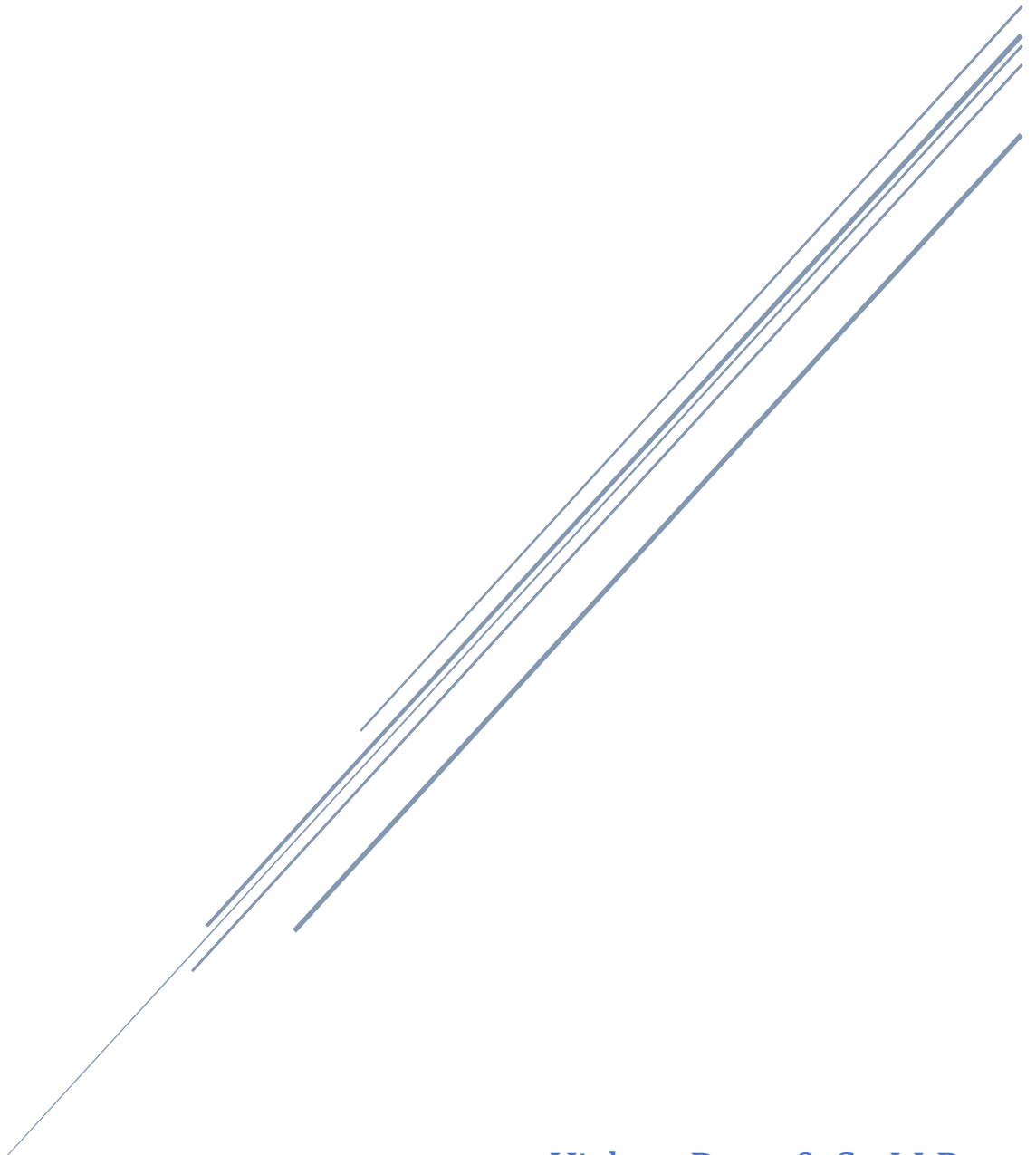


# GST UPDATE – RATE OF TAX CHANGES

Changes Announced in 47th GST Council Meeting



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GST Council conducted 47<sup>th</sup> meeting on 29.06.2022 and announced several changes both in respect of rate of tax and procedures. The details of the changes announced related to rate of tax are detailed below. **The changes are effective from 18.07.2022:**

