

MONTHLY NEWSLETTER

# GST TRACKER

ISSUE: JULY 2022

## GST Half Decade Milestone



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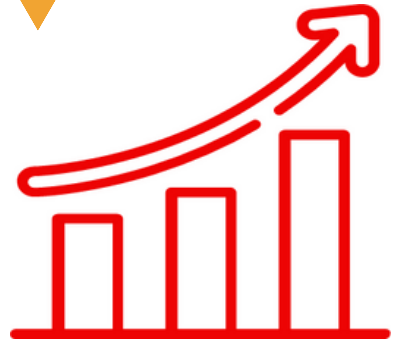
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# EDITOR'S NOTE

GST has completed half decade milestone on 1st July 2022. This great achievement is made possible by the contribution of GST Registered Persons, GST Professionals, department and government.

We are immensely thankful to Advocate Shailesh Sheth for allowing us to publish his poem on GST

GST Council's 47th meeting was held on 28th & 29th June 2022. This month issue has covered sectorwise recommendations made by GST Council.

We wish prosperity and health for our esteemed readers!



(Founder Pakkabil)

## **A Taxpayer's Wishes on GST's 5th Birthday**

May we break the age-old procedural chain,  
May any technical glitches not remain;  
May the 'tax' not become the taxpayer's pain,  
May not he look at it with utter disdain!

May the law be clear, simple and plain,  
So the poor taxpayer need not 'tax' his brain !  
May we hear when they curse and complain;  
Ain't the blocked refunds causing them strain?

May the E-way Bill never be exploited to detain,  
May the taxpayer not be forced to run and explain!  
May the 'reverse charge' not haunt him again,  
And force his energy to go down the drain !

May the ' Good and Simple Tax' rule the domain,  
May ' Freedom' from 'TaxTerror' we all attain!  
May all our efforts not go in vain,  
May the economy blossom with GST GAIN ..!

By Shailesh Sheth  
Advocate

# Sector wise recommendations: 47th GST Council Meeting

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47th GST Council meeting was held on 28th & 29th June 2022 at Chandigarh. Highlights of Sectorwise recommendations given are :

## 1. Hotel, Guest Houses and Restaurants

Exemption on following services is being withdrawn:

- a) Renting of residential dwelling to business entities (registered persons).
- b) Hotel accommodation services having price upto Rs. 1000/day or equivalent. Same shall now be taxed at 12%.

Similarly, GST @ 12% shall be applicable to companies charging amount less than Rs. 1000/day for stay in their guest houses.

- c) GST @ 5% without ITC shall be applicable on supply of ice-creams by ice-cream parlours during the period 01.07.2017 to 05.10.2021 to avoid unnecessary litigation.

## 2. Tour & Travel Services

Service provided by Indian Tour operator to a foreign resident for a tour partially in India and partially outside India shall be liable to GST on proportionate basis subject to certain conditions.

### **3. Hospital sector**

a) GST rate revised from 12% to 5% on Orthopedic appliance - Splints and other fracture appliances; artificial parts of the body; other appliances which are worn or carried, or implanted in the body, to compensate for a defect or disability; intraocular lens.

b) Exemption from IGST on import of Diethylcarbamazine (DEC) tablets supplied free of cost for National Filariasis Elimination Programme

c) Withdrawal of exemption on Services provided by the cord blood banks by way of preservation of stem cells.

d) Common bio-medical waste treatment facilities, like CETPs, for treatment or disposal of biomedical waste shall be liable to GST @ 12% with ITC.

e) Roomrent (excluding ICU) exceeding Rs 5,000/- per day per patient charged by a hospital shall be liable to GST @ 5% without ITC.

a) Exemption to services in form of Assisted Reproductive Technology (ART)/ In vitro fertilization (IVF) by covering under the definition of health care services.

