

## Recommendations of 49th GST Council Meeting

Government of India to clear entire pending balance  
GST compensation of Rs. 16,982 crore for  
June'2022

GST Council adopts report of Group of Ministers  
(GoM) on GST Appellate Tribunal with certain  
modifications

GoM report on Capacity Based Taxation and Special  
Composition Scheme in certain Sectors on GST  
approved

Changes in GST rates of “Rab” and Pencil Sharpner

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The 49th GST Council met under the Chairpersonship of Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman in New Delhi today. The meeting was also attended by Union Minister of State for Finance Shri Pankaj Chaudhary besides Finance Ministers of States & UTs (with legislature) and senior officers of the Ministry of Finance & States/ UTs.



The GST Council has, inter-alia, made the following recommendations relating to GST compensation, GST Appellate Tribunal, approval of the Report of Group of Ministers (GoM) on Capacity Based Taxation and Special Composition Scheme in certain Sectors on GST, recommendations relating to GST rates on Goods and Services and other measures for facilitation of trade:

#### GST Compensation

1. Government of India has decided to clear the entire pending balance GST compensation of Rs. 16,982 crore for June'2022 as shown in the table below. Since, there is no amount in the GST compensation Fund, Centre decided to release this amount from its own resources and the same will be recouped from the future compensation cess collection. With this release, Centre would clear the entire provisionally admissible compensation due for five years as envisaged in the GST (Compensation to States) Act'2017. In addition, Centre would also clear the admissible final GST compensation to those States who has provided the revenue figures as certified by the Accountant General of the States amounting to Rs. 16,524 crore.

S. No.	Name of State/UT	Balance GST compensation pending for June'2022 (Rs. In crore)
1	Andhra Pradesh	689
2	Bihar	92
3	Chhattisgarh	505
4	Delhi	1212
5	Goa	120
6	Gujarat	865
7	Haryana	629
8	Himachal Pradesh	229
0	Jammu and Kashmir	210
10	Jharkhand	342
11	Karnataka	1934

12	Kerala	780
13	Madhya Pradesh	730
14	Maharashtra	2102
15	Odisha	529
16	Puducherry	73
17	Punjab	995
18	Rajasthan	815
19	Tamil Nadu	1201
20	Telangana	548
21	Uttar Pradesh	1215
22	Uttarakhand	345
23	West Bengal	823
	Total	16,982

- GST Appellate Tribunal

The Council adopted the report of Group of Ministers with certain modifications. The final draft amendments to the GST laws shall be circulated to Members for their comments. The Chairperson has been authorised to finalise the same.

- Approval of the Report of GoM on Capacity Based Taxation and Special Composition Scheme in certain Sectors on GST:

With a view to plug the leakages and improve the revenue collection from the commodities like pan masala, gutkha, chewing tobacco, the Council approved the recommendations of the GoM including, inter alia, that

- the capacity based levy not to be prescribed; compliance and tracking measures to be taken to plug leakages/evasions; exports of such commodities to be allowed only against LUT with consequential refund of accumulated ITC; compensation cess levied on such commodities to be changed from ad valorem to specific tax based levy to boost the first stage collection of the revenue

- Recommendations relating to GST rates on Goods and Services

1. Changes in GST rates of Goods and Services

Sr. No.	Description	From	To
Goods			
1.	'Rab'	18%	5% - if sold prepackaged and labelled Nil - if sold otherwise
2.	Pencil Sharpener	18%	12%

Other changes relating to Goods and Services

2. It has been decided to regularize payment of GST on 'rab' during the past period on "as is basis" on account of genuine doubts over its classification and applicable GST rate.
3. It was decided to suitably amend notification No. 104/94-Customs dated 16.03.1994 so that if a device like tag- tracking device or data logger is already affixed on a container, no separate IGST shall be levied on such affixed device and the 'nil' IGST treatment available for the containers under notification No. 104/94-Customs shall also be available to the such affixed device subject to the existing conditions.

