Confidential

सत्यमेव जयते

Agenda for

25th GST Council Meeting

Volume – 1

18 January 2018

माल और सेवा कर परिषद
GOODS AND SERVICES TAX COUNCIL

File No: 297/25th GSTC Meeting/GSTC/2017
GST Council Secretariat

Room No.275, North Block, New Delhi
Dated: 22 December, 2017

Notice for the 25th Meeting of the GST Council scheduled on 18 January 2018

The undersigned is directed to refer to the subject cited above and to say that the 25th Meeting of GST Council will be held on **Thursday, 18 January 2018 from 12:20 pm onwards** at Hall No 2-3, Vigyan Bhavan, New Delhi. Before the meeting of the GST Council, Union Finance Minister will have discussions with the Finance Ministers of States on the budget proposals for the Union Budget 2018-19 from 10:00 am to 12:00 noon at the same venue.

2. The Meeting of the GST Council shall be followed by Cultural Programme and Dinner to be hosted by Government of NCT of Delhi from 7:00 pm to 10:00 pm on 18 January 2018.

3. The detailed agenda items for the 25th Meeting of the GST Council will be communicated in due course of time.

4. The main agenda in the GST Council Meeting will be to discuss the draft Amendment to CGST Act, SGST Act and IGST Act. In order to have detailed discussions on the draft proposals for amendment, Union Finance Secretary will take a separate meeting of Officers of State and Central Government from **11:00 am onwards on Thursday, 11 January 2018** at Hall No 2-3, Vigyan Bhavan, New Delhi.

5. Please convey the invitation to the Hon'ble Members of the GST Council to attend the Meeting on 18 January 2018.

(-*Sd*-)
(Dr. Hasmukh Adhia)
Secretary to the Govt. of India and ex-officio Secretary to the GST Council
Tel: 011 23092653

Copy to:

1. PS to the Hon'ble Minister of Finance, Government of India, North Block, New Delhi with the request to brief Hon'ble Minister about the above said meeting.
2. PS to Hon'ble Minister of State (Finance), Government of India, North Block, New Delhi with the request to brief Hon'ble Minister about the above said meeting.
3. The Chief Secretaries of all the State Governments, Delhi and Puducherry with the request to intimate the Minister in charge of Finance/Taxation or any other Minister nominated by the State Government as a Member of the GST Council about the above said meeting.
4. Chairperson, CBEC, North Block, New Delhi, as a permanent invitee to the proceedings of the Council.
5. Chairman, GST Network

Agenda Items for the 25th Meeting of the GST Council on 18 January 2018

1. Confirmation of the Minutes of 24th GST Council Meeting held on 16 December 2017
2. Revenue collected in the month of November and December 2017 under Goods and Services Tax, including the revenue accruing to Centre and States through settlement of funds
3. Deemed ratification by the GST Council of Notifications, Circulars and Orders issued by the Central Government
4. Decisions of the GST Implementation Committee (GIC) for information of the Council
5. Minutes of 4th and 5th Meeting of Group of Ministers (GoM) on IT Challenges in GST Implementation for information of the Council and discussion on GSTN issues
6. Recommendations of the 'Committee on Returns Filing' on Simplification of Returns under GST
7. Issues recommended by the Law Committee for consideration of the GST Council
8. Recommendations of the Committee on Handicrafts
9. Changes proposed to be made in the CGST Act, 2017, SGST Acts, the IGST Act, 2017 and the GST (Compensation to States) Act, 2017
10. Issues recommended by the Fitment Committee for the consideration of the GST Council
11. Carry forward items from the previous Council Meeting
    i. Presentation on GST in Real Estate sector
    ii. Incentivising Digital Payments in GST regime
12. Transfer of shares of Empowered Committee (EC) in GSTN to the State of Telangana
13. Any other agenda item with the permission of the Chairperson
14. Date of the next Meeting of the GST Council

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Discussion on Agenda Items

Agenda Item 1: Confirmation of Minutes of 24th GST Council Meeting held on 16 December 2017

Draft Minutes of the 24th GST Council Meeting held on 16 December, 2017

The twenty fourth Meeting of the GST Council (hereinafter referred to as 'the Council') was held on 16 December, 2017 through video conferencing under the Chairpersonship of the Hon'ble Union Finance Minister, Shri Arun Jaitley (hereinafter referred to as the Chairperson). The list of the Hon'ble Members of the Council who attended the meeting through video conference is at **Annexure 1.** The list of officers of the Centre, the States and the GST Council who attended the meeting through video conference is at **Annexure 2.**

2. The following agenda items were listed for discussion in the 24th Meeting of the Council: –

1. Confirmation of the Minutes of 23rd GST Council Meeting held on 10 November 2017.
2. Introduction of a nationwide e-Way Bill System with effect from 01.01.2018.
3. Any other agenda item with permission of the Chairperson.
   (i) Refund of provisionally accepted input tax credit.

