

PRESS RELEASE

ON GST RATE ON GOODS AS RECOMMENDED BY THE GST COUNCIL IN ITS 37th MEETING HELD ON 20.09.2019

GST Council in the 37th meeting held on 20.09.2019 at Goa took the following decisions in respect to rates relating to goods.

I. GST rates reduction, -

- a) 18% to 12% on parts of Slide Fasteners
- b) 18% to 5% on Marine Fuel 0.5% (FO)
- c) 12% to 5% on Wet Grinders (consisting stone as a grinder)
- d) 5% to Nil on:-
 - (i) Dried tamarind
 - (ii) Plates and cups made up of leaves/ flowers/bark
- e) 3% to 0.25% on cut and polished semi- precious stones
- f) Applicable rate to 5% on specified goods for petroleum operations undertaken under Hydrocarbon Exploration Licensing Policy (HELP)
- g) Exemptions from GST/IGST on:-
 - (i) imports of specified defence goods not being manufactured indigenously (upto 2024)
 - (ii) supply of goods and services to FIFA and other specified persons for organizing the Under-17 Women's Football World Cup in India.
 - (iii) supply of goods and services to Food and Agriculture Organisation (FAO) for specified projects in India.

II. GST rates have been recommended to be increased from, -

- a) 5% to 12% on goods, falling under chapter 86 of tariff like railway wagons, coaches, rolling stock (without refund of accumulated ITC). This is to address the concern of ITC accumulation with suppliers of these goods.
- b) 18% to 28% +12% compensation cess on caffeinated Beverages

III. Measures for Export Promotion

a) Exemption from GST/IGST:-

- (i) at the time of import on Silver/Platinum by specified nominated agencies
- (ii) supply of Silver/Platinum by specified nominated agency to exporters for exports of Jewellery,

b) Inclusion of Diamond India Limited (DIL) in the list of nominated agencies eligible for IGST exemption on imports of Gold/ Silver/Platinum so as to supply at Nil GST to Jewellery exporters.

IV. A uniform GST rate of 12% on Polypropylene/Polyethylene Woven and Non- Woven Bags and sacks, whether or not laminated, of a kind used for packing of goods (from present rates of 5%/12%/18%)

V. GST concession in certain cases for specific period: -

- a) Exemption to Fishmeal for the period 01.07.17 to 30.09.19. There were doubts as regards taxability of fishmeal in view of the interpretational issues. However, any tax collected for this period shall be required to be deposited.
- b) 12% GST during the period 1.07.2017 to 31.12.2018, on pulley, wheels and other parts (falling under heading 8483) and used as parts of agricultural machinery.

VI. Passenger vehicles of engine capacity 1500 cc in case of diesel, 1200 cc in case of petrol and length not exceeding 4000mm designed for carrying upto 9 persons attract compensation cess of 1% for petrol and 3% for diesel vehicle. Council recommended same compensation cess rate for vehicles having these specifications (length and engine capacity) but designed for carrying more than 10 persons but upto 13 persons. (Presently these vehicles attract compensation cess at the rate of 15%)

VII. Other miscellaneous Changes:

- Aerated drink manufacturers shall be excluded from composition scheme.
- Option to pay GST at the rate of 18% on transaction value at the time of disposal of specified goods for petroleum operations (on which concessional GST rate of 5% was paid at the time of original supply) provided that the goods are certified by Directorate General of Hydrocarbons (DGH) as non-serviceable.

- Restriction on refund of compensation cess on tobacco products (in case of inverted duty structure)
- Prescribing modalities for allowing concessions on spare parts imported temporarily by foreign airlines for repair of their aircraft, while in India in transit in terms of the Chicago Convention on Civil Aviation.
- Certain other changes of technical nature for the sake of clarity in application of notification.

VIII. Clarifications as regards applicability of GST rate in respect of certain goods recommended by GST Council which *inter-alia* includes:

- Mere heating of leguminous vegetables (gram/lentil) for removing moisture, or to soften and puff it or removing the skin, and not subjecting to any other processing or addition of any other ingredients (salt, oil etc.) would be classified under HS code 0713.
- All “mechanical sprayers” falling under HS Code 8424 would attract 12% GST.
- Parts like Solar Evacuation tubes for solar power based devices like solar water heater, solar steam, generation systems, would be eligible to 5% GST rate.
- Exclusive parts and accessories suitable for use solely or principally with a medical device (falling under headings 9018, 9019, 9021 or 9022) would fall in respective headings and attract GST at the concessional rate of 12%.
- Almond milk is classifiable under HS code 22029990 and attracts GST rate of 18%.
- Imported stores for Navy would be entitled to exemption from IGST.

The rate changes shall be made effective with effect from 1st October, 2019.

[This note presents the decision of the GST Council in simple language for ease of understanding, which would be given effect to through Gazette notifications/circulars, which shall have force of law.]