

45th GST Council Updates in relation to Supply of Goods

In the backdrop of coming elections in few states & heightened expectations post COVID scenarios, the GST Council had its 45th meeting on 17th September, 2021 at Lucknow. The GST Council made host of recommendations from rate change to simplifications of compliances. We provide the gist of such recommendations in relation to Supply of goods as follows:

Inclusion of Petroleum Products under GST

Recently, as per various newspaper reports the petroleum minister made a case for inclusion of otherwise excluded petroleum products into GST. As per one of the reports, it is expected that the rate of diesel/petrol might come down to Rs. 75/- to Rs. 80/- with such inclusion in GST.

However, as such a move would have an adverse impact on the revenues of the States and the Centre, the GST Council recommended that petroleum products which are hitherto outside the GST regime would not be included. No time frame has been provided for their inclusion under GST.

GST Changes in Relation To Supply Of Goods

COVID-19 relief measure in form of GST rate concessions

Drugs	Concessional GST rates upto 31.12.2021
Amphotericin B	Nil
Remdesivir	5%
Tocilizumab	Nil
Anti-coagulants like Heparin	5%
Itolizumab, Posaconazole, Infliximab, Favipiravir, Casirivimab & Imdevimab, 2-Deoxy-D-Glucose, Bamlanivimab & Etesevimab	5%

Goods GST Rate changes [w.e.f 1.10.2021 unless otherwise stated]

S.N	Description	From	To
1.	Retro fitment kits for vehicles used by the disabled	Applicable rate	5%
2.	Fortified Rice Kernels for schemes like ICDS etc.	18%	5%
3.	Medicine Keytruda for treatment of cancer	12%	5%
4.	Biodiesel supplied to OMCs for blending with Diesel	12%	5%
5.	Ores and concentrates of metals such as iron, copper, aluminum, zinc and few others	5%	18%
6.	Specified Renewable Energy Devices and parts	5%	12%
7.	Cartons, boxes, bags, packing containers of paper etc.	12%/18%	18%
8.	Waste and scrap of polyurethanes and other plastics	5%	18%
9.	All kinds of pens	12%/18%	18%
10.	Railway parts, locomotives & other goods in Chapter 86	12%	18%
11.	Miscellaneous goods of paper like cards, catalogue, printed material (Chapter 49 of tariff)	12%	18%
12.	IGST on import of medicines for personal use, namely i. <i>Zolgensma</i> for Spinal Muscular Atrophy ii. <i>Viltepso</i> for Duchenne Muscular Dystrophy iii. Other medicines used in treatment of muscular atrophy recommended by Ministry of Health and Family Welfare and Department of Pharmaceuticals.	12%	Nil
13.	IGST exemption on goods supplied at Indo-Bangladesh Border <i>haats</i>	Applicable Rate	Nil
14.	Unintended waste generated during the production of fish meal except for Fish Oil	Nil (for the period 1.7.2017 to 30.9.2019)	

Clarification in relation to GST rate on Goods

Sr No.	Chapter Heading / HSN	Description	GST Rate
1	14	Pure henna powder & paste, having no additives	5%
2	23	Brewers' Spent Grain, Dried Distillers' Grains with Soluble & other such residues falling under HS code 2303	5%
3	38	All laboratory reagents & other goods falling under heading 3822	12%
4	21	Scented sweet supari & flavored & coated illachi falling under heading 2106	18%
5	To be inserted in schedule	Carbonated Fruit Beverages of Fruit Drink" & "Carbonated Beverages with Fruit Juice"	28% + 12% Cess
6	12	Tamarind seeds fall under heading 1209	5%
7	85	External batteries sold along with UPS Systems/ Inverter	18%
8	48	Fibre Drums, uniform rate whether corrugated or non-corrugated	18%
9	30	Pharmaceutical goods falling under heading 3006	12%

Facilitation to Renewable Energy Projects

Acceding to long standing demand of such taxpayers engaged in renewable energy and for facilitating the trade, the Council has recommended 70:30 ratio for GST payment during the period 01.07.2017 to 31.12.2018. Previously, the Government has granted a 70:30 option to Goods: Service from 01.01.2019.

Other Clarification on Goods

- As the fresh fruits being agricultural produce are exempted from GST and related services thereupon there were disputes as to classification of dry and fresh dry fruits. The Council has recommended to issue a clarification as to distinction between fresh & dried fruits & nuts for application of GST rate of "nil" & 5%/12% respectively;
- Previously, the Government has provided an exemption from payment of GST on inter-state stock transfer of equipment etc. imported in relation to petroleum operations. Council has now recommended that Essentiality Certificate issued by Directorate General of Hydrocarbons on imports would suffice and there would not be any requirement for taking a certificate every time on inter-state stock transfer.

GST on Reverse Charge from Supplies by Unregistered Persons

It has been recommended that the Mentha oil supplied by an unregistered person be subjected to reverse charge in the hands of registered person.

No Refund Allowed of IGST paid on Export of Goods

In line with the recent amendment made by Finance Act, 2021, the Council recommended that export of mentha oil be allowed only against LUT and hence refund of unutilised ITC.

Special GST Rate for Supply of Bricks

Brick Kilns to be brought under Special composition scheme with threshold limit of Rs. 20 lakhs, with effect from 1.4.2022.

Outside Composition Scheme, bricks would be subjected to 6% GST Rate without ITC and 12% with ITC.

Inverted Duty structure Correction in Footwear and Textiles sector

GST rate changes to be made w.e.f. 01.01.2022 in order to correct inverted duty structure in footwear and textiles sector.