3. The Hon'ble Chairperson welcomed the Members of the Council and then took up discussion on the agenda items.

Discussion on agenda items:

Agenda item 1: Confirmation of the Minutes of the 23rd GST Council Meeting held on 10 November, 2017

4. The Hon'ble Chairperson stated that the Minutes of the 23rd Meeting of the Council could be taken up for confirmation during this Meeting or in the next meeting. Dr. Hasmukh Adhia, Union Finance Secretary and Secretary to the Council (hereinafter referred to as the 'Secretary') informed that written comments had been received from the Governments of Rajasthan and Gujarat with regard to replacement of their versions. The Government of Rajasthan in its letter No. F. 17(105) ACCT/GST/2016/2936 dated 15.12.2017 had suggested the following changes in the Minutes:

4.1. In paragraph 17, reference of 'granite' may be added in the statement of the Hon'ble Minister from Rajasthan and that his statement may read as follows: 'The Hon'ble Minister from Rajasthan observed that marble and **granite** were neither luxury items nor sin goods and that a large number of persons were engaged in marble and **granite** industry. He added that marbles and **granite** were of different grades and quality. He argued to keep marble and **granite** tiles in the rate slab of 18%'.

4.2. In paragraph 17.22, the following statement marked in bold may be added after the statement 'The Hon'ble Minister from Rajasthan stated that kota stone was a variant of sand stone and should not be taxed at the rate of 18%; **GST rate on kota stone may be reduced to 5%.'**

4.3. In paragraph 19.3, instead of the words 'He stated that there would also be no import of such statues', the following statement of the Hon'ble Minister may be incorporated: "He stated that idols of deities were exempted across world, be it USA, UK, Canada, Malaysia, Singapore, etc. This was an item of local importance and small artisans of the State were engaged in this field. Therefore, these items may be exempted."

4.4. The Government of Gujarat by an email dated 15.12.2017 had suggested to replace the whole of paragraph 21.4 of the Minutes with the following: 'Secretary (EA), Government of Gujarat, Shri Sanjeev Kumar and Dr. P.D. Vaghela, CCT, Gujarat, stated that there was a requirement of clarification with regard to tamarind kernel powder. As far as phosphoric acid was concerned, the Gujarat State Fertilizer Corporation(GSFC) had represented that as the phosphoric acid was taxed at the rate of 18% and the rate of tax on fertilizers had been reduced to 5%, this had resulted into huge working capital blockage as GSFC could claim refund only after filing of returns. The Gujarat Chamber of Commerce and Industry had represented that the organizations running effluent treatment plants and having benefit of Section 12AA of the Income Tax Act, 1961were exempted from payment of tax on such plants. This did not allow such organizations to claim input tax credit. Its representation was that there should be a tax for such organizations at the rate of 5% so that they could claim input tax credit. The Secretary suggested that the Fitment Committee could examine these issues. The Council agreed to this suggestion.'

4.5. The Secretary stated that the changes proposed in the Minutes by the Governments of Rajasthan and Gujarat only involved changing their versions recorded in the Minutes and the Council could agree to the same. The Council agreed to the suggestion. The Secretary further stated that in case there were no other comments, the Council could approve the Minutes but if Members felt that more discussion was required on the Minutes, it could be deferred and taken up for discussion during the next meeting of the Council. There were no other comments on the Minutes. The Hon'ble Ministers from Kerala, Goa and Tamil Nadu suggested to confirm the Minutes during this meeting itself. The Council agreed to the same.

5. For **agenda item 1,** the Council decided to adopt the Minutes of the 23rd Meeting of the Council with the following changes:

5.1. To replace the version of the Hon'ble Minister from Rajasthan in paragraph 17 of the Minutes with the following: 'The Hon'ble Minister from Rajasthan observed that marble and granite were neither luxury items nor sin goods and that a large number of persons were engaged in marble and granite industry. He added that marbles and granite were of different grades and quality. He argued to keep marble and granite tiles in the rate slab of 18%.'

5.2. To replace the version of the Hon'ble Minister from Rajasthan in paragraph 17.22. of the Minutes with the following: 'The Hon'ble Minister from Rajasthan stated that kota stone was a variant of sand stone and should not be taxed at the rate of 18%; GST rate on kota stone may be reduced to 5%.'

5.3. To replace the bracketed version of the Hon'ble Minister from Rajasthan in paragraph 19.3. of the Minutes ('He stated that there would also be no import of such statues') with the following: 'He stated that idols of deities were exempted across world, be it USA, UK, Canada, Malaysia, Singapore, etc. This was an item of local importance and small artisans of the State were engaged in this field. Therefore, these items may be exempted.'

5.4. To replace the whole of paragraph 21.4 of the Minutes with the following: 'Secretary (EA), Government of Gujarat, Shri Sanjeev Kumar and Dr. P.D. Vaghela, CCT, Gujarat, stated that there was

a requirement of clarification with regard to tamarind kernel powder. As far as phosphoric acid was concerned, the Gujarat State Fertilizer Corporation had represented that as the phosphoric acid was taxed at the rate of 18% and the rate of tax on fertilizers had been reduced to 5%, this had resulted into huge working capital blockage as GSFC could claim refund only after filing of returns. The Gujarat Chamber of Commerce and Industry had represented that the organizations running effluent treatment plants and having benefit of Section 12AA of the Income Tax Act, 1961 were exempted from payment of tax on such plants. This did not allow such organizations to claim input tax credit. Its representation was that there should be a tax for such organizations at the rate of 5% so that they could claim input tax credit. The Secretary suggested that the Fitment Committee could examine these issues. The Council agreed to this suggestion.'

