

# Recommendations of the 54th GST Council Meeting

The 54th GST Council meeting was held on 9 September 2024 in New Delhi. During the meeting, the GST Council had inter alia obtained a status report from the Group of Ministers (GoM) on rate rationalisations and real estate. Further, GoM was constituted to examine various issues pertaining to life and health insurance and to study the future of GST Compensation Cess (Cess), which would submit its report by 31 October 2024. The gist of the key recommendations made by the GST Council are summarised below:

## Trade Facilitation Measures

- **Amnesty Scheme under Section 128A of the Central Goods and Services Tax Act, 2017 (CGST Act):**
  - Section 128A of the CGST Act would be notified with effect from 1 November 2024, with 31 March 2025 to be notified as the last date for making payment of tax under this scheme.
  - The Central Goods and Services Tax Rules, 2017 (CGST Rules) would be amended by introducing Rule 164 (along with certain forms) providing for the procedure and conditions for availment of the benefit of waiver of interest or penalty or both relating to tax demands under Section 73 of the CGST Act pertaining to FYs 2017-18 to FY 2019-20.
  - A Circular clarifying various issues relating to the availment of the benefit under this scheme would be issued.
- **Introduction of Section 16(5) and 16(6) of the CGST Act:**
  - Sections 118 and 150 of the Finance (No. 2) Act, 2024, inserting Section 16(5) and 16(6) in the CGST Act (with retrospective effect from 1 July 2017), extending the time limit for availment of ITC for FY 2017-18 to FY 2020-21 would be notified at the earliest.
  - A special procedure for rectification of orders would be notified under Section 148 of the CGST Act. This procedure is to be followed by persons against whom any demand orders by the adjudicating or first appellate authority or the revisional authority, have been issued for delayed availment of input tax credit (ITC), contravening time limits prescribed under Section 16(4) of the CGST Act if such ITC is now available as per the Sections 16(5) and 16(6) of the CGST Act, and where appeal against the said order has not been filed.
  - A Circular would be issued to clarify the procedure and various issues relating to the implementation of the above provisions.
- **Amendments relating to Rules 89 and 96 of the CGST Rules:**
  - Presently, Rules 89(4A), 89(4B) and 96(10) of the CGST Rules restrict claims of refund on exports in cases where the benefit under various schemes of the Foreign Trade Policy, 2023 (FTP) such as EOU, STPI, EPCG, Advance Authorisation, etc. are claimed by the exporter on the procurements subject to specified conditions. These provisions are proposed to be omitted prospectively.
  - A Circular would be issued clarifying that in cases where inputs were initially imported without payment of IGST and Cess under the abovementioned schemes of the FTP but such IGST and Cess were subsequently paid along with applicable interest and the Bill of Entry in respect of import of the said inputs is reassessed by the jurisdictional Customs authorities, then the refund of IGST paid on such exports shall not be considered to be in contravention of Rule 96(10) of the CGST Rules.

## Changes In GST Rates

Sl. No.	Particulars	Revised GST Rate
<b>Goods</b>		
1.	Extruded or expanded products, savoury or salted (other than un-fried or un-cooked snack pellets, by whatever name called, manufactured through the process of extrusion) (HSN 1905 9030) [Clarification: Reduced GST rate to apply prospectively]	12%
2.	Cancer drugs namely, Trastuzumab Deruxtecan, Osimertinib and Durvalumab	5%
3.	Car seats (HSN 9401)	28%
<b>Services</b>		
4.	Transport of passengers by helicopters on a seat-share basis [Clarification: GST for the past period - regularised on an 'as is where is' basis. Charter of helicopter continues to attract GST @ 18%]	5%
5.	Research and development services by a Government entity; or a research association, university, college or other institution notified under clauses (ii) or (iii) of Section 35(1) of the Income Tax Act, 1961 [GST for the past period - regularised on 'as is where is' basis]	Nil
6.	Affiliation services provided by State/Central educational boards, educational councils and other similarly placed bodies to Government Schools [GST for the past period between 1 July 2017 and 17 June 2021 - regularised on an 'as is where is' basis]	Nil
7.	Import of services by an establishment of a foreign airline company in India from a related person or any of its establishments outside India [GST for the past period - regularised on 'as is where is' basis]	Nil
8.	Services such as application fees for providing electricity connection, rental charges against electricity meter, testing fees for meters/ transformers/ capacitors, labour charges from customers for shifting of meters/ service lines, charges for duplicate bills, etc. which are incidental, ancillary or integral to supply of transmission and distribution of electricity by transmission and distribution utilities, when provided as a composite supply. [GST for the past period - regularised on an 'as is where is' basis]	Nil

**Supply of metal scraps:**

- GST liability under the reverse charge mechanism (RCM) to be introduced on the supply of metal scrap by an unregistered person to a registered person (irrespective of turnover threshold for obtaining GST registration). Further, the supplier shall be liable to take registration as and when it crosses the threshold.
- GST to be deducted at source (TDS) @ 2% on B2B supply of metal scrap.

