

Key recommendations of 47th GST Council Meeting

I. Recommendations relating to GST rates on goods and services

A. Rate Rationalization to remove/correct inverted duty structure [Based on recommendations made by Group of Ministers (GoM) on rate rationalization]

B. Other GST rate changes on certain goods and services are recommended by the Council

C. Withdrawal of exemptions [Based on recommendations made by GoM on rate rationalisation]

C1. Hitherto, GST was exempted on specified food items, grains etc. when not branded, or right on the brand has been foregone or surrendered. It has been recommended to revise the scope of exemption to exclude from the exemption, prepackaged and pre-labelled retail pack in terms of Legal Metrology Act, including pre-packed, pre-labelled curd, lassi and butter milk. Thus, such pre-packaged and pre labelled retail packs will now be taxable.

C.2 In case of the following goods, exemption from GST will be withdrawn:

- Cheques, loose or in book form
- Maps and hydrographic or similar charts of all kinds, including atlases, wall maps, topographical plans and globes, printed
- Parts of goods of heading 8801

C.3 In case of the following goods, the exemption in form of a concessional rate of GST is being rationalised:

- Petroleum/ Coal bed methane,
- Scientific and technical instruments supplied to public funded research institutes and
- E-waste

C4. In case of services, certain exemptions are being rationalised, while the exemption on transport of passengers by air to and from North Eastern States & Bagdogra is being restricted to economy class.

All rate changes recommended by the 47th GST Council will be made effective from 18 July 2022, as per a Finance Ministry press release dated 29 June 2022.

II. Certain key measures for trade facilitation:

In-principal approval for relaxation in the provisions for suppliers making supplies through E-Commerce Operators (ECOs)

a. Waiver of requirement of mandatory registration under section 24(ix) of CGST Act for person supplying goods through ECOs, subject to certain conditions, such as-

- i. the aggregate turnover on all-India basis does not exceed the registration threshold specified under the CGST Act and notifications issued thereunder.
- ii. the person is not making any inter-State taxable supply.

b. Composition taxpayers would be allowed to make intra-State supply through ECOs subject to certain conditions.

The details of the scheme will be worked out by the Law Committee of the Council. The scheme would be tentatively implemented with effect from 1 January 2023, subject to preparedness on the portal as well as by ECOs.

Change in formula for calculation of refund under rule 89(5) to take into account utilisation 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. This would help those taxpayers who are availing ITC on input services also. *These changes have been made in line with the recommendations made in the SC judgment in the case of UOI vs VKC Footsteps Pvt Ltd.*

Weblink <https://pib.gov.in/PressReleasePage.aspx?PRID=1838020>

Therefore

The 47th GST council meeting has rationalised the GST rates and the exemptions hitherto available. Pre-packaged food items, hitherto exempt are now brought under GST. The GST network will put in place the artificial intelligence/machine learning (AI/ML) based mechanism to verify the antecedents of the registration applicants and an improved risk-based monitoring of their behavior post registration. It will ensure that non-compliant taxpayers could be identified in their infancy and appropriate action be taken so as to minimise risk to exchequer. The recommendations will come into effect from 18 July 2022.