### **4. Job Work Services**

GST rate increased from 5% to 12% on Job work services in relation to –

a) processing of hides, skins and leather,

b) manufacture of leather goods and

c) footwear and manufacture of clay bricks

### **5. Works Contract Services**

a) Increase in GST rate on various work contract service as tabulated below as a part of rate rationalization to remove inverted duty structure:



S. No	Nature of Work	Existing rate	New Rate
1	Works contract for roads, bridges, railways, metro, effluent treatment plant, crematorium etc	12%	18%
2	Works contract supplied to central and state governments, local authorities for historical monuments, canals, dams, pipelines, plants for water supply, educational institutions, hospitals etc. & subcontractor thereof	12%	18%
3	Works contract supplied to central and state governments, union territories & local authorities involving predominantly earthwork and sub-contracts thereof	5%	12%

a) Clarification of GST Rate on toll charges: Additional fee collected in the form of higher toll charges from vehicles not having Fastag shall be treated same as toll charges and shall be exempted.

b) Change in GST rate from 5% to 18% in case of Tar (whether from coal, coal gasification plants. Producer gas plants and coke oven plants).

## 6. Transportation of goods/passengers

a) Transportation of goods

i. Renting of truck/goods carriage is classifiable under Heading 9966 (rental services of transport vehicles with operators) and where cost of fuel is included in the consideration then GST @ 12% shall be applicable.

ii. Withdrawal of exemption on transportation by rail or a vessel of railway equipment and material.

iii. GTA is being given option to pay GST at the rate of 5% or 12% under forward charge. Such option to be exercised at the beginning of the Financial Year. RCM option shall also continue.

iv. Clarification given that exemption applies to supply of transit cargo services both to and from Nepal and Bhutan.

b) Transportation of passengers

i. Applicability of RCM on services of renting of motor vehicles for transport of passengers to a body corporate.

ii. Exemption on services of transportation of passengers by air to and from North-Eastern states & Bagdogra is being restricted to economy class only.

iii. The expression 'public transport' used in the exemption entry at SI No. 17(d) of notification No.12/2017-CT(R), which exempts transport of passengers by public transport other than predominantly for tourism purpose, in a vessel between places located in India, means that such transport should be open to public for point-to-point transport [e.g. such transport in Andaman and Nicobar islands].

c) Transport of goods and passengers by ropeways - from 18% to 5% (with ITC of services)

## **7. Agriculture Sector**

a) GST rate on following machines is being increased:

i. From 5% to 18% - Machines for cleaning, sorting or grading, seed, grain pulses; Machinery used in milling industry or for the working of cereals etc; Pawan Chakki that is air based atta chakki; Wet grinder

ii. From 12% to 18% - Machines for cleaning, sorting or grading eggs, fruit or other agricultural produce and its parts, Milking machines and dairy machinery.

b) Exemption on following services is being withdrawn:

i. storage or warehousing of commodities which attracts tax (nuts, spices, copra, jaggery, cotton etc.)

ii. fumigation in a warehouse of agricultural produce.

c) Ginned or baled fibre is covered in entry 24B of notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 in the category of raw vegetable fibres. The exemption under this entry is being rationalized.

d) All forms of mango including mango pulp (other than mangoes sliced, dried) attract GST @12%. Raw or fresh mangoes continue to be exempt.

## **8. Education/ Training/ Coaching activities**

a) Exemption on training or coaching in recreational activities relating to arts or culture, or sports is being restricted to such services when supplied by an individual.

b) Exemption from GST to application fee charged for

- i. entrance or,
- ii. issuance of eligibility certificate for admission or,
- iii. issuance of migration certificate by universities.

## **9. Banking Sector**

Withdrawal of exemption from supply of cheques, in loose or book form. Now GST @ 18% shall be applicable.

## **10. Printing and Stationery**

Changes in GST rate on following goods has been proposed:

S. No	Description of Goods/ Services	Existing rate	New Rate
1	Printing, writing or drawing ink	12%	18%
2	Knives with cutting blades, Paper knives, Pencil sharpeners and blades therefor, Spoons, forks, ladles, skimmers, cake-servers etc	12%	18%
3	Drawing and marking out instruments	12%	18%
4	Tetra Pak (Aseptic Packaging Paper	12%	18%
5	Maps and hydrographic or similar charts of all kinds, including atlases, wall maps, topographical plans and globes, printed	Nil	12%
6	Cheques, lose or in book form	Nil	18%

## 11. Casino, Racecourse and Online Gaming

The Council has directed the Group of Ministers to re-examine the issues on Casino, Racecourse and online gaming based on the inputs received from States and submit the report within short duration.

