

GST Rate Changes w.e.f. 1 October 2021

The 45th GST council proposed certain changes to the GST rates. To give effect to these announcements, there has been a change in the GST rates with effect from 1 October 2021. In most of the goods and services, the rate is increased to 18%, while in respect of renewable energy products it has increased from an earlier lower rate to 12%. Following are the key changes.

I. NIL / reduced GST rate in respect of pharmaceuticals: The GST concessional rate of 'NIL' or 5% in respect of COVID 19 drugs is further extended till 31 December 2021. Following is the revised rate chart for certain prescribed drugs.

HSN	Drugs	Concessional rate (extended till 31.12.2021)
Extension of concession already provided		
Chapter 30	Amphotericin B	NIL
	Remdesivir	5%
	Tocilizumab	NIL
	Anti – Coagulants like Heparin	5%
Concession on new drugs		
Chapter 30	Itolizumab	5%
	Posaconazole	
	Infliximab	
	Favipiravir	
	2-Deoxy-D-Glucose	
	Bamlanivimab & Etesevimab	

II. Export freight rate exemption: Services by way of transportation of goods by an aircraft/vessel from customs station of clearance in India to a place outside India are exempt till 30 September 2022.

III. Increase in the rate to 18%

- Trademarks, Intellectual property-Royalty: Hitherto, GST rate on Intellectual Property (IP) in respect of goods was 12%, while for IP in respect of software it was 18%. The said distinction is now done away with. A common rate of 18% is now leviable for: Temporary or permanent transfer or permitting the use or enjoyment of IP right in respect of goods other than Information Technology software. This change will have to be taken cognizance of by the taxpayers, especially while discharging RCM on royalty.
- Packing/Waste and Scrap products
- Railway locomotives powered from an external source of electricity or those operating as diesel-electric or steam locomotives, railway coaches, railway/tramway vans, fixtures/fittings and traffic control equipment used in railway, roads, parking facilities, port installations, etc.

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- Printing industry and pens
- Carbonated food drinks/beverages with fruit juice
- Mining
- Services by way of job work in relation to the manufacture of alcoholic liquor for human consumption.

IV. Renewable energy products - increase in the rate to 12%: Renewable energy products such as bio-gas plant, solar power based devices, solar power generators, windmills & wind operated electric generators (WOG) waste to energy plants/devices, ocean waves/tidal energy devices/plants, etc. will attract 12% GST rate. In case, such products are supplied along with other goods and services (one of which being a taxable service), then 70% of the total supply of goods and services so provided will be deemed to be 'renewable energy' goods attracting 12% rate. Balance 30% of the value will be considered as services.

V. Amusement parks

- a. 18% GST on: Theme parks, water parks and any other place having joy rides, merry-go-rounds and go-carting.
- b. 28% GST on: Services by way of admission to
- Casinos or race clubs or any place having casinos or race clubs or
 - Sporting events like Indian Premier League.

Weblink

Notification No 06 /2021-
Central Tax (Rate):

<https://cbic-gst.gov.in/pdf/central-tax-rate/notfctn-06-2021-2020-cgst-rate.pdf>

Notification No 07/2021 -
Central Tax (Rate):

<https://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-07-2021-2020-cgst-rate.pdf>

Notification No 08/2021-
CT (Rate):

<https://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-08-2021-cgst-rate.pdf>

Notification No 12/2021-
Central Tax (Rate):

<https://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-12-2021-cgst-rate.pdf>

Therefore

In most cases, there is an upward rate revision to 18%, which may help revenue collection for the Government.