Further, it is recommended that renting commercial property by an unregistered person to a registered person would attract GST under RCM.

### Clarifications Pertaining To The Applicable GST Rates

- Roof Mounted Package Unit (RMPU) Air Conditioning Machines for Railways to be classified under HSN 8415 attracting GST @ 28%.
- Car seats of motor cars are classifiable under HSN 9401 and attract GST @ 18% (prior to the above GST rate change).
- Approved flying training courses conducted by Directorate General of Civil Aviation approved Flying Training Organisations are exempt from the levy of GST.
- Location Charges or Preferential Location Charges (PLC) paid along with the consideration for construction services of residential/ commercial/ industrial complex before the issuance of completion certificate form part of the composite supply where construction services are the main service and PLC is naturally bundled with it and are eligible for same tax treatment as the main supply viz., construction service.
- **Affiliation services provided by:**
  - Educational boards like CBSE are taxable.
  - Universities to their constituent colleges are not covered within the ambit of exemptions provided to educational institutions and the same attracts GST @ 18%.
- Ancillary/ intermediate services (like loading/unloading, packing/unpacking, transshipment, temporary warehousing, etc.) provided by Goods Transport Agency (GTA) in the course of transportation of goods by road will constitute a composite supply and all such ancillary/ intermediate services will be treated as part of the composite supply. If the services are not provided in the course of transportation and invoiced separately, then these services will not be treated as a composite supply of transportation of goods.
- GST liability where the film distributor or the sub-distributor acts on a principal basis to acquire or distribute films for the past period prior to 1 October 2021 would be regularised.
- **Miscellaneous clarifications:**
  - Place of supply in respect of the following services would be clarified:
    - Advertising services provided by Indian advertising companies to foreign entities.
    - Data hosting services provided by service providers located in India to cloud computing service providers located outside India.
  - Clarification on availability of ITC on demo vehicles by the dealers of the vehicle manufacturers.

### Miscellaneous Recommendations

- B2C E-invoicing to be rolled out on a pilot basis on a voluntary basis in selected sectors and states.
- Additional enhancements to the GST return architecture such as RCM ledgers, ITC Reclaim Ledger and Invoice Management System are on the agenda. The Taxpayers would be given an opportunity to declare the opening balance of these ledgers by 31 October 2024.

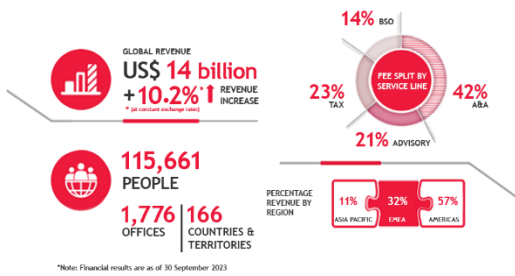
### BDO Comments

Various recommendations are made by the GST Council in the 54th meeting. However, the fine print of such clarifications/amendments in law would need to be seen to assess the exact impact of such amendments. Now the focus for the subsequent meetings of the GST Council would be on rate rationalisation and to decide the issues, which have been deferred to subsequent meetings.

*[Source - Press Release dated 9 September 2024 (Release ID: 2053233)]*

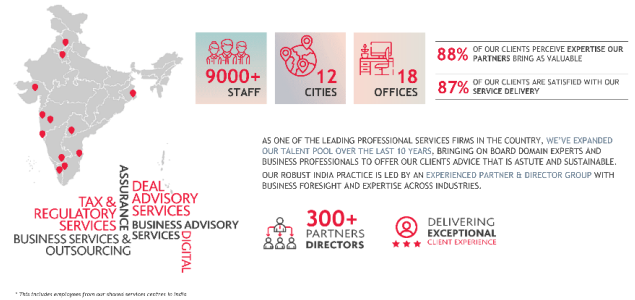
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