

# Impact Analysis of “Rate Notifications” issued post 50<sup>th</sup> GST Council Rate Decisions

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## **GST Rates – Services**

**N No 6/2023 C(R) – amending 11/2017 C(R) – Rate of Services**

**N No 7/2023 C(R) – amending 12/2017 C(R) – Exemption of Services**

**N No 8/2023 C(R) amending 13/2017 C(R) – Reverse Charge on Services**

## Relaxation for GTAs – vide N No 6/2023 C(R)

(ii) against serial number 9, in column (3), in item (iii), in sub-item (b), in the entries under column (5), in condition (2) of Notification 11/2017 C(R) the following amendments shall be made –

### **Existing Heading 9965 (Goods transport services) -**

*(b) GTA exercises the option to itself pay GST on services supplied by it –*

*Condition - (2) The option by GTA to itself pay GST on the services supplied by it during a Financial Year shall be exercised by making a declaration in Annexure V on or before the 15th March of the preceding Financial Year:*

*Provided that the option for the Financial Year 2022-2023 shall be exercised on or before the 16th August, 2022:*

*Provided further that invoice for supply of the service charging Central tax at the rates as applicable to clause (b) may be issued during the period from the 18th July, 2022 to 16th August, 2022 before exercising the option for the financial year 2022-2023 but in such a case the supplier shall exercise the option to pay GST on its supplies on or before the 16th August, 2022.*

*<sup>96</sup>[Provided also that the option for the Financial Year 2023-2024 shall be exercised on or before the 31st May, 2023:*

*Provided also that a GTA who commences new business or crosses threshold for registration during any Financial Year, may exercise the option to itself pay GST on the services supplied by it during that Financial Year by making a declaration in Annexure V before the expiry of forty-five days from the date of applying for GST registration or one month from the date of obtaining registration whichever is later.*

## Relaxation for GTAs – vide N No 6/2023 C(R)

### Amendment made –

(a) for the words, figures and letters “on or before the 15th March of the preceding Financial Year”, the words, figures and letters “on or after the 1st January of the preceding Financial Year but not later than 31st March of the preceding Financial Year” shall be substituted;

(b) after the fourth proviso, the following proviso shall be inserted, namely:-

*“Provided also that the option exercised by GTA to itself pay GST on the services supplied by it during a Financial Year shall be deemed to have been exercised for the next and future financial years unless the GTA files a declaration in Annexure VI to revert under reverse charge mechanism on or after the 1st January of the preceding Financial Year but not later than 31st March of the preceding Financial Year.”;*

## Annexure VI to be filed by GTA for changing the option



### Annexure VI

**Form for exercising option by a Goods Transport Agency intending to revert under reverse charge mechanism to be filed before the commencement of any financial year to be submitted before the jurisdictional GST Authority.**

#### Reference No.-

Date: -

1. I/We\_\_\_\_\_ (name of Person), authorized representative of M/s..... had exercised option to pay GST on the services of GTA in relation to transportation of goods supplied by us during, the financial year.....under forward charge by filing Annexure V on .....;
2. I hereby declare that I want to revert to reverse charge mechanism for Financial Year.....;
3. I understand that this option once exercised shall not be allowed to be changed within a period of one year from the date of exercising the option and will remain valid till the end of the financial year for which it is exercised.

Legal Name: -

GSTIN: -

PAN No.

Signature of Authorized representative:

Name Authorized Signatory :

Full Address of GTA:

(Dated Acknowledgment of jurisdictional GST Authority)

Note: The above option for any Financial Year shall be exercised on or after 1st January of the preceding Financial Year but not later than 31st March of the preceding Financial Year”.

## **GTA - Consequential amendments in Ann V**

### **In Annexure V -**

- (i) in para 2, for the words “end of the financial year for which it is exercised”, the words and figures “the start of the financial year for which I exercise option to revert under reverse charge mechanism by filing Annexure VI on or before the due date” shall be substituted;
- (ii) in note to the Annexure, for the words, figures and letters “The last date for exercising the above option for any financial year is the 15th March of the preceding financial year”, the words, figures and letters “The above option for any Financial Year shall be exercised on or after 1st January of the preceding Financial Year but not later than 31st March of the preceding Financial Year” shall be substituted;

## GTA – Consequential Amendment in Reverse Charge

### N No 8/2023 C(R) amending 13/2017 C(R) -

In the notification, in Annexure III, for the words and figures “during the Financial Year\_\_\_\_\_ under forward charge”, the words and figures “***from the Financial Year \_\_\_\_\_ under forward charge and have not reverted to reverse charge mechanism***” shall be substituted.