Agenda item 2: Introduction of a nationwide e-Way Bill System with effect from 01.01.2018

6. Introducing this agenda item, the Secretary stated that during a detailed review meeting on revenue collection/trend in GST regime held in Vigyan Bhawan, New Delhi, on 9 December, 2017, the officers of the Centre and the States present during the meeting agreed that the absence of a nationwide e-Way Bill System was causing significant leakage of tax revenue. He recalled that during the 22nd Meeting of the Council, it was decided to roll out e-Way Bill System from 1 January, 2018 in a staggered manner in State after State and to implement it across the country from 1 April, 2018. He stated that during the meeting held on 9 December, 2017, the view of the officers was to start inter-State e-Way Bill System from a uniform date. In view of this, an urgent meeting of the Council had been convened through video conference. He stated that prior to the Council Meeting, detailed consultation was also held with GSTN and NIC (National Informatics Centre). During review, it was revealed that the hardware had been installed but the software licence had come only yesterday, and therefore, NIC needed some more time for all India roll out of e-Way Bill System. NIC requested that roll out could be done from 16 January, 2018 instead of 1 January, 2018. NIC had also suggested a staggered approach for implementing e-Way Bill System for inter-State and intra-State movement of goods. The Secretary stated that additional 15 days could be provided for all-India roll out of e-Way Bill System for inter-State movement of goods so that technical glitches could be avoided. He recalled that the initial glitches with the GSTN system had invited a lot of flak for the GST and the same should be avoided during implementation of e-Way Bill System. He added that after 16 January, 2018, an additional 15 days' trial period could be provided for the taxpayers and the transporters to file e-Way Bills for inter-State movement of goods on voluntary basis in order to sort out any initial problems and the e-Way Bill System for inter-State movement of goods could be made mandatory on all-India basis from 1 February, 2018.

6.1. The Secretary further stated that more time could be given to States for introducing e-Way Bill System for intra-State movement of goods and it could be implemented on all-India basis from 1 April, 2018. He added that during the next three months, the States could choose their own timing for introducing the intra-State e-Way Bill System. During the interim period, the Commissioner of the State Government and the competent Central Government official in the State could together decide upon the kind of documents (such as invoice) that would be carried for intra-State movement of goods.

6.2. The Secretary further added that some States had prepared for implementation of e-Way Bill System in advance. He informed that the State of Karnataka has already implemented new e-Way Bill System in which about one lakh e-Way bills were being generated daily. He added that the States of Kerala, Uttarakhand, Rajasthan, Madhya Pradesh and Nagaland also wanted to start e-Way Bill System at the earliest possible and had made preparations for the same. He suggested that the NIC server located in Karnataka could be made available to these States to start their e-Way Bill System early at the State-level by notifying the all-India e-Way Bill Rules in their SGST Rules. Dr. P.D. Vaghela, Commissioner,

Commercial Tax (CCT), Gujarat, stated that his State would also like to implement the e-Way Bill System at an early date with the aforementioned five States. The Secretary stated that the State of Gujarat could also start the e-Way Bill System at an earlier date along with the other five States.

6.3. The Hon'ble Minister from Goa welcomed the proposal and stated that the Secretary had suggested the right approach of having a trial period of 15 days. He, however, also raised a question whether there would be full readiness to implement the e-Way Bill System from 1 February, 2018 and desired that the Council should not face flak like GSTN related problems. He added that his State would be ready to implement the e-Way Bill System for intra-State movement of goods from 1 March, 2018. The Hon'ble Minister from Tamil Nadu stated that his State would be ready for roll out of e-Way Bill System by 1 January, 2018 for both inter-State and intra-State movement of goods. The Hon'ble Minister from Uttarakhand supported the proposal of the Secretary. He further informed that his State had started implementation of both intra-State and inter-State e-Way Bill System on trial basis from 15 December, 2017 and till now, 4450 e-Way bills had been generated and 782 transporters had registered for their e-Way Bill System. They were monitoring the implementation of the e-Way Bill System.

6.4. The Hon'ble Minister from Maharashtra stated that the proposed date of 1 February, 2018 for roll out of e-Way Bill System for inter-State movement of goods was acceptable to them but they would need more time for implementation of e-Way Bill System for intra-State movement of goods. The Hon'ble Minister from Telangana stated that due to the problem of tax evasion, they had started e-Way Bill System from 16 August, 2017 and were keen to have it implemented from 1 January, 2018. The Secretary stated that while all-India inter-State e-Way Bill System could be implemented from 1 February, 2018, the State of Telangana could implement intra-State e-Way Bill System under its State Rules. Shri Somesh Kumar, Principal Secretary (Finance), Telangana, stated that they had implemented e-Way Bill System from 16 August, 2017 for both inter and intra-State movement of goods but the Hon’ble High Court of Andhra Pradesh and Telangana had struck down their inter-State e-Way Bill Rules. He expressed his State’s willingness to join the other six States for early implementation of the e-Way Bill System. Shri J. Syamala Rao, Chief Commissioner, Commercial Tax (CCCT), Andhra Pradesh expressed that his State also wanted to join the other six States to implement the e-Way Bill System early.

