

KEY HIGHLIGHTS OF THE 53rd GST COUNCIL MEETING

The 53rd Meeting of the GST Council was held on June 22, 2024 at New Delhi under the chairpersonship of the Union Finance & Corporate Affairs Minister, Smt. Nirmala Sitharaman.

Key recommendations made by the GST Council in its 53rd Meeting:

1. GST rate changes: Goods

SI	Goods	Recommendations
1	Imports of parts, components, testing equipment, tools & toolkits of aircrafts to boost MRO activities subject to conditions	<ul style="list-style-type: none"> • IGST @ 5% • Irrespective of HS classification
2	All milk cans of steel, iron & aluminum irrespective of their use	<ul style="list-style-type: none"> • 12%
3	Carton, boxes & cases of corrugated & non-corrugated paper or paperboard (HS 4819 10; 4819 20)	<ul style="list-style-type: none"> • 12% (reduced from 18%)
4	All solar cookers (single or dual energy source)	<ul style="list-style-type: none"> • 12%
5	Parts of poultry keeping machinery (existing entry amended)	<ul style="list-style-type: none"> • 12% • Regularize past practice on 'as is where is' basis
6	All types of sprinklers including fire water sprinklers	<ul style="list-style-type: none"> • 12% clarified • Regularize past practice on 'as is where is' basis
7	Imports of specified items for defense forces	<ul style="list-style-type: none"> • IGST exemption extended for 5 years till 30.06.2029
8	Imports of research equipment under Research Moored Array for African-Asian-Australian Monsoon Analysis and Prediction ('RAMA') program	<ul style="list-style-type: none"> • IGST exempted
9	Compensation Cess on the imports in SEZ by SEZ Unit / Developers for authorized operations	<ul style="list-style-type: none"> • Exempted effective from 01.07.2017
10	Compensation Cess on supply of aerated beverages and energy drinks to authorized customers by Unit Run Canteens under Ministry of Defense	<ul style="list-style-type: none"> • Exempted

11	Imports of technical documentation for AK-203 rifle kits imported for Indian Defense forces	<ul style="list-style-type: none"> • IGST exemption
12	Extra Neutral Alcohol used for manufacture of alcoholic liquor for human consumption	<ul style="list-style-type: none"> • GST not applicable

2. GST rate changes: Services

- i. Services provided by Indian Railways to general public namely sale of platform tickets, retiring / waiting / cloak room services, battery-operated car services and Intra-Railway transactions **exempt** from GST. To be regularized from 20.10.2023 till the notification date.
- ii. Services for use & maintenance of infrastructure between Special Purpose Vehicles ('SPV') and Indian Railway **exempt** from GST. Past period to be regularized on 'as is where is' basis from 01.07.2017 till the notification date.
- iii. Accommodation services up to Rs. 20,000/- per month per person **exempted** provided minimum continuous period of 90 days. To extend similar benefit for past cases.
- iv. Transactions not treated as 'supply' of goods / under Schedule III of the CGST Act. Past cases to be regularized on 'as is where is' basis:
 - Co-insurance premium apportioned by lead insurer to the co-insurer in co-insurance agreements
 - Ceding commission / re-insurance commission between insurer and re-insurer agreements
- v. GST liability on certain specified reinsurance services of specified insurance schemes to be regularized on 'as is where is' basis for the period from 01.07.2017 till the specified period.
- vi. Statutory collections by Real Estate Regulatory Authority ('RERA') **exempt** from GST.
- vii. Sharing of incentive by acquiring bank under incentive scheme for promotion of RuPay Debit Cards and low value BHIM-UPI transactions by National Payments Corporation of India ('NPCI') is **not taxable**.

3. Tax Dispute Resolution proposals

- i. Amnesty scheme for conditional waiver of interest & penalties relating to demand notices u/s 73 of the CGST Act covering cases not involving fraud or willful misstatement for FY 2017-18, 2018-19 and 2019-20 where full amount of tax demand is paid up to 31.03.2025. The waiver does not cover demand of erroneous refunds.
- ii. Recommended monetary limits for filing of appeals by department to reduce litigation burden:

Sl	Forum	Monetary Limit
1	GST Appellate Tribunal ('GSTAT')	Rs. 20 lakhs
2	High Court	Rs. 1 crore
3	Supreme Court	Rs. 2 crores

- iii. Maximum amount for filing appeal before the first appellate authority reduced to Rs. 20 crores (from Rs 25 crores) for both CGST & SGST separately.
- iv. The quantum of pre-deposit for filing appeal before GSTAT reduced to 10% (from 20%) of disputed tax with a maximum of Rs. 20 crores (reduced from Rs 25 crores) for both CGST & SGST separately.
- v. Circular to prescribe mechanism for adjustment of amount paid towards demand through FORM GST DRC-03 against the pre-deposit amount for filing of appeal.
- vi. Three-month time period proposed for filing appeals before the GSTAT.
- vii. The Government will be granted authority under new section 11A of the CGST Act to allow regularization of non-levy, short levy, short paid or not paid of GST due to common trade practices.
- viii. Common time limit for issuance of Demand Notices and Orders under section 73¹ or 74² of the CGST Act for FY 2024–25 onwards irrespective of whether the cases involve fraud, suppression, willful misstatement etc. Also, the time limit to avail the benefit of reduced penalty by paying tax demand & interest proposed to be increased days to 60 days (from 30 days) of issue of the Notice.
- ix. Sunset clause for GST anti-profiteering provisions from 01.04.2025 which will be the last date for receiving new application regarding anti-profiteering. Further, the ongoing cases proposed to be transferred to the GSTAT.

