

Major recommendations of the 53rd GST Council Meeting: Part B

Recommendations relating to the GST Rates

A. Recommendations relating to GST rates on Goods

Sl No	Description/ HSN	Recommendations
1.	Compensation Cess on goods imported by a SEZ unit or SEZ developer for authorised operations.	Compensation Cess on imports by SEZ Unit/developers for authorized operations would be exempted w.e.f. 01.07.2017.
2.	Extension of validity of IGST exemption on imports of specified defence items for defence forces under notification No. 19/2019- Customs dated 06.07.2019	IGST exemption would be available on imports of specified items for defence forces for a further period of five years till 30th June, 2029
3.	Aircraft parts / components mentioned in the aircraft maintenance manuals for use in aircraft	A uniform rate of 5% IGST would apply to imports of Parts, components, testing equipment, tools and tool-kits of aircrafts, irrespective of their HS classification subject to conditions.
4.	Scientific Equipment required for Research Moored Array for African-Asian-Australian Monsoon Analysis and Prediction (RAMA) buoy programme	IGST exemption would be available on imports of research equipment /buoys imported under the Research Moored Array for African-Asian-Australian Monsoon Analysis and Prediction (RAMA) programme subject to conditions specified.
5.	Technical documentation related to AK-203 rifle kits.	Adhoc IGST exemption would be available on import of technical documentation for AK-203 rifle kits imported under Notification No. 19/2019- Customs for Indian Defence forces.
6.	Carton Boxes for packaging apples and other horticulture produce	GST rate on carton, boxes and cases of corrugated paper or paper-board as well as of non-corrugated paper or paper-board falling under heading 4819 10 and 4819 20 respectively, to be reduced from 18% to 12%.
7.	Fire water sprinklers (HSN 8424)	All types of sprinklers including fire water sprinklers would attract 12% GST and past cases

		would be regularised on 'as is where is' basis.
8.	Parts of Poultry machinery (HSN 8436 9100)	Existing entry covering Poultry keeping Machinery attracting 12% GST would be amended to specifically incorporate " parts of Poultry keeping Machinery " and past cases would be regularised on 'as is where is' basis.
9.	Pulses and cereals supplied to or by any agency engaged by Government.	Pulses (HS 0713) and cereals (chapter 10) when supplied to or by any agency engaged by Union Government or State Government/ Union Territory for procurement and sale, under any programme / scheme duly approved by the Central Government or any State Government that intends to distribute at free of cost or at subsidized rate to the eligible beneficiaries like economically weaker sections of the society subject to certain conditions specified in this regard would be regularised on "as is where is basis" for the entire period from 01.07.2017 up to 17.07.2022,
10.	Solar Cooker [7321]	All solar cookers whether having single or dual energy source would attract 12% GST.
11.	Steel/Aluminium Milk Can used in milk dairies	All milk cans (of steel, iron and aluminium) irrespective of their use would attract 12% GST.
12.	Aerated beverages and energy drinks (HS 2202) sold by Unit Run Canteens (URCs).	Compensation cess on supply of aerated beverages and energy drinks to authorised customers by Unit Run Canteens under Ministry of Defence would be exempted.
13.	Pulses	Definition of expression 'pre-packaged and labelled' in the GST rate Notification No 01/2017 CT(R) would be amended to exclude the supply of agricultural farm produce in packages of more than 25 kg or 25 litre from the scope of pre-packaged and labelled for the purpose of taxation. Past cases would be regularised on 'as is where is' basis.

B. Recommendations relating to GST rates on services

Sl. No	Proposal	Recommendations
1.	To clarify regarding the liability to pay GST on the premium settlement by lead insurer to co-insurers in the co-insurance agreement.	Co-insurance premium apportioned by the lead insurer to the co-insurer for supply of insurance service by lead and co-insurer to the insured in coinsurance agreements, would be declared as no supply under Schedule III of the CGST Act, 2017 and past cases would be regularized on ‘as is where is’ basis.
2.	To clarify regarding GST taxability on re-insurance commission.	Transaction of ceding commission/re-insurance commission between insurer and re-insurer would be declared as no supply under Schedule III of CGST Act, 2017 and past cases would be regularized on ‘as is where is’ basis.
3.(a)	To restore GST exemptions on outward supplies made by Ministry of Railways (MoR) and exemption on intra-railway supplies (those made between different railway zones)	The following specific services provided to general public by Indian Railways would be exempted from GST: (i) Platform tickets, (ii) Facility of retiring rooms / waiting rooms, (iii) Cloak room services and (iv) Battery-operated car services. Intra- railway supplies i.e between different railway zones would also be exempted The issue for the past period would be regularized from 20.10.2023 to the date of issue of exemption notification in this regard.
3.(b)	To exempt GST on transactions between Special Purpose Vehicles (SPVs) and Ministry of Railways (MoR) retrospectively w.e.f 01.07.2017	Services provided by Special Purpose Vehicles (SPV) to Indian Railway by way of allowing Indian Railway to use infrastructure built & owned by SPV during the concession period and maintenance services supplied by Indian Railways to SPV would be exempted. The issue for the past would be regularized on ‘as is where is’ basis for the period from 01.07.2017 till the date of issue of exemption notification in this regard.

