



Ministry of Finance

GST COUNCIL RECOMMENDS GST RATES REDUCTION ON SEVERAL GOODS & for specified handicraft items

GST rates have been recommended to be brought
down to Nil on Sanitary Napkins & Rakhi & more
Goods

GST Council recommends for allowing refund to
fabrics on account of inverted duty structure

Rate change made in respect of footwear

Posted On: 21 JUL 2018 9:00PM by PIB Delhi

The GST Council in its 28th meeting held here today under the Chairmanship of Shri Piyush Goyal , Union Minister for Railways , Coal , Finance & Corporate Affairs took following decisions on GST Rate on Goods .

I. GST rates reduction on 28% items:

A. 28% to 18%

- Paints and varnishes (including enamels and lacquers)
- Glaziers' putty, grafting putty, resin cements
- Refrigerators, freezers and other refrigerating or freezing equipment including water cooler, milk coolers, refrigerating equipment for leather industry, ice cream freezer etc.
- Washing machines.
- Lithium-ion batteries
- Vacuum cleaners
- Domestic electrical appliances such as food grinders and mixers & food or vegetable juice extractor, shaver, hair clippers etc
- Storage water heaters and immersion heaters, hair dryers, hand dryers, electric smoothing irons etc
- Televisions upto the size of 68 cm
- Special purpose motor vehicles. e.g., crane lorries, fire fighting vehicle, concrete mixer lorries, spraying lorries
- Works trucks [self-propelled, not fitted with lifting or handling equipment] of the type used in factories, warehouses, dock areas or airports for short transport of goods.
- Trailers and semi-trailers.

- Miscellaneous articles such as scent sprays and similar toilet sprays, powder-puffs and pads for the application of cosmetics or toilet preparations.

B. 28% to 12%

- Fuel Cell Vehicle. Further, Compensation cess shall also be exempted on fuel cell vehicle.

ii. Refund of accumulated credit on account of inverted duty structure to fabric manufacturers: Fabrics attract GST at the rate of 5% subject to the condition that refund of accumulated ITC on account of inversion will not be allowed. However, considering the difficulty faced by the Fabric sector on account of this condition, the GST Council has recommended for allowing refund to fabrics on account of inverted duty structure. The refund of accumulated ITC shall be allowed only with the prospective effect on the purchases made after the notification is issued.

• III. GST rates have been recommended to be brought down from,-

A. 18%12%/5% to Nil:

- Stone/Marble/Wood Deities
- Rakhi [other than that of precious or semi-precious material of chapter 71]
- Sanitary Napkins,
- Coir pith compost
- Sal Leaves siali leaves and their products and Sabai Rope
- PhoolBhariJhadoo [Raw material for Jhadoo]
- Khali dona.
- Circulation and commemorative coins, sold by Security Printing and Minting Corporation of India Ltd [SPMCIL] to Ministry of Finance.

B. 12% to 5%:

- Chenille fabrics and other fabrics under heading 5801
- Handloom dari
- Phosphoric acid (fertilizer grade only).
- Knitted cap/topi having retail sale value not exceeding Rs 1000

C. 18% to 12%:

- Bamboo flooring
- Brass Kerosene Pressure Stove.
- Hand Operated Rubber Roller
- Zip and Slide Fasteners

D. 18% to 5%:

- Ethanol for sale to Oil Marketing Companies for blending with fuel
- Solid bio fuel pellets

• **IV. Rate change made in respect of footwear**

- 5% GST is being extended to footwear having a retail sale price up to Rs. 1000 per pair
- Footwear having a retail sale price exceeding Rs. 1000 per pair will continue to attract 18%

V. GST rates have been recommended to be brought down for specified handicraft items [as per the definition of handicraft, as approved by the GST council] from,-