6.5. The Hon'ble Minister from Madhya Pradesh stated that his State had made all preparations for roll out of the e-Way Bill System and they agreed to the suggestion to start implementation of e-Way Bill System for inter-State movement of goods from 1 February, 2018. Shri Raghwendra Kumar Singh, CCT, Madhya Pradesh, stated that the Central Government should issue the notification for six States to start implementation of e-Way Bill System from 1 January, 2018. Shri R.K. Tiwari, Additional Chief Secretary (ACS), Uttar Pradesh, stated that his State had an e-way Bill System for both inter and intra-State movement of goods and there has been a very significant rise in number of e-Way Bills generated and the amount of the commodities that have been brought in and out (about 30%). He welcomed the proposal of Secretary and also made two suggestions. The first was that the e-Way Bill portal should be opened up for registration of vehicles from a date earlier than 1 February, 2018. Secondly, many taxpayers were subverting the process of e-Way Bill System by splitting the consignment value to less than Rs 50,000. They had come across instances where 10-15 such consignments were being transported in same vehicle under the names of different consignors and consignees. Therefore, steps should be taken to plug such loopholes as otherwise the e-Way Bill system would not serve the desired purpose.

6.6. The Hon'ble Minister from West Bengal stated that his State already had e-Way Bill System for inter-State movement of goods with computerised check posts. He expressed confidence that with their given IT set up, they would not have IT related problem for implementing e-Way Bill System. He added that those transporters who were already registered for e-Way Bill System could be migrated to the new

server. He suggested that e-Way Bill System for inter-State movement of goods should be introduced from 1 February, 2018 only after beta testing, etc. He suggested that the Central Government should remain in touch with the State Governments on the status of beta testing so that there was certainty regarding implementation of e-Way Bill System from the due date. He further stated that his State would need a longer time frame to implement e-Way Bill System for intra-State movement of goods and suggested that it should be done from 1 June, 2018.

6.7. The Secretary stated that sufficient trial period was being provided both for trade and Tax Department so that amendments, if any required, could be carried out before implementing the e-Way Bill System for inter-State movement of goods from 1 February, 2018. He added that the States already having e-Way Bill System, could use the enabling provision and continue to use the same until the Central server and the software were fully ready. He added that a date would be announced in due course as to when migration of the existing registrants for e-Way Bill System would start. As regards implementation of intra-State e-Way Bill System, the Secretary stated that 14 States did not have any e-Way Bill System and the taxpayers and the transporters in these States would find it difficult to implement the e-Way Bill System. He stated that the suggested date of 1 February, 2018 could be retained for e-Way Bill System for inter-State movement of goods but the e-Way Bill System for intra-State movement of goods could be done in a phased manner by 1 June, 2018.

6.8. The Hon'ble Minister from West Bengal stated that as there was no e-Way Bill System earlier for intra-State movement of goods in West Bengal, there could be a hue and cry if it was introduced in a hurry and he suggested that it should commence from 1 June, 2018. He stated it could be commenced in a phased manner and 1 April, 2018 could be the date for completing the testing of software. Thereafter, readiness of the States could be checked, stakeholders meeting could be held to obtain their inputs, factor in the difficulties highlighted and correct the glitches that came to light. He added that due to scheduled elections in the months of February and March, 2018, there would be a lot of movement of transport vehicles.

6.9. The Hon'ble Minister from Assam supported the proposal to commence e-Way Bill System for inter-State movement of goods from 16 January, 2018. Shri Anurag Goel, CCT, Assam, stated that his State had an e-Way Bill System for inter-State movement of goods but not for intra-State movement of goods. He further stated that e-Way Bill System for inter-State movement of goods could start on trial basis from 16 January, 2018 and on mandatory basis from 1 February, 2018. As regards introduction of e-Way Bill System for intra-State movement of goods, he advised caution and suggested to have a trial period of April and May, 2018 as there could be opposition to this provision. Shri Tuhin Kanta Pandey, Principal Secretary (Finance), Odisha, stated that his State had a system of electronic e-Way Bill System for inter-State movement of goods but not for intra-State movement. He suggested that taking into account the small distances and smaller towns for which intra-State e-Way Bill System would apply, a longer phase-in should be provided for intra-State e-Way Bill System.

6.10. The Hon'ble Minister from Kerala stated that the delay in implementation of e-Way Bill System had led to severe leakage of revenue and in his State, approximately 80% of consumer goods were coming from other States without payment of IGST. He accepted the proposal on the table and in addition, made two more points. The first point was that it was decided earlier that States could implement the e-Way Bill System for inter-State movement of goods and that the Central Government would issue a notification to this effect. He observed that no such notification had been issued by the Central Government till date and requested the Central Government to issue such a notification and validate the action of the State Governments. The second point was that movement of gold should also be brought under the e-Way Bill System as lack of an e-Way Bill System for gold was only helping the movement of smuggled gold. He stated that there was major revenue leakage on this account and in his

State, the intelligence wing had booked 10 major cases of movement of gold and jewellery of over 100 kg being transported from other States without any documents. He stated that there was no logic to exempt gold transporters from the requirement of e-Way Bill System as gold was transported under heavy security system and that his State had a system of pre-declaring movement of gold. He informed that this issue had been flagged to him by the gold traders who trade through the formal channels. He added that this issue need not be decided during this Meeting but it must be revisited during the next Meeting of the Council. He flagged one more point for consideration of the Council, namely whether there could be a higher value threshold for generating e-Way Bill for intra-State B2C movement of goods and a lower threshold for inter-State B2B movement of goods. He suggested to discuss this issue during the next meeting of the Council. He further stated that Kerala had a system of e-Way Bill even for intra-State movement of goods and such States should be allowed to implement e-Way Bill System for intra-State movement of goods from an earlier date.

