

# 55<sup>th</sup> GST Council Meeting

Gist and Highlights of  
Circulars and Notifications



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## NEWSLETTER

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# 55th GST Council Meeting

Held on 21<sup>st</sup>  
December 2024



Changes in GST rates



Measures for trade facilitation



Measures for streamlining GST Compliance



Measures relating to law and procedures



Other measures

# Changes in GST rates

# Changes in GST Rate of Goods

EXTENSION	EXEMPTION	REDUCTION
Concessional 5% GST rate to be extended to food inputs of food preparation for free distribution to economically weaker sections under government programs subject to the existing conditions	Gene therapy to be exempted from GST	Fortified rice kernel GST rate to be reduced from 18% to 5%
Exemption to be extended on import of systems, sub-systems, equipment, parts, sub-parts, tools, test equipment and software meant for assembly and manufacture of Long Range Surface to Air Missile system	IGST to be exempted on import of all equipment and consumable samples by the inspection team of the International Atomic Energy Agency subject to specified conditions	Rate of Compensation Cess to be reduced to 0.1% on supplies to merchant exporters at par with GST rate on such supplies



# Changes in GST Rate of Services

- Supply of sponsorship services by body corporates will be brought under the Forward Charge Mechanism.
- GST will be exempted on contributions made by general insurance companies from third-party motor vehicle premiums to the Motor Vehicle Accident Fund (under Section 164B of the Motor Vehicles Act, 1988).
- The definition of "declared tariff" will be removed, and "specified premises" will be amended to link GST rates to the actual value of accommodation supply, making GST on restaurant services in hotels for a financial year dependent on the preceding year's value of accommodation supply: 18% with ITC if the value exceeds ₹7,500 and 5% without ITC otherwise. Hotels can opt for 18% with ITC by declaring their choice before the financial year or at registration. These changes will take effect from 01<sup>st</sup> April 2025 to ensure a smooth transition.
- Taxpayers under the Composition Levy Scheme will be excluded from reverse charge liability on commercial property renting (as per Notification No. 09/2024-CTR), and the reverse charge mechanism will be regularized for the period from 10.10.2024 until the issuance of the new notification.

# Other changes relating to goods and services



## TO INCREASE

- GST rate on the margin on the sale of all old and used vehicles, including electric vehicles, to be increased from 12% to 18%



## TO AMEND

- The definition of 'pre-packaged and labelled' will cover retail sale commodities up to 25 kg or 25 liters that are pre-packed or require labeling under the Legal Metrology Act



## TO CLARIFY

- Autoclaved Aerated Concrete (ACC) blocks with over 50% fly ash content fall under HS 6815 and attract 12% GST.
- Pepper (fresh or dried) and raisins supplied by agriculturists are exempt from GST.
- Ready-to-eat salted/spiced popcorn falls under HS 2106 90 99, attracting 5% GST if not pre-packaged and labeled, and 12% GST if pre-packaged and labeled; caramel popcorn falls under HS 1704 90 90 with 18% GST, with past disputes regularized on an "as-is-where-is" basis.
- The explanation for ground clearance in Sl. No. 52B of notification 1/2017-Compensation Cess (Rate) is effective from 26.07.2023.
- RBI-regulated Payment Aggregators qualify for GST exemption under Sl. No. 34 of notification 12/2017-CT(R), but this does not extend to payment gateways or fintech services without fund settlement.
- Penal charges by banks and NBFCs for loan term non-compliance are not subject to GST.

# Measures for Trade Facilitation



# Measures for Trade Facilitation

## Amendment to Schedule III of the Central GST Act (CGST Act), 2017


Clause (aa) in entry 8 of Schedule III of the CGST Act recommended to be inserted retrospectively from 1 July 2017.

Consequent to such insertion, supply of goods warehoused in SEZ or FTWZ, before clearance for export or Domestic Tariff Area, is neither treated as supply of goods nor services.


This aligns SEZ/FTWZ transactions with GST provisions for Customs bonded warehouse transactions.

# Measures for Trade Facilitation


## Issues pertaining to taxability of Vouchers




Proposed to omit sections 12(4) and 13(4) of the CGST Act, and rule 32(6) of the CGST Rules, which deal with time of supply of vouchers by suppliers.




Transactions involving vouchers are a supply of neither goods nor services.



Activities like co-branding, advertisement and technical support related to vouchers attract GST.



No GST is payable on income from unredeemed vouchers.



GST is payable only on commissions or fees charged by agents for distributing vouchers. No GST on distribution of vouchers on a principal-to-principal basis.