A. 18% to 12%:

- Handbags including pouches and purses; jewellery box
- Wooden frames for painting, photographs, mirrors etc
- Art ware of cork [including articles of sholapith]
- Stone art ware, stone inlay work
- Ornamental framed mirrors
- Glass statues [other than those of crystal]
- Glass art ware [incl. pots, jars, votive, cask, cake cover, tulip bottle, vase]
- Art ware of iron
- Art ware of brass, copper/ copper alloys, electro plated with nickel/silver
- Aluminium art ware
- Handcrafted lamps (including panchloga lamp)
- Worked vegetable or mineral carving, articles thereof, articles of wax, of stearin, of natural gums or natural resins or of modelling pastes etc, (including articles of lac, shellac)
- Ganjifa card

B. 12% to 5%:

- Handmade carpets and other handmade textile floor coverings (including namda/gabba)
- Handmade lace
- Hand-woven tapestries
- Hand-made braids and ornamental trimming in the piece
- Toran

VI. Miscellaneous Change relating to valuation of a supply:

- IGST @5% on Pool Issue Price (PIP) of Urea imported on Govt. account for direct agriculture use, instead of assessable value plus custom duty.

- o Exemption from Compensation cess to Coal rejects from washery [arising out of cess paid coal on which ITC has not been taken].

VII. Clarifications/amendments as regards applicability of GST rate in respect of certain goods recommended by GST Council which *inter-alia* includes:

- v. Milk enriched with vitamins or minerals salt (fortified milk) is classifiable under HS code 0401 as milk and exempt from GST.
- v. 5% GST on both treated (modified) tamarind kernel powder and plain (unmodified) tamarind kernel powder.
- v. Beet and cane sugar, including refined beet and cane sugar, (falling under heading 1701) attracts 5% GST rate.
- v. Water supplied for public purposes (other than in sealed containers) does not attract GST.
- v. Marine engine (falling under sub-heading 8408 10 93) attracts 5% GST rate.
- v. Kota stone and similar stones [other than marble and granite] other than polished will attracts 5% GST, while ready to use polished Kota stone and similar stones will attracts 18%.
- v. Certain other miscellaneous clarification as regards classification/rate have been recommended

[This note presents the decision of the GST Council in simple language for ease of understanding which would be given effect to through Gazette notifications/circulars which shall have force of law.]

DSM/RM

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Ministry of Finance

GST rate on Services

Posted On: 21 JUL 2018 8:41PM by PIB Delhi

The GST Council in its 28th meeting held here today under the Chairmanship of Shri Piyush Goyal , Union Minister for Railways , Coal , Finance & Corporate Affairs took following decisions relating to exemptions / changes in GST rates / ITC eligibility criteria, rationalization of rates / exemptions and clarification on levy of GST on services. The decisions of the GST Council enclosed as annexure has been presented in simple language for ease of understanding which would be given effect to through Gazette notifications/ circulars which shall have force of law.

It would be noted that multiple reliefs from GST taxation have been provided to following categories of services –

- (i) Agriculture, farming and food processing industry,
- (ii) Education, training and skill development,
- (iii) Pension, social security and old age support.

Hotel industry has been given major relief by providing that the rate of tax on accommodation service shall be based on transaction value instead of declared tariff.

Services provided in sectors like banking, IT have been provided relief by exempting services supplied by an establishment of a person in India to any establishment of that person outside India [related party].

As a green initiative, GST on supply of e-books has been reduced from 18 to 5%.

For details of major decisions on services, annexure to this press note may be referred.

It is proposed to issue notifications giving effect to these recommendations of the Council with effect from 27th July , 2018.

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ANNEXURE - EXEMPTIONS / CHANGES IN GST RATES AND SERVICES

Sector –Farmers/ Agriculture/ Food Processing

1. Exempt services by way of artificial insemination of livestock (other than horses).
2. Exempt warehousing of minor forest produce in line with exemptions provided to the agricultural produce.
3. Exempt the works of installation and commissioning undertaken by DISCOMS/ electricity distribution companies for extending electricity distribution network upto the tube well of the farmer/ agriculturalist for agricultural use.