4. It has been decided to amend entry at Sl. No. 41A of notification No. 1/2017-Compensation Cess (Rate) so that exemption benefit covers both coal rejects supplied to and by a coal washery, arising out of coal on which compensation cess has been paid and no input tax credit thereof has been availed by any person.
5. It has been decided to extend the exemption available to educational institutions and Central and State educational boards for conduct of entrance examination to any authority, board or a body set up by the Central Government or State Government including National Testing Agency for conduct of entrance examination for admission to educational institutions.
6. It has been decided to extend the dispensation available to Central Government, State Governments, Parliament and State Legislatures with regard to payment of GST under reverse charge mechanism (RCM) to the Courts and Tribunals also in respect of taxable services supplied by them such as renting of premises to telecommunication companies for installation of towers, renting of chamber to lawyers etc.

- Measures for facilitation of trade:

1. Extension of time limit for application for revocation of cancellation of registration and one time amnesty for past cases: The Council has recommended amendment in section 30 of CGST Act, 2017 and rule 23 of CGST Rules, 2017 so as to provide that -

- the time limit for making an application for revocation of cancellation of registration be increased from 30 days to 90 days; where the registered person fails to apply for such revocation within 90 days, the said time period may be extended by the Commissioner or an officer authorised by him in this behalf for a further period not exceeding 180 days.

The Council has also recommended that an amnesty may be provided in the past cases, where registration has been cancelled on account of non-filing of the returns, but application for revocation of cancellation of registration could not be filed within the time specified in section 30 of CGST Act, by allowing such persons to file such application for revocation by a specified date, subject to certain conditions.

2. Amendment to Section 62 of CGST Act, 2017 to extend timelines under sub-section (2) thereof and one time amnesty for past cases: As per sub-section (2) of section 62 of CGST Act, 2017, the best judgment assessment order issued under sub-section (1) of the said section is deemed to be withdrawn if the relevant return is filed within 30 days of service of the said assessment order. The Council recommended to amend section 62 so as to increase the time period for filing of return for enabling deemed withdrawal of such best judgment assessment order, from the present 30 days to 60 days, extendable by another 60 days, subject to certain conditions.

The Council has also recommended to provide an amnesty scheme for conditional deemed withdrawal of assessment orders in past cases where the concerned return could not be filed within 30 days of the assessment order but has been filed along with due interest and late fee upto a specified date, irrespective of whether appeal has been filed or not against the assessment order, or whether the said appeal has been decided or not.

3. Rationalisation of Late fee for Annual Return: Presently, late fee of Rs 200 per day (Rs 100 CGST + Rs 100 SGST), subject to a maximum of 0.5% of the turnover in the State or UT (0.25% CGST + 0.25% SGST), is payable in case of delayed filing of annual return in FORM GSTR-9. The Council recommended to rationalise this late fee for delayed filing of annual return in FORM GSTR-9 for FY 2022-23 onwards, for registered persons having aggregate turnover in a financial year upto Rs 20 crore, as below:

- Registered persons having an aggregate turnover of up to Rs. 5 crores in the said financial year: Rs 50 per

day (Rs 25 CGST + Rs 25 SGST), subject to a maximum of an amount calculated at 0.04 per cent. of his turnover in the State or Union territory (0.02% CGST + 0.02% SGST).Registered persons having an aggregate turnover of more than Rs. 5 crores and up to Rs. 20 crores in the said financial year: Rs 100 per day (Rs 50 CGST + Rs 50 SGST), subject to a maximum of an amount calculated at 0.04 per cent. of his turnover in the State or Union territory (0.02% CGST + 0.02% SGST).

4. Amnesty in respect of pending returns in FORM GSTR-4, FORM GSTR-9 and FORM GSTR-10: To provide relief to a large number of taxpayers, the Council recommended amnesty schemes in respect of pending returns in FORM GSTR-4, FORM GSTR-9 and FORM GSTR-10 by way of conditional waiver/ reduction of late fee.
5. Rationalization of provision of place of supply of services of transportation of goods: Council recommended to rationalize the provision of place of supply for services of transportation of goods by deletion of section 13(9) of IGST Act, 2017 so as to provide that the place of supply of services of transportation of goods, in cases where location of supplier of services or location of recipient of services is outside India, shall be the location of the recipient of services.

Note: The recommendations of the GST Council have been presented in this release containing major item of decisions in simple language for information of the stakeholders. The same would be given effect through the relevant circulars/ notifications/ law amendments which alone shall have the force of law.

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**RM/PPG/KMN**

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