Sl. No	Proposal	Recommendations
4.	To either exempt or regularize reinsurance services pertaining to exempted general insurance under various Government programmes for priority areas covered by S. Nos. 35 & 36 of notification No. 12/2017-CT (Rate) from payment of the GST liability for the period from 01.07.2017 to 24.01.2018.	Clarification would be issued that GST liability on reinsurance services of specified insurance schemes covered by Sr. Nos. 35 & 36 of notification No. 12/2017-CT (Rate) dated 28.06.2017 would be regularized on ‘as is where is basis’ for the period from 01.07.2017 to 24.01.2018.
5.	To clarify that reinsurance service of the insurance schemes (covered by Sl. No. 40 of Notification No. 12/2017-CTR) for which total premium is paid by the Government is exempt from GST for the period 01-Jun-2017 to 26-Jul-2018. [Sl. No. 36A of Notification No. 12/2017-CTR dated 26.07.2018]	Clarification would be issued that GST liability on reinsurance services of the insurance schemes for which total premium is paid by the Government that are covered under Sr. No. 40 of notification No. 12/2017-CTR dated 28.06.2017 may be regularized on ‘as is where is basis for the period from 01.07.2017 to 26.07.2018.
6.	To clarify that the term ‘ reinsurance ’ (as mentioned at Sl. No. 36A of Central Tax Notification No. 12/2017-CT(Rate) dated 28.06.2017) means and includes ‘retrocession’ services and therefore retrocession services of specified insurance schemes are also eligible for exemption from GST.	Clarification would be issued that retrocession is ‘ re-insurance of re-insurance ’ and therefore, eligible for the exemption under Sl. No. 36A of the notification No. 12/2017-CTR dated 28.06.2017.
7.	To clarify regarding incentive amount that is shared by acquirer bank with other stakeholders in the digital payment ecosystem.	Clarification would be issued that further sharing of the incentive by acquiring bank with other stakeholders is not taxable where the sharing of such incentive is clearly defined under Incentive scheme for promotion of RuPay Debit Cards and low value BHIM-UPI transactions and is decided in the proportion and manner by NPCI in consultation with the participating banks.

Sl. No	Proposal	Recommendations
8.	To clarify whether GST is applicable on the statutory collections made by the Real Estate Regulatory Authority (RERA) in accordance with the Real Estate (Regulation and Development) Act, 2016.	Clarification would be issued that RERA is a Governmental Authority and the services provided by RERA are exempt as per Sl. No. 4 of Notification No 12/2017.
9.	To clarify whether service by way of hostel accommodation, service apartments / hotels booked for longer period is a service of renting of residential dwelling for use as residence and exempted as per entry no. 12 of the notification No. 12/2017-CT (Rate) dated 28/06/2017.	<p>A separate entry in notification No. 12/2017- CTR dated 28.06.2017 under heading 9963 would be created to exempt accommodation services having value of supply of accommodation up to Rs. 20,000/- per month per person subject to the condition that the accommodation service is supplied for a minimum continuous period of 90 days. To extend similar benefit for past cases.</p> <p>An explanation would be inserted in Sl. No. 12 of Notification No. 12/2017-CT(R) dated 28.06.2017 (<i>which exempts services by way of renting of residential dwelling for use as residence</i>) to exclude accommodation services provided by Hostels, Hostels, Camps, Paying Guest accommodations and the like.</p>

Note: This document is prepared on the basis of Agenda Notes of the 53rd GST Council Meeting and not to be construed as a legal explanation or interpretation of the Acts and the Rules. Please refer to the original Notifications when issued