4. Exempt services provided by FSSAI to food business operators.

Education/ Training/ Skill Development

5. Reduce rate of GST from 18% to 5% on supply only of e-books for which print version exist.

Social Security/ Pension Security/ Senior Citizens

6. Exempt services provided by Coal Mines Provident Fund Organisation to the PF subscribers from the applicability of GST on the lines of EPFO.
7. Exempt supply of services by an old age home run by State / Central Government or by a body registered under 12AA of Income Tax Act) to its residents (aged 60 years or more) against consideration upto Rupees Twenty Five Thousand per month per member provided consideration is inclusive of charges for boarding, lodging and maintenance.
8. Exempt GST on the administrative fee collected by National Pension System Trust.
9. Exempt services provided by an unincorporated body or a non-profit entity registered under any law for the time being in force, engaged in activities relating to the welfare of industrial or agricultural labour or farmer; or for the promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment, to own members against consideration in the form of membership fee up to an amount of one thousand rupees per member per year.

Banking/ Finance/ Insurance

10. Exempt Reinsurance Services provided to specified Insurance Schemes such as Pradhan Mantri Rashtriya Swasthya Suraksha Mission (PMRSSM) (Ayushman Bharat), funded by Government.

Government Services

11. Exempt services provided by Government to ERCC by way of assigning the right to collect royalty, DMFT etc. from the mining lease holders.
12. Exempt the guarantees given by Central/State Government/UT administration to their undertakings/PSUs.

Miscellaneous

13. Exempt GST on import of services by Foreign Diplomatic Missions/ UN & other International Organizations based on reciprocity.
14. Exempt services supplied by an establishment of a person in India to any establishment of that person outside India, which are treated as establishments of distinct persons in accordance with Explanation I in section 8 of the IGST Act provided the place of supply is outside the taxable territory of India in accordance with section 13 of IGST Act
15. Prescribe GST rate slabs on accommodation service based on transaction value instead of declared tariff which is likely to provide major relief to the hotel industry.
16. Prescribe GST rate of 12% with full ITC under forward charge for composite supply of multimodal transportation.

17. Rationalize thenotificationentry prescribing reduced GST rate on composite supply of works contract received by the Government or a local authority in the course of their sovereign functions.
18. Rationalize entry relating to composite supply of food and drinks in restaurant, mess, canteen, eating joints and such supplies to institutions (educational, office, factory, hospital) on contractual basis at GST rate of 5%; and making it clear that the scope of outdoor catering under 7(v) is restricted to supplies in case of outdoor/indoor functions that are event based and occasional in nature.

Clarifications

19. Supply of services provided by State and Central educational boards to students for conduct of examination will be clarified to be exempt.
20. To clarify that the courses run by private ITIs for designated trades are exempt under GST whereas non-designated courses are taxable.
21. To clarify that GST on premium paid by the Governments for implementing PradhanMantri Rashtriya Swasthya Suraksha Mission (PMRSSM) (Ayushman Bharat) is exempt from GST.
22. To provide clarification on applicability of Service Tax / GST on services rendered by an Indian Architect- Consultant in relation to immovable property located outside India to Indian Diplomatic Missions/Posts abroad.
23. To clarify to Auroville foundation that‘maintenance’ paid by it to Auroviliansis not liable to GST.
24. To insert an explanation in notification No. 13/2017-Central Tax(Rate) to define the term renting of immovable property.
25. To clarify that certain services such as “deposit works(expenses for providing electric line/plant)” related to distribution of electricity provided by DISCOM, attract GST.

Export / other trade facilitation measures

26. Extend the exemption granted on outward transportation of all goods by air and sea by another one year i.e. upto 30th September, 2019 as relief to the exporter of goods.
27. Place liability to pay GST on services provided by individual DSAs to banks/NBFCs under reverse charge on the buying banks/NBFCs. However, services by non-individual NBFCs (corporate, partnership firms) to banks/NBFCs would continue under forward charge, as at present.

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