6.11. The Hon'ble Deputy Chief Minister of Bihar stated that they have an e-Way Bill System but it was not being enforced as border check posts had been removed. This had resulted into reduced import into his State to the tune of about Rs. 10,000 crore during the period July to October, 2017 as compared to the corresponding period in the last year. He agreed with the proposal on the table for implementation of e-Way Bill System for both inter-State and intra-State movement of goods. He added that he did not favour bringing movement of gold under the e-Way Bill System as it could lead to criminal activities. He also suggested that certain timelines given in the e-Way Bill Rules, namely, validity period of e-Way Bill to be one day for 100 kms; 72 hours for the recipient of goods to communicate his acceptance or rejection of the consignment covered by the e-Way Bill; and 24 hours for cancellation of an e-Way Bill should be revisited as there is possibility of misuse on largescale. He further suggested that an unregistered dealer should also be asked to furnish his Aadhaar number in addition to his PAN. He added that under Rule 138(5) of the CGST and SGST Rules, there was no limit for number of times a transporter can update the details of conveyance in the e-Way Bill System. He suggested that number of updation by the transporter should be restricted to three times. He also suggested that the e-Way Bill forms should also have a provision to give train number and air cargo number as lot of goods also moved through trains and airlines. He stated that his State would be ready for introduction of e-Way Bill System for intra-State movement of goods by 1 February, 2018 but also agreed to the proposal to commence it from 1 June, 2018.

6.12. The Hon'ble Minister from Haryana welcomed the proposal on the table. He stated that his State was one of the 14 which did not have an e-Way Bill System and its introduction would help curb tax evasion. He suggested that the system of e-Way Bill should be started simultaneously for both inter-State and intra-State movement from 1 February, 2018 as any artificial distinction between the two could lead to influencing by local lobbies. He added that there would be reservation with regard to e-Way Bill System irrespective of the date on which it was decided to be implemented and extension of date could be considered by the Council at a later stage instead of giving the States an option to decide by themselves the date for introduction of e-Way Bill for intra-State movement of goods. He suggested that all preparations should be simultaneous for intra-State and inter-State e-Way Bill System. He also supported the proposal of the ACS, Uttar Pradesh, to introduce checks regarding splitting of bills.

6.13. The Hon'ble Minister from Jharkhand stated that he fully agreed with the proposal of the Secretary. The Hon'ble Minister from Rajasthan suggested to start inter-State and intra-State e-Way Bill System together from 1 February, 2018 or 1 April, 2018. The Hon'ble Chairperson observed that different States had different levels of preparation for intra-State e-Way Bill System, and therefore, a longer timeline was needed, whereas inter-State e-Way Bill System needed to be introduced early in order to plug ongoing tax evasion. The Secretary observed that the traders could get used to filing of e-Way Bills from 1 February, 2018 for inter-State movement of goods. However, a longer timeframe

could be given to States to decide for introduction of e-Way Bill System for intra-State movement of goods.

6.14. The Hon'ble Minister from Goa stated that his State had no e-Way Bill System and introduction of e-Way Bill System for inter-State movement of goods could give experience to traders. He stated that 1 June, 2018 was an appropriate date for implementing the e-Way Bill System for intra-State movement of goods. The CCCT, Andhra Pradesh, stated that the Hon'ble High Court of Andhra Pradesh and Telangana had struck down their e-Way Bill system and in case there was to be a delay in implementation of the e-Way Bill System from 1 February, 2018, a notification should be issued under the CGST Act to protect the revenue of the State. The Secretary stated that this issue was examined and it transpired that if the notification was issued under IGST Act, the entire country would need to be covered under the notification. Therefore, an as alternative, for one month, States could prescribe their own intra-State e-Way Bill Rules under their SGST Act which would also cover the intra-State portion of the movement (i.e. upto the border of the State) for inter-State supply.

