

**Brief analysis of significant changes implemented in the GST Act as per the recommendations of GST Council in 47<sup>th</sup> meeting**

During the month of June-22, the 47<sup>th</sup> GST Council meeting was held wherein recommendations relating to changes in GST rates on supply of goods and services as. CBIC vide different notification implemented the proposed changes with effective from 18<sup>th</sup> July'2022. as proposed in the GST council meeting. The changes are discussed in detailed manner below for ease of reference: -

**Supplies of goods in respect of which refund of unutilized input tax credit shall not be allowed under section 54 (3)**<sup>1</sup>

**Coal;** briquettes, ovoids and similar solid fuels manufactured from coal and various other goods has been added in the list for which refund of unutilized input tax credit shall not be allowed under section 54 (3)

**Impact:** - In light of the above amendment it can be clearly said that prior to the implementation of the aforesaid notification, refund of input tax credit should be allowed with respect to coal and other goods

**Increase in GST Rate from 5% to 12% for petroleum operations & Coal bed methane operations**<sup>2</sup>

**Earlier:** - Concessional rate of 5% was applicable subject to the condition specified in the list.

**Present:** - Concessional rate of 12% shall be applicable subject to the condition specified in the list.

**Impact:** - Increase in cost for the petroleum industry

**Tax Payable Under Reverse Charge Mechanism**<sup>3</sup>**GTA Services: - RCM shall not be applicable in the following 2 scenarios: -**

- **Supplier has taken registration** and is **discharging paying tax under forward charge** on the services of GTA supplied by him in relation to transport of goods **and**
- **Supplier has issued a tax invoice** to the recipient charging Central Tax at the applicable rates and has made a **declaration** as prescribed in **Annexure III** on such invoice issued by him.

**Government Services: -**

RCM shall now be applicable on all services received from Central Government, State Government, Union territory or local authority by business entity

**Service by way of renting of residential dwelling to a registered person**

RCM shall now be applicable on renting of residential dwelling to a registered person

**Withdrawal of concessional GST rate of 5%**

Concessional GST Rate of 5% were applicable on the supplier when services were rendered to Public

<sup>1</sup> Notification No. 09/2022-Central Tax (Rate) dated 13-07-2022 w.e.f. 18th July 2022

<sup>2</sup> Notification No. 08/2022-Central Tax (Rate) dated 13-07-2022 w.e.f. 18th July 2022

<sup>3</sup> Notification No. 5/2022-Central Tax (Rate) dated 13-07-2022 w.e.f. 18th July 2022

funded research institution, Research institution, Departments and laboratories of the Central Government and State Governments, Regional Cancer Centre has been withdrawn with effect from 18th July 2022<sup>4</sup>

**Removal of Condition of 90% or more fly ash content for availing concessional rate of 3%**

The concessional GST Rate shall now be applicable for all Fly ash aggregates<sup>5</sup>

**Withdrawal of exemption of tax given on Supply of Service<sup>6</sup>**

- Services by way of transportation by rail or a vessel from one place in India to another of railway equipment or materials shall now be taxable

- Services by the Reserve Bank of India
- Services provided by the **Insurance Regulatory and Development Authority of India** to insurers under the Insurance Regulatory and Development Authority of India Act, 1999
- Services provided by the **Securities and Exchange Board of India** set up under the Securities and Exchange Board of India Act by way of protecting the interests of investors in securities and to promote the development of, and to regulate, the securities market

**GST rate changed for the Supply of Goods as mentioned below: -<sup>7</sup>**

Chapter Heading	Description	Previous Rate (%)	Changed Rate (%)
8419 12	Solar Water Heater & System	5	12
2706	Tar distilled from coal, from lignite or from peat and other mineral tars, whether or not dehydrated or partially distilled, including reconstituted tars	5	18
4115	Prepared or Finished Leathers, Composition Leathers	5	12
84	Power driven pumps designed for handling water such as tube-well turbine pump, Bicycle pumps, etc.	12	18
8437	Machines for cleaning, sorting or grading, seed, grain or dried leguminous vegetables; machinery used in milling industry or for the working of cereals or dried leguminous vegetables other than farm type machinery and parts thereof <sup>7</sup>	5	12
88	Parts of goods of heading 8801 - Balloons and dirigibles, gliders and other non-powered aircraft	0	18
-	<b>Petroleum operations undertaken under specified contracts under the Marginal Field Policy (MFP), or</b>	5	12

<sup>4</sup> Notification No 11/2022-Central Tax (Rate) dated 13-07-2022 Rescinds notification No. 45/2017- Central Tax (Rate) w.e.f. 18<sup>th</sup> July 2022

<sup>5</sup> Notification No. 10/2022-Central Tax (Rate) dated 13-07-

2022 w.e.f. 18<sup>th</sup> July 2022

<sup>6</sup> Notification No. 4/2022-Central Tax (Rate) dated 13-07-2022 w.e.f. 18<sup>th</sup> July 2022

