

# 47th GST Council meeting: Key recommendations/decisions

The 47th GST Council meeting was convened on 28 and 29 June 2022 wherein various recommendations have been made regarding changes/clarifications in the GST rates on certain goods and services, measures for trade facilitation, streamlining GST compliances, etc.

The GST Council has also decided to constitute a Group of Ministers (GoM) to address various concerns raised by states in relation to the constitution of the GST Appellate Tribunal and make recommendations for appropriate amendments in the CGST Act.

The recommendations of the GST Council shall be given effect through notifications and/or circulars and/or law amendments.

## Key recommendations/decisions

### Measures for trade facilitation

- **Relaxation to suppliers making supplies through E-Commerce Operators (ECOs):** The suppliers making supplies through ECOs are not mandatorily required to get registered if their aggregate turnover does not exceed the prescribed turnover. Further, composition taxpayers can make intra-state supply through ECOs subject to certain conditions. The scheme would be tentatively implemented w.e.f. 1 January 2023
- **Amendment in formula to calculate refund of unutilised input tax credit (ITC) on account of Inverted Duty Structure (IDS):** To take into account utilisation of ITC of inputs and input services for payment of output tax on inverted rated supplies in the same ratio in which ITC has been availed on inputs and input services.
- In case when any exporter is identified as risky exporter, its refund claims in respect of export of goods are suspended/withheld. In order to handle such pending Integrated GST (IGST) refund claims, amendment in Rule 96 has been recommended to provide for transmission of such claims on the portal in form GST RFD-01 to the jurisdictional GST authorities for processing.
- Exemption from filing annual return in form GSTR-9/9A for FY 2021-22 to be provided to taxpayers having Aggregate Annual Turnover up to INR 2 crores .
- Unified Payments Interface (UPI) and Immediate Payment Service (IMPS) as an additional mode for GST payment to be provided
- Recommendation to the central government (CG) to notify certain provisions of the Finance Act, 2022 at the earliest to give effect to the following:
  - Interest shall be payable on the wrongly availed ITC only when the same is utilised with retrospective effect.
  - Transfer of balance in electronic cash ledger (ECL) of a registered person to ECL of CGST and IGST of a distinct person
- **Waiver of late fee for delay in filing form GSTR-4 and extension of due date for filing form GST CMP-08:**

Form	Period	Existing Timelines	Extended Timelines
GSTR-4	FY 2021-22	30 June 2022	28 July 2022
GST CMP-08	1st quarter of FY 2022-23	18 July 2022	31 July 2022

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- Issuance of the circulars on following issues in order to remove ambiguity and legal disputes:
  - Claiming refund under IDS where the supplier is supplying goods under some concessional notification
  - Applicability of demand and penalty provisions in respect of transactions involving fake invoices
  - Mandatory furnishing of correct and proper information of inter-State supplies and amount of ineligible/blocked ITC and reversal thereof in return in form GSTR-3B
  - Refund claimed by the recipients of supplies regarded as deemed export
  - Interpretation of provisions of blocked credits under GST
  - Perquisites provided by employer to the employees as per contractual agreement
  - Utilization of the amounts available in the ECrL and the ECL for payment of tax and other liabilities

## Measures for streamlining compliances in GST

- In cases where suspension of registration was done by the system due to continuous non-filing of returns for a specified period, a provision for automatic revocation of suspension of registration shall be added to revoke the suspension once all the pending returns are filed on the portal
- Time period from 1 March 2020 to 28 February 2022 shall be excluded from calculation of the limitation period for filing refund claim as well as for issuance of demand/ order in respect of erroneous refunds. Further, limitation for FY 2017-18 for issuance of order in respect of other demands linked with due date of annual return to be extended till 30 September 2023

## Recommendations relating to GST rates on goods and services

- GST Council has recommended rate changes in respect of certain goods and services. Further, GST rate on certain goods and services shall be rationalized to remove inverted duty structure and the exemption in form of concessional GST rate on certain goods shall also be rationalized
- Besides the payment of tax under RCM, the council has provided an option to Goods Transparent Agency (GTA) to pay GST at the rate of 5% or 12% under forward charge. However, such an option shall be exercised at the beginning of FY
- GST exemption on certain services are being rationalised, includes the following:
  - Exemption will be withdrawn on services by RBI, IRDA, SEBI, FSSAI, GSTN, renting of residential dwelling to business entities (registered persons)
  - GST @ 12% shall be applicable on hotel accommodation priced up to INR 1,000/day.
  - Room rent (excluding ICU) exceeding INR 5,000 per day per patient charged by a hospital (to the extent of amount charged for room) shall be taxable @ 5% tax rate, without ITC
- Clarification on GST rate on various goods and services has been given, including following:
  - GST @ 5% on supply of ice-cream by ice-cream parlour without ITC shall be regularised to avoid unnecessary litigation
  - Additional fee collected in the form of higher toll charges from vehicles not having Fastag is payment of toll for allowing access to roads or bridges to such vehicles. Hence, similar tax treatment shall be given as given to toll charges
  - Renting of motor vehicles for transport of passengers to a body corporate for a period (time) is taxable in the hands of body corporate under Reverse Charge Mechanism (RCM)
  - Concessional GST rate of 5% shall be applicable on electric vehicles whether or not fitted with a battery pack

The rate changes will be made effective from 18 July 2022.