6.15. Shri A.B. Pandey, Chairman, GSTN, stated that if a choice was given to the States regarding the date for introduction of e-Way Bill System for intra-State movement of goods and if all States decided to implement it from an earlier date, then the system of NIC might not be able to take the load as full testing had not be done till date. He stated that according to their estimates, a total of about 30 lakh e-Way bills were likely to be generated daily for both inter-State and intra-State movement of goods and in the absence of full testing of software, it was desirable to have a phased implementation. The Hon'ble Chairperson stated that many States would implement e-Way Bill System for intra-State movement of goods at a later date, and therefore, phasing out would be in-built. Shri Naveen K. Choudhary, Secretary (Finance), Jammu & Kashmir stated that the suggested timeline for implementation of e-Way Bill System was acceptable and advised that NIC should ensure that no technical glitches were faced by the users. Shri Tarun Kapoor, ACS, Himachal Pradesh, stated that they have an e-Way Bill System for six items. He supported the proposal to have e-Way Bill System for inter-State movement of goods from 16 January, 2018 with a trial period. He added that for intra-State movement, the trial period should start from 1 April, 2018 and there should be mandatory introduction from 1 June, 2018. In view of these discussions, the Hon'ble Chairperson suggested that nationwide e-Way Bill System for inter-State movement of goods could be rolled out on a trial basis latest by 16 January, 2018 and the members of the trade and the transporters could start using this system on a voluntary basis from 16 January, 2018. Nationwide e-Way Bill System for inter-State movement of goods could be introduced on compulsory basis with effect from 1 February, 2018. For intra-State e-Way Bill generation, States could choose their own timing for implementation on any date before 1 June, 2018. Some of the States which already have a system of e-Way Bill for intra-State as well as inter-State movement of goods, could adopt an earlier date for the national e-Way Bill System for intra-State movement of goods. This could be done by exercising powers under rule 138A (5) of CGST/SGST Rules jointly by the Central Government and State Government officers. The Council agreed to these suggestions.

7. For **agenda item 2,** the Council approved the following:

(i) Nationwide e-Way Bill System for inter-State movement of goods shall be introduced on a trial basis latest by 16 January, 2018 and the members of the trade and the transporters could start using this system on a voluntary basis from 16 January, 2018.

(ii) Nationwide e-Way Bill System for inter-State movement of goods shall be introduced on compulsory basis with effect from 1 February, 2018.

(iii) States may choose any date before 1 June, 2018 for implementing national e-Way Bill System for intra-State movement of goods but all States shall implement it by 1 June, 2018.

This would be done by exercising powers under rule 138A (5) of CGST/SGST Rules jointly by the Central Government and State Government officers.

Agenda item 3: Any other agenda item with the permission of the Chairperson

(i) Refund of provisionally accepted input tax credit

8. Introducing this agenda item, the Secretary stated that as no automated refund system had been operationalised as yet, the refund applications were being filed online and then the applicants would take a hard copy of the same to the jurisdictional officer for processing the refund claim manually, after which a single order would be passed. He stated that some officers in the field had raised a doubt that as per the law, refund could be given only if the inward and outward supplies were matched and tax was paid on the supply. He stated that as presently no matching was possible, it was proposed to take an undertaking as part of refund application itself that the amount of refund would be paid back to the Government in case it was subsequently found that the tax had not been paid on the supply as required under Section 16(2)(c) of the CGST Act/SGST Act or the inward and the outward supply involving the refund claim did not match (requirements under Sections 41 and 42 of CGST/SGST Act). He stated that it was proposed to allow following refunds (both provisional and final) without matching and without excluding the amount of provisionally accepted input tax credit: (i) Unutilised input tax credit in case of zero rated supplies (exports and supplies to SEZs) of goods or services or both; (ii) Unutilised input tax credit in case of inverted duty structure in case of goods (including supply of goods to merchant exporters); (iii) IGST paid on zero rated supplies (exports and supplies to SEZs) of goods or services or both; (iv) IGST or CGST/SGST/UTGST paid on deemed export of goods subject to furnishing an undertaking as part of refund application itself that the amount of refund would be paid back to the Government in case it is found subsequently that the requirement of Section 16(2)(c) read with Section 42 (2) of the CGST/SGST Act have not been complied with. He stated that this relaxation was proposed by exercising the power conferred under Section 148 of the CGST/SGST Act regarding special procedure for certain processes.

8.1. The Hon'ble Minister from West Bengal strongly supported the proposal. He stated that since GSTR-2 stood suspended, no matching of inward and outward supply was possible, and therefore, it was a very good proposal to permit refund without matching. The Hon'ble Minister from Tamil Nadu had circulated a written speech in which it was mentioned that Section 148 of the CGST/SGST Act had no non-obstante (“notwithstanding clause”) and hence, it needed to be examined whether the special process prescribed under Section 148 would over-ride the substantive provision of Section 54(6) of the CGST/SGST Act which required that any claim for refund on account of zero rated supply of goods or services or both made by registered persons be refunded on a provisional basis to the extent of 90% of the total amount so claimed, excluding the amount of input tax credit provisionally accepted. In the written speech, he also pointed out that refund based on GSTR-3B returns might lead to bogus claim of input tax credit by unscrupulous taxpayers taking advantage of non-matching of input tax credit. He suggested to stipulate sufficient safeguards for the revenue as well as for the Departmental officers. In view of this, he recommended that the matter be examined in further detail as it involved substantial question of law. However, the Hon'ble Minister from Tamil Nadu did not express these apprehensions during the Council Meeting. No other Member expressed any reservation on the proposal. The Hon'ble Chairperson suggested that the proposal made by the Secretary could be approved. The Council approved the same.