This notification shall come into force with effect from 27th July, 2023.

## Relaxation for GTAs

### Recommendations of 50th GST Council Meeting –

1. As a trade friendly measure, it has been decided that GTAs will not be required to file declaration for paying GST under forward charge every year. If they have exercised this option for a particular financial year, they shall be deemed to have exercised it for the next and future financial years unless they file a declaration that they want to revert to reverse charge mechanism (RCM).
2. It has also been decided that the last date of exercising the option by GTAs to pay GST under forward charge shall be 31st March of preceding Financial Year instead of 15th March. 1st January of preceding Financial Year shall be the start date for exercise of option.

### Impact of Recommendation & Notification–

1. For the current FY even incase a GTA is under FCM and did not file the declaration, then there no problem. He continues to be under FCM
2. Incase GTA wishes to come back under RCM from FY 24-25, then they need to file **Annexure VI** between 1.1.2024 and 31.3.24
3. Amendment in Declaration in Annexure III on the invoice of the GTAs need to be made as follows -  
***from the Financial Year \_\_\_\_\_ under forward charge and have not reverted to reverse charge mechanism***



## Agri - Fumigation in Warehouse of Agri Produce

(iii) against serial number 24, in column (3), in item (i), in the *Explanation*, in clause(i) , sub-clause (h) shall be omitted.

Heading 9986 - 58[(Support services to agriculture, hunting, forestry, fishing, mining and utilities) -

The following was inserted vide Inserted vide Notification No. 1/2018-Central Tax (Rate), dated 25.01.2018, now it is deleted -

**36[(h) services by way of fumigation in a warehouse of agricultural produce.] – Tax Rate Nil**

### Impact of Notification–

The services of 'fumigation in a warehouse of agricultural produce' seems to now be taxable

### **SI No 3 of 11/2017 – C(R) - Heading 9954 - (Construction services) – Amendment as highlighted below**

#### **Existing -**

*(ie) Construction of an apartment in an ongoing project under any of the schemes specified in sub-item (b), sub-item (c), sub-item (d), sub-item (da) and sub-item (db) of item **(iv)**; sub-item (b), sub-item (c), sub-item (d) and sub-item (da) of item **(v)**; and sub-item (c) of item **(vi)**, against serial number 3 of the Table, in respect of which the promoter has exercised option to pay central tax on construction of apartments at the rates as specified for this item.*

*(Provisions of paragraph 2 of this notification shall apply for valuation of this service)*

#### **Amendment –**

***"Explanation. –This item refers to sub-items of the item (iv), (v) and (vi), against serial number 3 of the Table as they existed in the notification prior to their omission vide notification No. 03/2022-Central Tax (Rate) dated the 13th July, 2022."***

**Items iv – as it existed in the notification prior to their omission vide notification No. 03/2022-Central Tax (Rate) dated the 13th July, 2022.”;**

(iv) Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017 <sup>50</sup>[other than that covered by items (i), (ia), (ib), (ic), (id), (ie) and (if) above], supplied by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration 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 Awaas Yojana;

<sup>35</sup>[(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;

<sup>36</sup>[(da) a civil structure or any other original works pertaining to the "Economically Weaker Section (EWS) houses" constructed under the Affordable Housing in partnership by State or Union Territory or local authority or urban development authority under the Housing for All (Urban) Mission/ Pradhan Mantri Awas Yojana (Urban);

(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 (MIG-1)/ Middle Income Group-2 (MIG-2)" under the Housing for All (Urban) Mission/ Pradhan Mantri Awas Yojana (Urban);]

(e) a pollution control or effluent treatment plant, except located as a part of a factory; or

(f) a structure meant for funeral, burial or cremation of deceased;

<sup>69</sup>[Provided that during the period beginning from the 14th June, 2021 and ending with the 30th September, 2021, the central tax on service of description as specified in clause (f), shall, irrespective of rate specified in column (4), be levied at the rate of 2.5 per cent.]

<sup>36</sup>[(g) a building owned by an entity registered under section 12AA <sup>70</sup>[or 12AB] of the Income Tax Act, 1961 (43 of 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.