<sup>7</sup> Notification no 06/2022- Central Tax Rate dated 13th July 2022

**GST rate changed for the Supply of Service as mentioned below: -<sup>8</sup>**

**1. Construction Service**

Chapter Head	SL No.	Description of Services	Rate (%)	Remark
Heading 9954 (Construction Service)	3	<p><b>(iii)Composite supply of works contract</b> as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017, <b>supplied to local authority or Union Territory</b> by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of:<sup>9</sup></p> <ul style="list-style-type: none"> <li>✓ a historical monument, archaeological site or remains of national importance, archaeological excavation, or antiquity specified under the Ancient Monuments and Archaeological Sites and Remains Act, 1958 (24 of 1958);</li> <li>✓ canal, dam or other irrigation works;</li> <li>✓ pipeline, conduit or plant for (i) water supply (ii) water treatment, or (iii) sewerage treatment or disposal</li> </ul>	6	Omitted
		<p>(iv)Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017, supplied by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of,</p> <ul style="list-style-type: none"> <li>✓ a road, bridge, tunnel, or terminal for road transportation for use by general public;</li> <li>✓ a civil structure or any other original works pertaining to a scheme under Jawaharlal Nehru National Urban Renewal Mission or Rajiv Awaas Yojana;</li> <li>✓ a civil structure or any other original works pertaining to the “In-situ rehabilitation of existing slum dwellers using land as a resource through private participation” under the Housing for All (Urban) Mission/Pradhan Mantri Awaas Yojana, only for existing slum dwellers;</li> <li>✓ 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 Awaas Yojana.</li> <li>✓ a pollution control or effluent treatment plant, except located as a part of a factory; or</li> <li>✓ a structure meant for funeral, burial, or cremation of deceased</li> </ul>	6	Omitted
		<p>(v) Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017, supplied by way of construction, erection, commissioning, or installation of original works pertaining to,-</p> <ul style="list-style-type: none"> <li>✓ railways, excluding monorail and metro;</li> </ul>	6	Omitted

<sup>8</sup> Notification no 03/2022- Central Tax Rate dated 13th July 2022

<sup>9</sup> Notification 20/2017 – Central Tax Rate dated 22nd August 2017(item (iii) was substituted

		<ul style="list-style-type: none"> <li>✓ a single residential unit otherwise than as a part of a residential complex;</li> <li>✓ 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;</li> <li>✓ low cost houses up to a carpet area of 60 square metres per house in a housing project approved by the competent authority under –</li> <li>✓ the "Affordable Housing in Partnership" component of the Housing for All (Urban) Mission/Pradhan Mantri Awaas Yojana;</li> <li>✓ any housing scheme of a State Government;</li> <li>✓ post-harvest storage infrastructure for agricultural produce including a cold storage for such purposes; or</li> <li>✓ post-harvest storage infrastructure for agricultural produce including a cold storage for such purposes; or</li> </ul>		
		<p><b>(vi)</b> Services provided to the <b>Union Territory, a local authority</b> by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of:<sup>10</sup></p> <ul style="list-style-type: none"> <li>✓ a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession;</li> <li>✓ a structure meant predominantly for use as (i) an educational, (ii) a clinical, or (iii) an art or cultural establishment; or;</li> <li>✓ 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.</li> </ul>	6	<b>Omitted</b>
		<p><b>(vii)</b> Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017, involving predominantly earth work (that is, constituting more than 75 per cent. of the value of the works contract) <b>provided to Union territory, local authority.</b></p>	6	<p>Vide Notification No. 31/2017 dated 13.11.2017, this entry was introduced.</p> <p>Vide Notification No. 15/2021-Central Rate dated 18.11.2021, supplies to Governmental Authority and Governmental entity has been removed against this entry.</p>

<sup>10</sup> Notification 24/2017 – Central Tax Rate dated 21st September 2017 item (vi) was substituted

				<b>Rate increased to 6% from 2.5%</b>
		(viii) Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017 and associated services, <b>in respect of offshore works contract relating to oil and gas exploration and production (E&amp;P)</b> in the offshore area beyond 12 nautical miles from the nearest point of the appropriate base line	6	Vide Notification No. 31/2017 dated 13.11.2017, this entry was introduced.
		<b>(ix)</b> Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017 provided <b>by a subcontractor to the main contractor providing services specified in item (iii) or item (vi) above to the Union territory, a local authority.</b>	6	<b>Omitted</b>
		<b>(x)</b> Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017 provided by a subcontractor to the main contractor providing services specified in item (vii) above to the <b>Union territory, a local authority</b>  Provided that credit of input tax charged on goods and services has not been taken [Please refer to Explanation no. (iv)].	6	Vide Notification No. 1/2018-Central Rate dated 25.01.2018, this entry was introduced.  Vide Notification No. 15/2021-Central Rate dated 18.11.2021, supplies to Governmental Authority and Governmental entity has been removed against this entry.  <b>Rate increased to 6% from 2.5%</b>
		(xi) Services by way of house-keeping, such as plumbing, carpentering, etc. where the person supplying such service through electronic commerce operator is not liable for registration under sub-section (1) of section 22 of the Central Goods and Services Tax Act, 2017	2.5	Vide Notification No. 1/2018-Central Rate dated 25.01.2018, this entry was introduced.
		(xii) Construction services other than <del>(i), (ii), (iii), (iv), (v),</del> (vi), (vii), (viii), (ix), (x) and (xi) above	9	Vide Notification No. 1/2018-Central Rate dated 25.01.2018, this entry was introduced.

2. **GTA Service**

Nature of Service	Rate (%)	Condition
a) <b>GTA does not exercise the option to itself pay GST</b> on the services supplied by it	2.5	The credit of input tax charged on goods and services used in supplying the service has not been taken.  [Please refer to Explanation no. (iv)]
b) <b>GTA exercises the option to itself pay GST</b> on services supplied by it.	2.5	(1) In respect of supplies on which GTA pays tax at the rate of 2.5%, <b>GTA shall not take credit of input tax charged</b> on goods and services used in supplying the service.  [Please refer to Explanation no. (iv)]
	6	(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 <b>declaration in Annexure V on or before the 15th March of the preceding Financial Year:</b>  Provided that the option for the Financial Year 2022-2023 shall be exercised on or before the 16 <sup>th</sup> 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 <b>period from the 18th July,2022 to 16th August, 2022</b> before exercising the option for the financial year 2022-2023 but in such a case the supplier shall exercise the option to pay GST <b>on its supplies on or before the 16<sup>th</sup> August,2022.</b>