

Leasing of vehicles purchased and leased prior to 1st July, 2017 would attract GST at a rate equal to 65% of the applicable GST rate (including Compensation Cess).

In order to provide relief to old/existing leases of motor vehicles, GST Council in its 22nd Meeting held on the 6th October, 2017 in the national capital took several decisions in respect of motor vehicles purchased and leased prior to 1st July, 2017. These decisions are as given below:-

- a) Leasing of vehicles purchased and leased prior to 1st July, 2017 would attract GST at a rate equal to 65% of the applicable GST rate (including Compensation Cess).
- b) Such vehicles when sold shall attract GST of 65% of the applicable GST rate (including Compensation Cess).
- c) Sale of vehicles by a registered person who had procured the vehicle prior to 1st July, 2017 and has not availed any Input Tax Credits of Central Excise duty, VAT or any other taxes paid on such motor vehicles, would also be subject to 65% of applicable GST rate (including Compensation Cess).

These rates would apply for a period of three years with effect from 1st July, 2017.

Notifications to give effect to the above would be issued shortly.

DSM/KA

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