#### CHANGES MADE TO THE RATE OF TAX FOR GOODS:

Following changes have been done to the rate of tax for the goods:

HSN	Description	Old Rate	New Rate
0403	Curd, Lassi, Butter milk, pre-packaged and labelled	Nil	5%
0202, 0203, 0204, 0205, 0206, 0207, 0208, 0209, 0210	All goods [other than fresh or chilled] pre-packaged and labelled	Nil	5%
0303, 0304, 0305, 0306, 0307, 0308, 0309	All goods [other than fresh or chilled] pre-packaged and labelled	Nil	5%
0406	Chena or paneer pre-packaged and labelled	Nil	5%
0409	Natural honey, pre-packaged and labelled	Nil	5%
0504	All goods [other than fresh or chilled] pre -packaged and labelled	Nil	5%
0713	Dried leguminous vegetables, shelled, whether or not skinned or split pre-packaged and labelled	Nil	5%
0714	Manioc, arrowroot, salep, Jerusalem artichokes, sweet potatoes and similar roots and tubers with high starch or inulin content, frozen, whether or not sliced or in the form of pellets, pre-packaged and labelled	Nil	5%
08	Dried makhana, whether or not shelled or peeled pre-packaged and labelled	Nil	5%
10	All goods i.e. cereals, pre-packaged and labelled	Nil	5%
1001	Wheat and meslin pre-packaged and labelled	Nil	5%
1002	Rye pre-packaged and labelled	Nil	5%
1003	Barley pre-packaged and labelled	Nil	5%
1004	Oats pre-packaged and labelled	Nil	5%
1005	Maize (corn) pre-packaged and labelled	Nil	5%
1006	Rice pre-packaged and labelled	Nil	5%
1007	Grain sorghum pre-packaged and labelled	Nil	5%
1008	Buckwheat, millet and canary seed; other cereals such as Jawar, Bajra, Ragi pre-packaged and labelled	Nil	5%
1101	Wheat or meslin flour pre-packaged and labelled	Nil	5%
1102	Cereal flours other than of wheat or meslin i.e. maize (corn) flour, Rye flour, etc. pre-packaged and labelled	Nil	5%
1103	Cereal groats, meal and pellets, including suji and dalia, pre-packaged and labelled	Nil	5%
1105	Meal, powder, Flour, flakes, granules and pellets of potatoes pre-packaged and labelled	Nil	5%