# Measures for Trade Facilitation

## Clarifications on certain issues

ECOs paying tax under section 9(5) of the CGST Act, are not required to reverse ITC proportionally under sections 17(1) or 17(2) of the CGST Act.

Goods delivered at the supplier's location under ex-works contracts are deemed 'received' by the recipient under section 16(2)(b) of the CGST Act, with ITC eligibility subject to conditions in sections 16 and 17.

Late fees under section 47(2) of the CGST Act apply to delays in filing the complete annual return, including Forms GSTR 9 and GSTR 9C.


The notification under section 128 of the CGST Act waives late fees for Form GSTR 9C (FY 2017–18 to 2022–23) exceeding those applicable for Form GSTR 9, provided GSTR 9C is filed by 31 March 2025.

# Measures For Streamlining Compliances In GST


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## Introduction of section 148A in the CGST Act

## Clarification on recording correct state details for online services to Unregistered recipients



Section 148A of the CGST Act, 2017, empowers the Government to implement a Track and Trace Mechanism for evasion-prone commodities. The system will use a Unique Identification Marking on goods or their packages, providing a legal framework to trace these commodities throughout the supply chain.




For the supply of online services (e.g., online gaming, OIDAR) to unregistered recipients, the supplier must record the recipient's State on the tax invoice. This State will be deemed the recipient's address for the purpose of Section 12(2)(b) of the IGST Act, 2017, and Rule 46(f) of CGST Rules, 2017.




# Measures relating to law and procedures

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## Amendments



The amendment to Section 2(69) of the CGST Act, 2017, adds an Explanation to define the terms "Local Fund" and "Municipal Fund" used in clause (c) of the section.




The amendment to Section 107 of the CGST Act, 2017, provides for a reduced pre-deposit of 10% (instead of 25%) for filing an appeal before the Appellate Authority in cases involving only a penalty demand, without any tax demand.




A new proviso will be inserted into Section 112(8) of the CGST Act, 2017, allowing a reduced pre-deposit of 10% for filing appeals before the Appellate Tribunal in cases involving only a penalty demand, without any tax demand.

# Measures relating to law and procedures


## Amendments



A new Rule 16A will be inserted into the CGST Rules, 2017, to provide for the generation of a temporary identification number for persons not required to register under the CGST Act, 2017, but who need to make payments under Rule 87(4).



The Council has recommended amending Section 17(5)(d) of the CGST Act, 2017, to replace "plant or machinery" with "plant and machinery" retrospectively from 01.07.2017, aligning it with the intent of the section and ensuring consistency with the Explanation at the end of Section 17.



Rule 87(4) will be amended to reference the new Rule, with corresponding changes to FORM GST REG-12.

# Measures relating to law and procedures

## Amendments in provisions pertaining to Input Services Distributor (ISD) mechanism Under CGST Act, 2017 and CGST Rules, 2017



Effective from 1 April 2025, sections 2(61) and 20(1) of the CGST Act will explicitly include inter-state reverse charge mechanism transactions under the ISD mechanism, referencing supplies taxed under sections 5(3) and 5(4) of the IGST Act, 2017.

Section 20(2) of the CGST Act and rule 39(1A) of the CGST Rules will be amended to align with these changes.


## Composition taxpayers




Rule 19(1) of the CGST Rules, 2017, will be amended to include FORM GST CMP-02, allowing taxpayers to modify their "category of registered person" in Table 5 of CMP-02 through FORM GST REG-14.

# Measures relating to law and procedures


## Amendments in CGST Act, 2017 and CGST Rules, 2017 in respect of functionality of Invoice Management System (IMS)




Amend Section 38 of the CGST Act and Rule 60 of CGST Rules to establish a legal framework for generating FORM GSTR-2B based on actions on the Invoice Management System (IMS).



Amend Section 34(2) of the CGST Act to mandate reversal of ITC by the recipient for credit notes, enabling output tax liability reduction for the supplier.



Insert Rule 67B in CGST Rules to prescribe the process for adjusting the supplier's output tax liability against issued credit notes.



Amend Section 39(1) of the CGST Act and Rule 61 of CGST Rules to require FORM GSTR-3B to be filed only after FORM GSTR-2B is available.



# Other Measures

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- The GST Council approved measures for State-raised IGST settlement issues, with implementation by March 2025.
- The Council reviewed GSTAT procedural rules, to be notified after Law Committee examination, aiding GSTAT's operation.
- The Council extended the GST Compensation restructuring timeline to 30th June 2025.
- The Council recommended forming a Group of Ministers to develop a uniform levy policy for natural disasters in Andhra Pradesh.

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