## **12. Real Estate Sector**

Following has been clarified in respect of certain real estate transactions

a) Location charges of Preferential Location Charges (PLC) recovered in connection with the lease of land are part of consideration charged for long term lease of land and accordingly, shall get the same treatment under GST as the long term lease of land.

b) Amount received towards Plot Development charges such as leveling, laying down of drainage lines incurred for sale of land shall be treated as consideration towards sale of land and shall not attract GST.

## **13. Government Services**

It has been decided to tax all the taxable services provided by the Department of Post under Forward Charge. Currently, services by way of speed post, express parcel post, life insurance, and agency services provided to a person other than Central Government, State Government or Union territory or local authority were only taxed under Forward Charge.

## **14. E-Commerce Operator**

Certain relaxations have been given for suppliers making supplies through E-commerce operator.

a) Requirement to take registration under Section 24(ix) of the CGST Act, 2017 has been waived off i.e., a person who is supplying goods or services, other than supplies covered under Section 9(5), through e-commerce operator who is required to collect TCS under Section 52 shall not be required to take compulsory registration subject to the condition that the total turnover of such person on all India basis shall not exceed the general threshold limit of Rs. 20 lakhs or Rs. 40 lakhs, as the case may be.

b) Composition taxpayers would be allowed to make intra-State supply through e-commerce operators subject to certain conditions.

The details of the above scheme will be worked out by the Law Committee of the Council and would be tentatively implemented with effect from 01.01.2023, subject to preparedness on the portal as well as by ECOs.

## **15. Retail Sector**

Proposals have been made to reduce the scope of exemption on pre-packaged and pre-labelled retail pack of food items in terms of Legal Metrology Act. Earlier, there was an exemption on specified food items when sold unbranded or under a brand where right on the brand has been foregone.

Now, after this proposed amendment, no GST exemption will be available if such food items are sold in pre-packaged or pre-labelled retails pack as per Legal Metrology Act even though unbranded or sold under a brand where right on the brand has been foregone

## **16. General Provisions**

### **a) Refund related proposed changes**

#### **i. Revision in Rule 89(5) for claiming refund of unutilized ITC under inverted duty structure**

Change in formula for calculation of refund under Rule 89(5) i.e., in case of Inverted Tax Structure has been proposed. The revised formula would take into account utilization of ITC on account 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 during the said tax period.

The proposed change in formula of Rule 89(5) will be beneficial for those taxpayers who are availing ITC on Input Services also.

We will have to wait for the notification bringing amendment into the formula under Rule 89(5) for better clarity on this aspect.

ii) Refund of IGST paid on zero rated supplies:

In cases where the refund of IGST paid on certain zero rated supplies has been suspended or withheld due to the reason that the exporter has been identified under the category of “risky exporter” or due to violation of provisions of Customs Act, it is proposed to introduce transmission of such refunds on the portal in a system generated FORM GST RFD-01 to the jurisdictional GST authorities for processing through amendment in Rule 96

This would result in expeditious disposal of such IGST refund claims, after due verification by GST officers, thus benefitting such exporters.

iii) Introduction of Form GST PMT-03A

It has been proposed to introduce new form GST PMT-03A for re-credit of the amount of erroneous refund paid back by the taxpayer along with interest and penalty in cases where the erroneous refund amount have been sanctioned to a taxpayer on account of accumulated ITC or on account of IGST paid on zero rated supply of goods or services, in contravention of rule 96(10) of the CGST Rules.

iv) Extension in limitation period to file refund claim

Suitable amendments have been proposed to exclude the time period from 01.03.2020 to 28.02.2022 from calculation of the limitation period for filing refund claim by an applicant under section 54 and 55 of CGST Act, as well as for issuance of demand/ order (by proper officer) in respect of erroneous refunds under section 73 of CGST Act.