4. Compliance related proposals

- i. Reduction in Tax Collected at Source ('TCS') rate to be collected by Electronic Commerce Operators ('ECOs') to ease the financial burden on the suppliers:

	Reduced To	Reduced From
CGST	0.5%	1%
SGST	0.25%	0.5%
IGST	0.25%	0.5%

- ii. Penal provision applicable only for ECOs required to collect tax under section 52 of CGST Act w.e.f. 01.10.2023.
- iii. Monthly Tax Deducted at Source ('TDS') Return in FORM GSTR-7 to be filed every month irrespective of whether any tax has been deducted or not. No late fee payable for delayed filing of NIL Return. Further, invoice-wise details are required to be furnished in the said Return.
- iv. Input Tax Credit ('ITC') in respect of any invoice or debit note, through any return in the Form GSTR-3B (i.e. Summary Return), relating to FY 2017-18, 2018-19, 2019-20 & 2020-21 available up to 30.11.2021 Further, relaxation provided where Returns are filed within 30 days of the order of revocation of cancellation of the registration effective from 01.07.2017.
- v. Where tax is paid by the recipient under Reverse Charge Mechanism ('RCM') on supplies received from unregistered suppliers, the relevant financial year for calculating time limit for availing ITC is the financial year in which the invoice is issued by the recipient (i.e. self-invoicing).

¹ Determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilized for any reason other than fraud or any willful mis-statement or suppression of facts

² Determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilized by reason of fraud or any willful mis-statement or suppression of facts

- vi. Due date for filing of Return in FORM GSTR-4 for composition taxpayers extended from 30th April to 30th June of the succeeding financial year, effective from FY 2024-25 onwards.
- vii. Rule 88B of the CGST Rules amended to provide that if an amount is available in the Electronic Cash Ledger ('ECL') on the due date of payment of GST and if Form GSTR-3B is delayed filed, interest will not be calculated on the amount available in the ECL on the date of filing the said Return.
- viii. A mechanism to be prescribed for claiming refund of additional IGST paid on upward revision in price of the goods subsequent to export.
- ix. Transactions between foreign affiliate and related domestic entity for which full ITC is available, the value declared in the invoice deemed as open market value. If the invoice is not issued by the related domestic entity, the open market value deemed to be NIL.
- x. It is clarified that ITC is not restricted on ducts & manhole used in network of optical fiber cables.
- xi. It is clarified that place of supply of custodial services supplied by Indian Banks to Foreign Portfolio Investors to be determined as per Section 13(2) of the IGST Act.
- xii. Amendment to be made in Rule 28(2) of CGST Rules retrospectively w.e.f. 26.10.2023 and a Circular to be issued to clarify various issues regarding valuation of services of providing corporate guarantees between related parties. It is clarified that the valuation rules will not apply for export of such services and also where the recipient is eligible for full ITC.
- xiii. To provide for transitional credit in respect of invoices pertaining to services before the appointed date and where invoices were received by Input Service Distributor ('ISD') before the appointed date w.e.f. 01.07.2017.
- xiv. New optional facility of filing FORM GSTR-1A amending the details filed in FORM GSTR-1 (i.e. Statement of Outward Supplies) before filing of Return in FORM GSTR-3B.
- xv. Small taxpayers having aggregate annual turnover up to Rs 2 crores exempted from filing Annual Return in FORM GSTR-9 / 9A for FY 2023-24.
- xvi. Refund for export of goods, where export duty is applicable, restricted irrespective of whether the said goods are exported with or without payment of taxes. Such restrictions also applicable for goods supplied to SEZ Developer / Unit for authorized operations.
- xvii. The threshold limit for reporting of invoice-wise B2C inter-State supplies in Table 5 of FORM GSTR-1 reduced to Rs 1 lakh (from Rs 2.5 lakhs).

5. Circulars to provide clarification on following issues to reduce litigation

- i. Taxability of re-imbursalment of shares as Employee Stock-Ownership Plans ('ESOP'), Employee Stock Purchase Plan ('ESPP'), Restricted Stock Unit ('RSU') provided by a company to its employees.
- ii. Reversal of ITC in respect of Life Insurance premium not included in the taxable value.
- iii. Taxability of wreck and salvage values in motor insurance claims.
- iv. Warranty / Extended Warranty provided by the manufacturers to the end customers.

- v. Availability of ITC on repair expenses incurred by insurance companies on reimbursement of motor vehicle insurance claims.
- vi. Taxability of loans granted between related person or between group companies.
- vii. Time of supply on Annuity Payments under hybrid annuity model ('HAM') projects.
- viii. Time of supply for allotment of spectrum to telecom companies where payment of license fee and spectrum usage charges is to be made in instalments.
- ix. Place of supply of goods supplied to unregistered persons where delivery address is different from the billing address.
- x. Mechanism for providing evidence by the suppliers in respect of post-sale discounts to the effect that ITC has been reversed by the recipient on the said amount.

6. Other Proposals

- i. Pan-India biometric-based Aadhaar authentication to be rolled out in a phased manner for GST registration to combat fraudulent ITC claims through fake invoices.
- ii. Various issues pertaining to special procedure for the manufacturers of the specified commodities, like pan masala, tobacco etc.

The recommendations of the GST Council would be given effect through relevant Circulars / Notifications / Law amendments which alone shall have the force of law. Please [Click Here](#) to read the Press Release.

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