9. For **agenda item 3(i)**, the Council approved the following:

a. to allow following refunds (both provisional and final) without matching and without excluding the amount of provisionally accepted input tax credit: (i) Unutilised input tax credit in case of zero rated supplies (exports and supplies to SEZs) of goods or services or both; (ii) Unutilised input tax credit in case of inverted duty structure in case of goods (including supply of goods to merchant exporters); (iii) IGST paid on zero rated supplies (exports and supplies to SEZs) of goods or services or both; (iv) IGST or CGST/SGST/UTGST paid on deemed export of goods.
b. Such refund shall be given subject to furnishing an undertaking as part of refund application itself that the amount of refund would be paid back to the Government in case it is found subsequently that the requirement of Section 16(2)(c) read with Section 42 (2) of the CGST/SGST Act have not been complied with in respect of the amount refunded.

10. The Hon'ble Chairperson stated that the next meeting of the Council shall be held sometime in early January, 2018 and the date for the same shall be communicated in due course.

11. The Meeting ended with a vote of thanks to the Chair.

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Annexure 1

List of Ministers who participated in the 24th GST Council Meeting held on 16.12.2017			
Sl.No	**State/Centre**	**Name of the Minister**	**Charge**
1	Govt. of India	Shri Arun Jaitley	Union Finance Minister
2	Govt. of India	Shri S.P. Shukla	Minister of State (Finance)
3	Assam	Shri Atul Bora	Minister - Agriculture and Urban Development
4	Bihar	Shri Sushil Kumar Modi	Deputy Chief Minister
5	Chhattisgarh	Shri Amar Agrawal	Minister - Dept. of Commercial Taxes
6	Goa	Shri Mauvin Godinho	Minister - Panchayat
7	Haryana	Captain Abhimanyu	Minister, Excise & Taxation
8	Jharkhand	Shri C.P. Singh	Finance Minister
9	Kerala	Dr. T. M. Thomas Isaac	Finance Minister
10	Madhya Pradesh	Shri Sanjay Pathak	Minister of MSME (Independent Charge)
11	Maharashtra	Shri Deepak Kesarkar	MoS, Finance & Planning
12	Manipur	Shri Yumnam Joykumar Singh	Deputy Chief Minister
13	Odisha	Shri Shashi Bhusan Behera	Minister - Finance & Excise
14	Rajasthan	Shri Rajpal Singh Shekhawat	Minister for Industries
15	Tamil Nadu	Shri D. Jayakumar	Minister for Fisheries & Personnel and Administrative Reforms
16	Telangana	Shri Etela Rajendar	Finance Minister
17	Uttarakhand	Shri Prakash Pant	Finance Minister
18	West Bengal	Dr. Amit Mitra	Finance Minister

Annexure 2

List of Officials who participated in the 24th GST Council Meeting on 16.12.2017

Sl. No	State/Centre	Name of the Officer	Charge
1	Govt. of India	Dr. Hasmukh Adhia	Revenue Secretary
2	Govt. of India	Dr. Arvind Subramanian	Chief Economic Adviser
3	Govt. of India	Dr. John Joseph	Member (Budget), CBEC
4	Govt. of India	Shri Sandeep M. Bhatnagar	DG, DG-Safeguards, CBEC
5	Govt. of India	Shri Upender Gupta	Commissioner (GST), CBEC
6	Govt. of India	Shri Nagesh Shastri	DDG, NIC
7	Govt. of India	Shri Paras Sankhla	OSD to FM
8	Govt. of India	Shri Mahesh Tiwari	PS to MoS
9	Govt. of India	Shri Satvik Dev	Asst. Comm., GST Policy Wing, CBEC
10	GST Council	Shri Arun Goyal	Special Secretary
11	GST Council	Shri Shashank Priya	Joint Secretary
12	GST Council	Shri G.S. Sinha	Joint Commissioner
13	GST Council	Shri Rahul Raja	Under Secretary
14	GST Council	Shri Mahesh Kumar	Under Secretary
15	GSTN	Shri A B Pandey	Chairman
16	GSTN	Shri Prakash Kumar	CEO
17	Andhra Pradesh	Shri Manmohan Singh	Special Chief Secretary (Revenue)
18	Andhra Pradesh	Shri J. Syamala Rao	Chief Commissioner (CT)
19	Andhra Pradesh	Shri T. Ramesh Babu	Addl. Commissioner (CT)
20	Andhra Pradesh	Shri D. Venkateswara Rao	OSD to Special CS, Revenue
21	Arunachal Pradesh	Shri Marnya Ete	Chief Commissioner (CT)
22	Arunachal Pradesh	Shri Tapas Dutta	Asst. Commissioner (CT)