b) Following provisions of Finance Act, 2022 to be notified by Central Government at the earliest:

i) Interest u/s 50(3): Retrospective amendment in section 50(3) of CGST Act, with effect from 01.07.2017, to provide that interest will be payable on the wrongly availed ITC only when the same is utilized. The rules providing for the manner of calculation of interest under Section 50 of CGST Act have also been recommended for more clarity.

ii) Transfer of balance in electronic cash ledger of a registered person to electronic cash ledger of CGST and IGST of a distinct person.

c) Change in GST rate on e-waste from 5% to 18%.

d) Exemption from filing annual return in FORM GSTR-9/9A for FY 2021-22 to be provided to taxpayers having AATO upto Rs. 2 crores.

e) Following clarifications have been provided:

i. activity of selling of space for advertisement in souvenirs published in the form of books is eligible for concessional GST at 5%.

ii. electric vehicles whether or not fitted with a battery pack attract GST rate of 5%.

iii. all fly ash bricks attract GST @ 5% irrespective of fly ash content.

f) Exemption of IGST on import of goods under AA/EPCG/EOU scheme to be continued and E-wallet scheme not to be pursued further.

g) Composition Taxpayers: Waiver of late fees for delay in filing FORM GSTR-4 for FY 2021-22 till 28.07.2022 and extension of due date for filing FORM GST CMP-08 for Q1 of FY 2022-23 till to 31.07.2022.

h) Reversal under Rule 42 & 43 shall not be required in case of exempt supplies of Duty Credit Scrips.

i) UPI & IMPS to be provided as an additional mode for payment of Goods and Services Tax to taxpayers under Rule 87(3) of CGST Rules.

j) Automatic revocation of suspension of registration in cases where suspension of registration was done by the system for continuous non-filing of specified number of returns, once all the pending returns are filed on the GST portal by the taxpayer.

k) Provide for refund of unutilized Input Tax Credit on account of Export of Electricity.

*Note: related notifications/circulars to be issued later.*



## GSTN Updates June 2022

Date of Issue	Subject
01/06/2022	Addition of 6% tax rate in GSTR-1 online
06/06/2022	Module wise new functionalities deployed on the GST Portal for taxpayers
18/06/2022	Availing ITC as per law and GSTR2B

Source: [www.gst.gov.in](http://www.gst.gov.in)

## Notifications/Circulars/Orders issued in the month of June 2022

### Central Tax Notifications June 2022

Notification Nos.	Date of Issue	Subject
08/2022	07/06/2022	Seeks to provide waiver of interest for specified electronic commerce operators for specified tax periods

## **Central Tax (Rate) Notification June 2022**

No Central Tax (Rate) Notification was issued in the month of June 2022

## **Integrated Tax Notification June 2022**

No Integrated Tax Notification was issued in the month of June 2022

## **Integrated Tax (Rate) Notification June 2022**

No Integrated Tax (Rate) Notification was issued in the month of June 2022

## **Circular issued in the month of June 2022**

No Circular was issued in the month of June 2022

## **Orders**

No order was issued in the month of June 2022

## **Removal of Difficulty Orders June 2022**

No order was issued in the month of June 2022

Source: [www.cbic.gov.in](http://www.cbic.gov.in)

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47th GST Council Meeting

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ALLAHABAD HIGH COURT

**Are Two E Way Bills required under Bill to Ship to Transactions?**

M/S SLEEVCO TRADERS THROUGH ITS PROPRIETOR SHRI ALOK GUPTA

Vs

ADDITIONAL COMMISSIONER GRADE- 2 (APPEAL) FIFTH, COMMERCIAL TAX AND ANOTHER

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Allahabad High Court

**Technical Glitch Unable to File Appeal**

M/S BRIJ BIHARI SINGH

Vs

COMMISSIONER COMMERCIAL TAX LUCKNOW AND ANOTHER

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GUJARAT HIGH COURT

**Typing / Clerical Error in E-way Bill**

DHABRIYA POLYWOOD LIMITED

Vs

UNION OF INDIA

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