1106	Meal and powder of the dried leguminous vegetables of heading 0713 (pulses) [other than guar meal 1106 10 10 and guar gum refined split 0713], of sago or of roots or tubers of heading 0714 or of the products of Chapter 8, pre-packaged and labelled	Nil	5%
1701 or 1702	Jaggery of all types including Cane Jaggery (gur), Palmyra Jaggery, pre-packaged and labelled; Khandsari Sugar, pre-packaged and labelled	Nil	5%
1904	Puffed rice, commonly known as Muri, flattened or beaten rice, commonly known as Chira, parched rice, commonly known as khi, parched paddy or rice coated with sugar or gur, commonly known as Murki, pre-packaged and labelled	Nil	5%
2106 90	Namkeens, bhujia, mixture, chabena and similar edible preparations in ready for consumption form, pre-packaged and labelled	Nil	5%
2706	Tar distilled from coal, from lignite or from peat	5%	18%
3006	Ostomy appliances including pouch or flange, stoma adhesive paste, barrier cream, irrigator kit, sleeves, belt, micro-pore tapes”;	12%	5%
3101	All goods i.e. animal or vegetable fertilisers or organic fertilisers pre-packaged and labelled	Nil	5%
4107	Leather further prepared after tanning or crusting, including parchment-dressed leather, of bovine (including buffalo) or equine animals, without hair on, whether or not split, other than leather of heading 4114	5%	12%
4112	Leather further prepared after tanning or crusting, including parchment-dressed leather, of sheep or lamb, without wool on, whether or not split, other than leather of heading 4114	5%	12%
4113	Leather further prepared after tanning or crusting, including parchment-dressed leather, of other animals, without wool or hair on, whether or not split, other than leather of heading 4114	5%	12%
4114	Chamois (including combination chamois) leather; patent leather and patent laminated leather; metallised leather	5%	12%
4115	Composition leather with a basis of leather or leather fibre, in slabs, sheets or strip, whether or not in rolls; parings and other waste of leather or of composition leather, not suitable for the manufacture of leather articles; leather dust, powder and flour	5%	12%
5305 to 5308	All goods [other than coconut coir fibre] including yarn of flax, jute, other textile bast fibres, other vegetable textile fibres; paper yarn, including coir pith compost pre-packaged and labelled	Nil	5%
84	Pawan Chakki that is Air Based Atta Chakki	5%	18%
8419 12	Solar water heater and system	5%	12%
84 or 85	E-waste Explanation: For the purpose of this entry, e-waste means electrical and electronic equipment listed in Schedule I of the E-Waste (Management) Rules, 2016 (published in the Gazette of India vide G.S.R. 338 (E) dated the 23rd March, 2016), whole or in part if discarded as waste by the consumer or bulk consumer	5%	18%
8509	Wet grinder consisting of stone as grinder	5%	18%
8437	Machines for cleaning, sorting or grading, seed, grain or dried leguminous vegetables; machinery used in milling industry or for the working of cereals or dried leguminous vegetables other than farm type machinery and parts thereof	5%	18%
9021	Orthopaedic appliances, such as crutches, surgical belts, and trusses; Splints and other fracture appliances; artificial parts of the body; other appliances which are worn or carried, or	12%	5%

	implanted in the body, to compensate for a defect or disability; intraocular lens [other than hearing aids]”;		
0804	Dates (soft or hard), figs, pineapples, avocados, guavas, mangoes (other than mangoes sliced, dried)” and mangosteens, dried [Word “Mangoes” Added]		12%
2009 89 90	Tender coconut water pre-packaged and labelled	Nil	12%
210690	Namkeens, bhujia, mixture, chabena and similar edible preparations in ready for consumption form (other than roasted gram) pre-packaged and labelled	Nil	12%
3215	All Goods, including printing ink, writing or drawing ink and other inks, whether or not concentrated or solid, fountain pen ink, ball pen ink	12%	18%
4811	Aseptic packaging paper	12%	18%
4905	Maps and hydrographic or similar charts of all kinds, including atlases, wall maps, topographical plans and globes, printed”;	Nil	12%
6815	Fly ash bricks; Fly ash aggregates; Fly ash blocks [Change in the description]	12%	12%
8211	Knives with cutting blades, serrated or not (including pruning knives), other than knives of heading 8208, and blades therefor	12%	18%
8214	Paper knives, Pencil sharpeners and blades Therefor	12%	18%
8215	Spoons, forks, ladles, skimmers, cake- servers, fish knivess, butter knivess, sugar tongs and similar kitchen or tableware	12%	18%
8413	Power driven pumps primarily designed for handling water, namely, centrifugal pumps (horizontal and vertical), deep tube-well turbine pumps, submersible pumps, axial flow and mixed flow vertical pumps	12%	18%
8414 20 10	Bicycle pumps	12%	18%
8414 90 12	Parts of air or vacuum pumps and compressors of bicycle pumps	12%	18%
8433	Machines for cleaning, sorting or grading eggs, fruit or other agricultural produce, other than machinery of heading 8437; parts thereof [8433 90 00]	12%	18%
8434	Milking machines and dairy machinery	12%	18%
8539	LED lamps	12%	18%
9017 20	Drawing and marking out instruments; Mathematical calculating instruments; pantographs; Other drawing or marking out Instruments	12%	18%
9405	LED lights or fixtures including LED lamps	12%	18%
9405	LED (light emitting diode) driver and MCPCB (Metal Core Printed Circuit Board)	12%	18%
4907	Cheques, loose or in book form.’	Nil	18%
6815	Articles of stone or of other mineral substances (including carbon fibres, articles of carbon fibres and articles of peat), not elsewhere specified or included other than Fly ash bricks; Fly ash aggregates; Fly ash blocks [Change in the Description]	18%	18%
8807	Parts of goods of heading 8801	Nil	18%
7102	Rough diamonds or simply sawn diamonds, industrial or non-industrial (Schedule VI) [Change in the Description]	0.25%	0.25%
7104	Synthetic or reconstructed precious or semiprecious stones [other than diamonds], whether or not worked or graded but not strung, mounted or set; ungraded synthetic or reconstructed precious or semiprecious stones [other than diamonds], temporarily strung for convenience of transport;	0.25%	0.25%