**Items v – as it existed in the notification prior to their omission vide notification No. 03/2022-Central Tax (Rate) dated the 13th July, 2022.”;**

*(v) Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017 <sup>50</sup>[other than that covered by items (i), (ia), (ib), (ic), (id), (ie) and (if) above], supplied by way of construction, erection, commissioning, or installation of original works pertaining to,-*

*(a) railways, <sup>35</sup>[including] monorail and metro;*

*(b) a single residential unit otherwise than as a part of a residential complex;*

*(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;*

*(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-*

*(1) the "Affordable Housing in Partnership" component of the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana;*

*(2) any housing scheme of a State Government;*

*<sup>36</sup>[(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 30th March, 2017;]*

*(e) post-harvest storage infrastructure for agricultural produce including a cold storage for such purposes; or*

*(f) mechanised food grain handling system, machinery or equipment for units processing agricultural produce as food stuff excluding alcoholic beverages.*

**Items vi – as it existed in the notification prior to their omission vide notification No. 03/2022-Central Tax (Rate) dated the 13th July, 2022.”;**

<sup>11</sup>[(vi) <sup>32</sup>[Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017 <sup>50</sup>[other than that covered by items (i), (ia), (ib), (ic), (id), (ie) and (if) above], provided] to the Central Government, State Government, <sup>80</sup>[Union territory or a local authority] by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of -

(a) a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession;

(b) a structure meant predominantly for use as (i) an educational, (ii) a clinical, or (iii) an art or cultural establishment; or

(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.

<sup>43</sup>[Explanation. - For the purposes of this item, the term 'business' shall not include any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities.

## **Impact on Real Estate of The amendment**

This amendment vide Notification 6/2023 C(R) cures a defect which occurred due to the amendments vide notification No. 03/2022-Central Tax (Rate) dated the 13th July, 2022. Therefore Construction of an apartment in an ongoing project which had not opted for the new scheme from 2019 shall not be impacted post 13th July 2022.

## Satellite Launch Services to be exempted

### Notification 07/2023 C(R) amending Services Exemption Notification 12/2017 C(R) –

In the said notification, in the Table, against serial number 19C, for the entry in column (3), the following entry shall be substituted: -

#### **Earlier Entry -**

*Satellite launch services supplied by Indian Space Research Organisation, Antrix Corporation Limited or New Space India Limited*

#### **Amended Entry -**

*"Satellite launch services."*

### **Impact of Recommendation and Notification -**

GST exemption on satellite launch services supplied by ISRO, Antrix Corporation Limited and New Space India Limited (NSIL) will be extended to such services supplied by organisations in private sector also to encourage start ups.

## **GST Rates on Goods**

**9/2023 C(R) amending 1/2017 C(R) – GST on Goods**



## 5% Rates – LD Slag

**In Schedule I - After S. No. 156A and entries relating thereto, the following S. No. and entries shall be inserted, namely –**

**Sl. No 156B. - HSN – 2619 -**

Linz-Donawitz (LD) Slag

**In Schedule III - Against S. No. 28, for the entry in column (3), the following entry shall be substituted;**

“Slag, dross (other than granulated slag), scalings and other waste from the manufacture of iron or steel, **other than Linz-Donawitz (LD) slag**”

### **Impact of Notification -**

It has been decided to reduce GST rate on LD slag from 18% to 5% to encourage better utilisation of this product and for protection of environment.

## 5% Rates – Unfried/Uncooked Snack Pellets

In Schedule I After S. No. 99A and entries relating thereto, the following S. No. and entries shall be inserted, namely: -

**Sl. No 99B. - HSN – 1905 - *Un-fried or un-cooked snack pellets, by whatever name called, manufactured through process of extrusion*”;**

In Schedule III - Against S. No. 16, in column (3),

for the words “**toasted bread and similar toasted products**”, the words “***toasted bread and similar toasted products, un-fried or un-cooked snack pellets, by whatever name called, manufactured through process of extrusion***” shall be substituted;

### **Earlier Entry –**

Pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion wafers, empty cachets of a kind suitable for pharmaceutical use, sealing wafers, rice paper and similar products[other than pizza bread, khakhra, plain chapatti or roti, bread, rusks, **toasted bread and similar toasted products**

### **Impact of Notification & Recommendation -**

The GST Council decided to reduce the rate on uncooked/unfried snack pellets by whatever name called, manufactured through the process of extrusion, to 5%. The same has been done vide N No 9/2023 C (R) w.e.f. 27<sup>th</sup> July 2023.

