining activities / services GST is payable and request is for new exemptions and may not be acceded to. Taxability as discussed and summarized in table above may be clarified to SASF.

Agenda Item 12: Any other agenda item with the permission of the Chairperson

Agenda Item 12(i): Notification to be issued to extend the due date for filing of returns in FORM GST ITC-04 for the period July 2017 to December 2018

As per rule 45 (3) of the Central Goods and Services Tax Rules, 2017 (CGST Rules for short), the details of challans in respect of goods dispatched to a job worker or received from a job worker or sent from one job worker to another during a quarter shall be furnished in **FORM GST ITC-04** on or before the twenty-fifth day of the month succeeding the said quarter, or within such further period as may be extended by the Commissioner by a notification in this behalf.

2. The revised format of the **FORM GST ITC-04** was notified vide Notification No. 39/2018-Central Tax dated 04.09.2018. The last date of submission of the said FORM for the month of July, 2017 to June, 2018 was specified as 30.09.2018 vide notification No. 40/2018-Central Tax dated 04.09.2018. Further, in the 22nd meeting of GIC, based on the proposal of the Law Committee, the due date for filing returns in **FORM GST ITC-04** for the period from July 2017 to September 2018 was extended till 31st December 2018. The same was implemented vide Notification No. 59/2018-Central Tax, dated 26.10.2018.

3. An email dated 17th December, 2018 was received from GSTN wherein it was informed that the 'Change Request' for the revised **FORM GST ITC-04** was given on 6th September, 2018 itself since the revised form got notified on 04th September, 2018. It was further informed by the GSTN that the development and the implementation of the said form shall take more time. It was also requested by GSTN that the due date for filing of **FORM GST ITC-04** which was already extended for the period from July 2017 to September 2018 till the 31st December 2018 be further extended for the period July 2017 to December 2018 till the 31st March 2019

4. In view of the above timeline on **FORM GST ITC -04** and request from GSTN on the date extension, approval of the GST Council is sought for extension of due date for filing of returns in **FORM GST ITC-04** for the period July 2017 to December 2018 till 31st March 2019.

<u>Agenda Item 12(ii): *Ad hoc* Exemptions Order(s) issued under Section 25(2) of Customs Act, 1962 to be placed before the GST Council for information</u>

In the 26th GST Council meeting held on 10th March, 2018, it was decided that all ad hoc exemption orders issued with the approval of the Union Finance Minister as per the guidelines contained in Circular No. 09/2014-Customs dated 19th August, 2014, as was the case prior to the implementation of GST, shall be placed before the GST Council for information. The IGST involved is approximately Rs. 83.3 lakh.

2. The details of the *ad hoc* exemption order are as follows:

S. No.	Date	Order No.	Remarks
1.	11th December, 2018	AEO No. 02 of 2018	Request from the Ministry of Defence for Custom Duty exemption for import and re-export of Guns/equipment from Sri Lanka. (Order copy is at **Annexure 1)**

3. This is placed for the information of GST Council.

Annexure 1

(40)

F. No. 462/06/2016-Cus V
Ad-hoc Exemption Order no. 02 of 2018
Issued under section 25(2) of the Customs Act, 1962

Government of India
Ministry of Finance
Department of Revenue

Room no. 49, North Block, New Delhi – 110001
Dated 11 December, 2018

To

The Commissioner of Customs (General), New Custom House, Ballard Estate, Mumbai-400 001.

The Commissioner of Customs, Jawaharlal Nehru Custom House, Nhava Sheva, Tal:Uran, District Raigad, Maharashtra-400 707.

The Commissioner of Customs, Central Excise & Service Tax, C.R. Building, Mission Chowk, Napier Town, Jabalpur (M.P.)-482 001.

Subject: Request for exemption of Customs duty for import of guns/equipment from Sri Lanka-regarding.

Sir/Madam,

Twenty Four L-70 (Air Defence) Guns of Sri Lanka Air Force have been approved by the Ministry of Defence and Ministry of External Affairs for overhauling/repair in India. These guns were gifted to Sri Lanka in the year 2000 by the Government of India. The cost of repair is being borne by Government of India as a goodwill gesture. These 24 guns are to be overhauled over a period of three years at Indian Army Workshop, Jabalpur and will arrive in batches of three guns each along with accessories at Nhava Sheva Port, Maharashtra. All the guns and equipment would be re-exported to Sri Lanka after the overhauling of Guns is carried out in India. On arrival, the importation process will be handled by Embarkation Headquarters, Ballard Estate, Mumbai (hereinafter "the importer").