	synthetic or reconstructed diamonds, unworked or simply sawn or roughly shaped (Schedule VI) [Change in the Description]		
7102	Goods other than those specified against S. No. 1 in Schedule VI [Newly Added]		1.5%
7104	Goods other than those specified against S. No. 3 in Schedule VI [Newly Added]		1.5%
	(1) Petroleum operations undertaken under petroleum exploration licenses or mining leases, granted by the Government of India or any State Government to the Oil and Natural Gas Corporation or Oil India Limited on nomination basis, or (2) Petroleum operations undertaken under specified contracts, or (3) Petroleum operations undertaken under specified contracts under the New Exploration Licensing Policy, or (4) Petroleum operations undertaken under specified contracts under the Marginal Field Policy (MFP), or (5) Coal bed methane operations undertaken under specified contracts under the Coal Bed Methane Policy.	5%	12%
	Scientific and technical instruments supplied to public funded research institutes	5%	Applicable rate

**CHANGES MADE TO THE RATE OF TAX FOR SERVICES:**

**1. Increase in the rate of tax for the construction/works contract services:**

- a. The following entries in the Notification No. 11/2017 – C.T. (Rate) have been omitted. Consequently, the following services shall be **liable for 18%** GST under the residual entry as the specific entries providing the 12% GST have been omitted:

<b>Entry No.</b>	<b>Description of the Services</b>
<b>3</b>	<b>(iii)</b> Composite supply of works contract supplied to the Government, Union territory or a local authority by way of construction, erection, commissioning, etc. of, - (a) Historical monument, archaeological site or remains of national importance, archaeological excavation, or antiquity specified under the Ancient Monuments and Archaeological Sites and Remains Act, 1958; (b) Canal, dam or other irrigation works; (c) Pipeline, conduit or plant for (i) water supply (ii) water treatment, or (iii) sewerage treatment or disposal.
<b>3</b>	<b>(iv)</b> Composite supply of works contract by way of construction, erection, commissioning, etc. of, - (a) a road, bridge, tunnel, or terminal for road transportation for use by general public; (b) a civil structure or any other original works pertaining to a scheme under Jawaharlal Nehru National Urban Renewal Mission or Rajiv Awas Yojana; (c) a civil structure or any other original works pertaining to the “in situ redevelopment of existing slums using land as a resource, under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana (Urban);] (d) a civil structure or any other original works pertaining to the “Beneficiary led individual house construction/enhancement” under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana;