However the GST Council also decided to regularise payment of GST on uncooked /unfried snack pellets during the past period on “as is basis”. The same has not been done as of now. Possibly we could expect a Circular on the item soon.

## 5% Rate – Fish Soluble Paste

After S. No. 108 and entries relating thereto, the following S. No. and entries shall be inserted, namely:

Sl. No 108A. - HSN – 2309 -

**Fish soluble paste**

### Impact of Notification -

The GST Council had decided to reduce the GST rate on fish soluble paste from 18% to 5%. The same has been done vide N No 9/2023 C (R) w.e.f. 27<sup>th</sup> July 2023.

However the GST Council also decided to regularise payment of GST on fish soluble paste during the past period on “as is basis”. The same has not been done as of now. Possibly we could expect a Circular on the item soon.

## 5% Rates – Imitation Zari or Thread to be treated at par with ‘Real’

After serial number 218A and the entries relating thereto, the following S. No. and entries shall be inserted, namely: -

### **Schedule I - Sl. No 218AA. - HSN – 56050020 -**

Imitation zari thread or yarn known by any name in trade parlance";

### **Schedule II–6%, against S. No. 137, for the entry in column (3), the entry shall be substituted; -**

“Metallised yarn, whether or not gimped, being textile yarn, or strip or the like of heading 5404 or 5405, combined with metal in the form of thread, strip or powder or covered with metal, other than- (i) real zari thread (gold) and silver thread combined with textile thread (ii) imitation zari thread or yarn known by any name in trade parlance”

### **Impact of Notification -**

The GST Council decided to reduce GST on imitation zari thread or yarn known by any name in trade parlance from 12% to 5%. The same has been done vide N No 9/2023 C (R) w.e.f. 27<sup>th</sup> July 2023. Real Zari thread of gold or silver was already under 5%.

However the GST Council also decided to regularize payment of GST related to this matter during the past period on “as is basis”. The same has not been done as of now. Possibly we could expect a Circular on the item soon.

## **Compensation Rates on Goods**

**3/2023 Comp Cess (R) amending 1/2017 Comp Cess**

**(R) – GST on Goods**

## Compensation Cess All 'Utility Vehicles'

**Against S. No. 52B of Notification No 1/2017 Comp Cess (R), in column (3), the following amendment shall be made –**

### **Earlier Entry –**

Motor vehicles of engine capacity exceeding 1500 cc, popularly known as Sports Utility Vehicles (SUVs) including utility vehicles.

*Explanation.* - For the purposes of this entry, SUV includes a motor vehicle of length exceeding 4000 mm and having ground clearance of 170 mm. and above.

### **Amended Entry -**

Motor vehicles known as Utility Vehicles, by whatever name called including Sports Utility Vehicles (SUV), Multi Utility Vehicles (MUV), Multi-purpose vehicles (MPV) or Cross-Over Utility Vehicles (XUV), with engine capacity exceeding 1500 cc ; Length exceeding 4000 mm and Ground Clearance of 170 mm and above.

*Explanation:* For the purpose of this entry, the Ground Clearance means ground clearance in unladen condition." shall be substituted;

## **Compensation Cess All 'Utility Vehicles'**

### **Impact of the notification -**

A utility vehicle (UV) is a vehicle, generally motorized, that is designed to carry out a specific task with more efficacy than a passenger vehicle. It sometimes refers to a small truck with low sides.

This amendment to N No 1/2017 CC (R) entry 52B is made to include all utility vehicles by whatever name called provided they meet the parameters of Length exceeding 4000 mm, Engine capacity exceeding 1500 cc and having Ground Clearance of 170 mm & above and to clarified by way of explanation that 'Ground clearance' means Ground Clearance in un-laden condition.

Therefore the other utility vehicles used for carrying of goods may also be included in this category and the CGST Rate of Such Motor Vehicles may be increased.

