

## Key Highlights of the 48<sup>th</sup> Gst Council meeting held at delhi on 17<sup>th</sup> December 2022; via video conferencing

### Part I

#### 1. Tax Rates have been proposed to be amended as below:

Goods			
1.	Husk of pulses including chilka and concentrates including chuni/churi, khanda	5%	Nil
2.	Ethyl alcohol supplied to refineries for blending with motor spirit (petrol)	18%	5%

#### 2. Clarification on tax rates have been proposed as below:

- Rab (*rab-salawat*) is classifiable under CTH 1702 which attracts GST at the rate of 18%.
- fryums manufactured using the process of extrusion is specifically covered under CTH 19059030 and attract GST at the rate of 18%.
- The higher rate of compensation cess of 22% is applicable to motor vehicle fulfilling all four conditions, namely, it is popularly known as SUV, has engine capacity exceeding 1500 cc, length exceeding 4000 mm and a ground clearance of 170 mm or above
- goods falling in lower rate category of 5% under schedule I of notification No. 1/2017-CTR imported for petroleum operations will attract lower rate of 5% and the rate of 12% shall be applicable only if the general rate is more than 12%.

### 3. Inclusion of Goods under Rcm mechanism

Proposal to include supply of Mentha arvensis under reverse charge mechanism as has been done for Mentha Oil.

### 4. No Gst on rental for personal usage:

In a major relief demanded clearing the impending debates and confusions, it is cleared that the Gst on residential dwelling units is not applicable on the registered persons who take such unit on rent for personal use for residential purposes and not for business use.

Impact:

Now, the clarity has come that there is no applicability of Gst Rcm for the tenant who is a registered person.

Status of tenant	Status of premises	Purpose of rent	Gst applicability
Registered person	Residential	Residential	No
Registered person	Mixed land use	Residential	No
Registered person	Commercial	Commercial	Applicable
Registered person	Commercial (situation envisaged here)	Residential	No
Registered person taking on rent for parents or children (such to be considered on his own account)	Residential	Residential	No

With this proposal, the situation of the status of the premises has been put to rest and the status or the purpose of the rent has to be seen; which has become the trigger point to envisage the applicability or otherwise of Gst.

This will give legal backing to the tweet made by The Govt that No gst is applicable on proprietor or partner for renting on personal usage. Delhi HC held in September 2022 that no gst is leviable on rent portion on registered person for residential use which is not in the course of furtherance of business.

#### **5. Pending demand for seeking clarification on incentives received by banks for gst applicability:**

Incentive paid to banks by Central Government under the scheme for promotion of RuPay Debit Cards and low value BHIM-UPI transactions are in the nature of subsidy and thus not taxable.

#### **6. Rationalize Decriminalization under Gst:**

Proposal to raise the minimum threshold of tax amount for launching prosecution under GST from Rs. One Crore to Rs. Two Crores, except for the offence of issuance of invoices without supply of goods or services or both.

The offence to raise invoices without actual supply of goods or services has not been considered under decriminalization.

Proposal to reduce the compounding amount from the present range of 50% to 150% of tax amount to the range of 25% to 100%;

decriminalize certain offences specified under clause (g), (j) and (k) of sub-section (1) of section 132 of CGST Act, 2017, viz.-

- a. obstruction or preventing any officer in discharge of his duties;
- b. deliberate tempering of material evidence;
- c. failure to supply the information.

## **7. Refund to unregistered persons:**

To facilitate genuine refund of unregistered persons, where Gst has been paid by them but later on the the contract/ agreement for supply of services is cancelled and the time period of issue of credit notes by the supplier is over; a procedure to be prescribed so that such unregistered persons can claim gst refund paid on supply of services on construction of house or paid on any long term insurance policy cancelled later on.

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