	<p>(da) a civil structure or any other original works pertaining to the “Economically Weaker Section (EWS) houses” constructed under the Affordable Housing Project under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana (Urban);</p> <p>(db) a civil structure or any other original works pertaining to the “houses constructed or acquired under the Credit Linked Subsidy Scheme for Economically Weaker Section (EWS)/Lower Income Group (LIG)/Middle Income Group-1 (M1G-1)/Middle Income Group-2 (MIG-2)” under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana (Urban);]</p> <p>(e) a pollution control or effluent treatment plant, except located as a part of a factory; or</p> <p>(f) a structure meant for funeral, burial or cremation of deceased.</p> <p>(g) a building owned by an entity registered under section 12AA [or 12AB] of the Income Tax Act, 1961, which is used for carrying out the activities of providing, centralised cooking or distribution, for mid-day meals under the mid-day meal scheme sponsored by the Central Government, State Government, Union territory or local authorities.</p>
3	<p><b>(v)</b> Composite supply of works contract supplied by way of construction, erection, commissioning, or installation of original works pertaining to,-</p> <p>(a) Railways, including monorail and metro;</p> <p>(b) A single residential unit otherwise than as a part of a residential complex;</p> <p>(c) Low-cost houses up to a carpet area of 60 square metres per house in a housing project approved by competent authority empowered under the ‘Scheme of Affordable Housing in Partnership’ framed by the Ministry of Housing and Urban Poverty Alleviation, Government of India;</p> <p>(d) Low cost houses up to a carpet area of 60 square metres per house in a housing project approved by the competent authority under –</p> <p>(1) the “Affordable Housing in Partnership” component of the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana;</p> <p>(2) any housing scheme of a State Government;</p> <p>(da) Low-cost houses up to a carpet area of 60 square metres per house in an affordable housing project which has been given infrastructure status vide notification of Government of India, in Ministry of Finance, Department of Economic Affairs vide F. No. 13/6/2009-INF, dated the 30<sup>th</sup> March, 2017;</p> <p>(e) Post-harvest storage infrastructure for agricultural produce including a cold storage for such purposes; or</p> <p>(f) Mechanized food grain handling system, machinery or equipment for units processing agricultural produce as food stuff excluding alcoholic beverages.</p>
3	<p><b>(va)</b> Composite supply of works contract supplied by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of affordable residential apartments in a project which commences on or after 1<sup>st</sup> April, 2019, or in an ongoing project in respect of which the promoter has not exercised option to pay tax at the old rates.</p>
3	<p><b>(vi)</b> Composite supply of works contract provided to the Government Union territory or a local authority by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of -</p> <p>(a) a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession;</p> <p>(b) a structure meant predominantly for use as (i) an educational, (ii) a clinical, or (iii) an art or cultural establishment; or</p>

	(c) a residential complex predominantly meant for self-use or the use of their employees or other persons specified in paragraph 3 of the Schedule-III of the Central Goods and Services Tax Act, 2017.
<b>3</b>	<b>(ix)</b> Composite supply of works contracts provided by a sub-contractor to the main contractor providing services specified in item (iii) or item (vi) above to the Government, Union territory or a local authority.

- b. In respect of the following services, the rate of tax has been increased from **5% to 12%**:
- (vii) Composite supply of works contract, involving predominantly earth work (that is, constituting more than 75 per cent. of the value of the works contract) provided to the Government, Union territory or a local authority.
  - (x) Composite supply of works contract provided by a sub-contractor to the main contractor providing services specified in item (vii) above to the Government, Union territory or a local authority.

**2. Removal of exemption for the hotel accommodation services:**

Entry No 7 (i) has been modified to remove the reference to the value of supply up to ₹ 1,000/- per unit in case of the accommodation services provided by the Hotels. Consequently, the supply of accommodation services will be taxable even if the value of supply is less than ₹ 1,000/-.

Correspondingly, exemption entry number 14 of the exemption notification which provided exemption to services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having value of supply of a unit of accommodation below or equal to ₹ 1,000/- per day has been omitted.

**3. Amendment to the GTA services:**

Following changes have been made to the GTA services:

- a. Currently, the option to pay GST under forward charge is available only for those who opt to pay tax at 12% on the GTA Services. For those who have not opted for 12% rate of tax, RCM is applicable. There is no option for the GTA Service provider to pay 5% GST and opt for the forward charge at the same time.
- b. An amendment has been made to both rate of tax notification as well as reverse charge notification.
- c. Option has been given to the GTA service provider to pay GST at 5% under forward charge instead of reverse charge without availing ITC. Alternatively, he can opt for payment of tax at 12% with the benefit of ITC.
- d. The option by GTA to under forward charge on the services supplied by it during a Financial Year shall be exercised by making a declaration in Annexure V on or before the 15<sup>th</sup> of March of the preceding Financial Year. For the Financial Year 2022-23 shall be exercised on or before 16<sup>th</sup> August 2022.
- e. Amendment has been made to reverse charge notification wherein it is provided that RCM shall not apply in relation to GTA services wherein the supplier has opted to pay tax under forward charge. It is further provided that the GTA service provider who has opted to pay tax under forward charge, shall provide the following declaration on the invoice:

**Declaration**

*I/we have taken registration under the CGST Act, 2017 and have exercised the option to pay tax on services of GTA in relation to transport of goods supplied by us during the Financial Year \_\_\_\_ under forward charge.*

- f. Exemption granted to the services provided by the GTA for the following services have been withdrawn:
- Transportation of goods, where consideration charged for the transportation of goods on a consignment transported in a single carriage does not exceed ₹ 1,500/-
  - Transportation of goods, where consideration charged for transportation of all such goods for a single consignee does not exceed ₹ 750/-

**4. Increase in the rate of tax for job work services:**

Rate of tax for the job work services has been increased from 5% to **12%** in respect of the following job works:

- Processing of hides, skins and leather falling under Chapter 41.
- Manufacture of leather goods or footwear falling under Chapter 42 or 64.
- Manufacture of clay bricks falling under tariff item 6901 00 10.

**5. Other changes to the rate of tax:**

- a. Rate of tax in case of transport of passengers and transportation of goods by ropeways has been notified at 5% with the condition that input tax charged on goods used in supplying the service has not been taken.
- b. Rate of tax at 12% is notified for the renting of goods carriage where the cost of fuel is included in the consideration charged from the service recipient.
- c. Modification has been made to entry 11 to clarify that entry 11 shall apply for the supporting services in transport and the rate of tax is 18%. It is clarified by way of an explanation that this entry shall not apply for the GTA services falling under HSN 9965.
- d. Rate of tax services provided by a foreman of a chit fund in relation to chit has been increased from 12% to 18%.
- e. Entry 31A has been inserted to provide those services provided by a clinical establishments/hospital by way of providing room [other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU)] having room charges exceeding ₹ 5,000 per day to a person receiving health care services is taxable at 5% without ITC.
- f. Rate of tax for Services by way of treatment or disposal of biomedical waste or the processes incidental thereto by a common bio-medical waste treatment facility to a clinical establishment has been reduced from 18% to 12%.

**6. Exemptions have been withdrawn/modified in respect of the following services:**

- a. Exemption has been withdrawn for the services by Department of Post by way of speed post, express parcel post, life insurance, and agency services provided to a person other than the Government, and Union territory.
- b. Exemption has been withdrawn to the services provided by way of renting of residential dwelling for use as a residence when such services are provided to a registered person. Further, amendment has been made to the reverse charge notification wherein it has been provided that such services are liable for reverse charge in the hands of recipient, who is registered under GST. The rate of tax applicable is 18%.
- c. Exemption granted to air travel services embarking from or terminating in an airport located in the state of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, or Tripura or at Bagdogra located in West Bengal has modified to restrict the exemption to economy class.



- d. Exemption has been withdrawn for services by way of transportation by rail or a vessel from one place in India to another for railway equipments or materials.
- e. Exemption to storage or warehousing services have been modified to restrict the exemption to services by way of storage or warehousing of cereals, pulses, fruits, and vegetables. Consequently, storage or warehousing services provided in respect of nuts, spices, copra, sugarcane, jaggery, raw vegetable fibres such as cotton, flax, jute etc., indigo, unmanufactured tobacco, betel leaves, tendu leaves, coffee and tea shall be liable for GST.
- f. Exemption has been provided to services by the Department of Posts by way of post card, inland letter, book post and ordinary post (envelopes weighing less than 10 grams).
- g. Exemptions have been withdrawn to services provided by RBI, IRDA, SEBI, FSSAI, and GSTN.
- h. Exemption has been granted to tour operator service, which is performed partly in India and partly outside India, supplied by a tour operator to a foreign tourist, to the extent of the value of the tour operator service which is performed outside India.
- i. Exemption has been withdrawn for services by way of fumigation in a warehouse of agricultural produce, services by way of slaughtering of animals, services provided by the cord blood banks by way of preservation of stem cells or any other service in relation to such preservation, services provided by operators of the common bio-medical waste treatment facility to a clinical establishment by way of treatment or disposal of bio-medical waste or the processes incidental thereto.
- j. Exemption for services by way of training or coaching in recreational activities have been restricted to services provided by individuals.