## Compensation Cess on Pan Masala, Tobacco Products

Vide Notification 03/2023 Comp Cess (R) amendments have been made in N No 1/2017 Comp Cess (R) so as to implement the decision of the GST Council **that on pan masala, tobacco products etc, where it is not legally required to declare the retail sale price, the earlier ad valorem rate as was applicable on 31st March 2023 may be notified in order for levy of Compensation Cess.**

**In the Explanation to the Notification, after clause (4), following clause is inserted, so as to clarify the insertion of the terms “declared retail sale price” in many places in the Notification -**

*“(5) For the purposes of this notification, the words “declared retail sale price”, with respect to the goods specified in column (3) of the Schedule above, shall mean the retail sale price of such goods which are required to be declared in compliance with the provisions of the Legal Metrology Act, 2009 (1 of 2010) or the rules made thereunder or under any other law for the time being in force”;*



## Tobacco & Pan Masala - Awaited

Further in terms of recommendations of 50<sup>th</sup> GST Council Meeting, the following are expected going forward -

- i. issuance of notification under section 148 of CGST Act, 2017 prescribing a **special procedure to be followed** by the manufacturers of tobacco, pan masala & other similar items inter alia for **registration of machines** and for filing of special monthly returns;
- ii. insertion of section 122A in CGST Act, 2017 providing for special penalty for non-registration of machines by such manufacturers;
- iii. provisions of section 123 of Finance Act, 2021, amending section 16 of IGST Act, to be notified with effect from **01.10.2023 and notification to be issued under section 16(4) of IGST Act. 2017 to provide for restriction of IGST refund route** in respect of exports of tobacco, pan masala & other similar items as well as mentha oil.

## **Customs Notification**

**Notification No. 46/2023-Customs amends 45/2017, 47/2017 & N No  
50/2017 Custom, all dated 30th June 2017**

## IGST Rate on Import of medicines

### Notification No. 46/2023-Customs amends N No 50/2017 Customs –

Against S. No. 167A, in column (5), for the entry, the entry “Nil” shall be substituted for the following Description of Goods -

#### **Drugs, Medicines or Food for Special Medical Purposes (FSMP) used for treatment of rare diseases**

**Condition of Import** - If the importer produces before the Deputy Commissioner of customs or the Assistant Commissioner of Customs, as the case may be, an assay certificate issued by the mining company, giving details of composition

Against S. No. 607B, in column (5), for the entry, the entry “Nil” shall be substituted;

#### **Drugs, Medicines or Food for Special Medical Purposes (FSMP) used for treatment of rare diseases specified in List 38**

#### **Impact of The Notification –**

It has been decided to exempt IGST on medicines and Food for Special Medical Purposes (FSMP) used in the treatment of rare diseases enlisted under the National Policy for Rare Diseases, 2021 when imported for personal use subject to existing conditions. Similarly, IGST exemption is also being extended to FSMP when imported by Centres of Excellence for Rare Diseases or any person or institution on recommendation of any of the listed Centres of Excellence.

## IGST Rate on Import of medicines

### **Notification No. 46/2023-Customs amends N No 50/2017 Customs -**

Against S. No. 607, after clause (c) and the entries relating thereto, the following clause and entries shall be inserted, namely: -

“(d)Medicine Dinutuximab (Quarziba), used in the treatment of Cancer

Subject to Condition 16 for production of certificate

### **Impact of The Notification & Recommendations –**

It has been decided to exempt IGST on Dinutuximab (Quarziba) medicine when imported for personal use.

## IGST on Import of Gold, etc by banks/entities

**Notification No. 46/2023-Customs amends N No 50/2017 Customs –**

for S. No. 359A and the entries relating thereto, the following S. No. and entries shall be substituted, namely: -

Import of –

- (a) Gold or Silver or both by banks as per List 34A;
- (b) Gold by banks as per List 34B;
- (c) Gold/Silver/ Platinum by entities as per List 34C

### **Impact of The Notification & Recommendations –**

It has been decided to include RBL Bank and ICBC bank in the list of specified banks for which IGST exemption is available on imports of gold, silver or platinum and update the list of banks /entities eligible for such IGST exemption as per Annexure 4B (HBP) of Foreign Trade Policy 2023.

## FTP Related amendments

1. Notification No. 45/2017-Customs & Notification No. 47/2017-Customs, dated the 30th June, 2017, have been amended w.r.t. RoDTEP and RoSTCL Schemes and other amendments in Foreign Trade Policy. These are consequent to the New Foreign Trade policy Announced from 1st April 2023

# THANK YOU



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