2. The first batch of three guns from Sri Lanka had arrived in June, 2016 for which Ad-hoc exemption from Custom Duty under Section 25(2) of the Customs Act, 1962 was granted vide AEO No. 5 of 2016 dated 20.06.2016. The second batch of three guns from Sri Lanka had arrived in November 2016 for which Ad-hoc exemption from Custom Duty under Section 25(2) of the Customs Act, 1962 was granted vide AEO No. 7 of 2016 dated 04.11.2016. Thereafter, the third batch of guns which arrived at Mumbai port were granted exemption from payment of Customs duty under Section 25(2) of the Customs Act, 1962 vide AEO No. 01 of 2017 dated 02.05.2017.

2.1 The fourth batch of three L-70 AD Guns along with accessories would be arriving at Mumbai Port (CFS Mulund/Nhava Sheva Port) tentatively on 13 Dec 2018. The cost of these three Guns is Rs approximately 4.63 Crores and the Duty liability is approximately 1.52 Crores.

3. Under the circumstances of exceptional nature as mentioned above and the powers conferred by sub-section (2) of Section 25 of the Customs Act, the Central Government being satisfied that it is necessary in the national interest so to do, hereby exempts the said goods, i.e. three L-70 AD Guns/equipment along with accessories valued at approximately Rs. 4.63 Crores, to be imported for the purpose of overhauling at Jabalpur in Indian Army workshop and thereafter to be handed over to Sri Lankan Government, from the whole of the duty of Customs leviable thereon which is specified in the First Schedule to the Customs Tariff Act, 1975, and, whole of the IGST leviable thereon under Section 3 of the Customs Tariff Act, 1975, subject to the conditions that the imported goods will not be put to any commercial use and will not be sold, gifted, disposed of or used in any manner other than that specified in this order, without prior permission of the Central Board of Indirect Taxes and Customs. The imported goods should be available for inspection by jurisdiction Customs/CGST officers as and when required.

11.12.18

F. No. 462/06/2016-Cus V
Ad-hoc Exemption Order no. 02 of 2018
Issued under section 25(2) of the Customs Act, 1962

4. An undertaking to comply with the conditions mentioned in Para 3 above shall be given by the Importer before the jurisdictional Commissioner of Customs for claiming benefit of exemption under this order at the time of clearance. The said Commissioner of Customs shall send copies of documents pertaining to the import, such as the Bills of Entry, Invoices, etc. along with a copy of the said undertaking to the Commissioner of Central GST, under whose jurisdiction the said goods will be supplied under the program, within fifteen days of the clearance of the items exempted by this order.

5. The importer shall intimate the said jurisdictional Commissioner of Central GST, as soon as possible, and not later than seven days from the date of clearance of the goods, of the site of utilization of the exempted items, and also furnish any other information that the said Commissioner may require for verifying the compliance of the conditions of the order. The Commissioner of Central GST shall, within three months of the clearance of the items exempted by the order, verify the compliance with the conditions of the order and send a report to the Commissioner of Customs of the port of import. The verification report shall be sent so as to reach the Commissioner of Customs not later than six months from the date of clearance.

6. Any infringement of conditions of the AEO should be brought to the notice of the Commissioner of Customs of the port of import by the concerned Commissioner of Central GST for taking further necessary action such as realization of Customs duty on the subject goods, penal action for such violations, etc. The action taken as indicated above by the Commissioner of Customs of the port of import should be immediately brought to the notice of the Central Board of Indirect Taxes & Customs.

7. This order shall be valid for goods imported not later than six months from the date of issue of this order.

Yours faithfully,

Enclosures: Annex in Thirteen pages.

(B. Konthoujam)
Under Secretary to the Government of India
Telephone-23093380

Copy to:

- The Commandant, Embarkation Headquarters, 2nd Floor, Nav Bhawan Building, R.K. Marg, Ballard Estate, Mumbai-400 001.
- Shri Sidharth Tomar, Lt Col, GSO-1 (SESA), MI DCD for Vice Chief of Army Staff, Integrated Headquarters of MoD (Army), Directorate General of Military Intelligence, (Defence Cooperation Division), New Delhi with reference to their letter No. A/95027/MI DCD dated 27.11.2018
- Ms Shefali S Andaleeb, Principal Director (Customs), Central Receipt Audit Wing, Office of the Comptroller & Auditor General, 10, Bahadur Shah Zafar Marg, New Delhi–110 002.
- GST Council Secretariat. 5th Floor, Tower II, Jeevan Bharti Building, Janpath Road, Connaught Place, New Delhi-110 001.
- Guard File.

(B. Konthoujam)
Under Secretary to the Government of India
Telephone-23093380