23	Arunachal Pradesh	Shri Teli Ngomdir	ST
24	Arunachal Pradesh	Shri Nakut Padung	ST
25	Assam	Shri Anurag Goel	Commissioner (CT)
26	Bihar	Smt. Sujata Chaturvedi	Principal Secretary cum Commissioner (CT)
27	Bihar	Shri Arun Kumar Mishra	Addl. Secretary (CT)
28	Bihar	Dr Pratima	Addl. Commissioner (GST)
29	Bihar	Shri Sanjay Kumar Mawandia	Addl. Commissioner (CT)
30	Bihar	Shri Arun Kumar Verma	Addl. Commissioner (CT)
31	Bihar	Shri Markandey Mishra	Joint Commissioner (CT)
32	Bihar	Shri Ajitabh Mishra	Asst. Commissioner (CT)
33	Chhattisgarh	Shri Amitabh Jain	Principal Secretary (Finance)
34	Chhattisgarh	Ms. Sangeetha P	Commissioner, Commercial Taxes
35	Delhi	Shri R.K. Mishra	Spcl. Commissioner (CT)
36	Delhi	Shri Anand Kumar Tiwari	Additional Commissioner (GST)
37	Goa	Shri Dipak M. Bandekar	Commissioner, Commercial Taxes
38	Gujarat	Dr. P.D. Vaghela	Commissioner, Commercial Taxes
39	Gujarat	Shri Sanjeev Kumar	Secretary (Economic Affairs)
40	Haryana	Shri Sanjeev Kaushal	Additional Chief Secretary
41	Haryana	Ms. Ashima Brar	Commissioner (Excise & Taxation)
42	Haryana	Shri Vijay Kumar Singh	Addl. ETC
43	Haryana	Shri Rajeev Chaudhary	Joint ETC
44	Himachal Pradesh	Shri Tarun Kapoor	Addl. Chief Secretary (Excise & Taxation)
45	Himachal Pradesh	Shri Sanjay Bhardwaj	Addl. Commissioner, State Taxes

46	Himachal Pradesh	Shri Rakesh Sharma	Joint Commissioner, State Taxes
47	Jammu & Kashmir	Shri Navin K. Choudhary	Principal Secretary (Finance)
48	Jammu & Kashmir	Shri P. I. Khateeb	Commissioner (CT)
49	Jammu & Kashmir	Shri P.K. Bhat	Addl. Commissioner (CT)
50	Jammu & Kashmir	Shri Mohammed Shahid	Addl. Secretary (Finance)
51	Jharkhand	Shri Bhai Kumar Sinha	Addl. Commissioner (CT)
52	Jharkhand	Shri Sanjay Kumar Prasad	Joint Commissioner (CT)
53	Jharkhand	Shri Brajesh Kumar	State Tax Officer
54	Karnataka	Shri M.S. Srikar	Commissioner (CT)
55	Kerala	Shri Minhaj Alam	Secretary to Govt., Taxes Dept
56	Kerala	Dr. Rajan N. Khobragade	Commissioner (State Tax)
57	Kerala	Shri D. Balamurali	Joint Commissioner (State Tax)
58	Madhya Pradesh	Manoj Shrivastva	Principal Secretary (CT)
59	Madhya Pradesh	Shri Raghwendra Kumar Singh	Commissioner (CT)
60	Madhya Pradesh	Shri Sudip Gupta	Joint Commissioner (CT)
61	Maharashtra	Shri D.K. Jain	ACS (Finance)
62	Maharashtra	Shri Rajiv Jalota	Commissioner (GST)
63	Manipur	Shri Hrisheekesh Modak	Commissioner (CT)
64	Meghalaya	Shri G.G. Marbaniang	Asst. Commissioner of State Taxes
65	Meghalaya	Shri K. War	Asst. Commissioner of State Taxes
66	Meghalaya	Shri B. Wallang	Asst. Commissioner of State Taxes
67	Mizoram	Shri Vanlalchhuanga	Secretary, Taxation Deptt.
68	Mizoram	Shri Kailiana Ralte	Addl. Commissioner of State Tax
69	Mizoram	Shri H.K. Lalhawngliana	Joint Commissioner of State Tax

70	Nagaland	Shri Talirumba Ao	OSD, Finance
71	Nagaland	Shri Y. Mhathung Murry	Commissioner of State Taxes
72	Odisha	Shri Tuhin Kanta Pandey	Principal Secretary (Finance)
73	Odisha	Shri Saswat Mishra	Commissioner (CT)
74	Odisha	Shri N.K. Routray	Additional Secretary (Finance)
75	Odisha	Shri Sahadev Sahoo	Joint.Commissioner (CT)
76	Puducherry	Dr. V. Candavelou	Secretary (Finance & CT)
77	Puducherry	Shri G. Srinivas	Commissioner of State Tax
78	Punjab	Shri M P Singh	ACS (Taxation)
79	Punjab	Shri Vivek Pratap Singh	Commissioner of State Tax
80	Punjab	Shri Gurtej Singh	Addl. Commissioner of State Tax
81	Punjab	Shri Naresh Dubey	Dy. Comm of State Tax
82	Rajasthan	Shri D.B. Gupta	ACS (Finance)
83	Rajasthan	Shri Praveen Gupta	Secretary (Finance)
84	Rajasthan	Shri Alok Gupta	Commissioner, (CT)
85	Rajasthan	Shri Vinod Kumar Sharma	Addl Commissioner (CT)
86	Rajasthan	Shri Ketan Sarma	Dy. Commissioner (CT)
87	Sikkim	Ms Dipa Basnet	Secretary (Commercial Taxes)
88	Sikkim	Shri Manoj Rai	Joint Commissioner of Commercial Taxes
89	Tamil Nadu	Dr C Chandra Mouli	ACS (CT & Regn. Deptt)
90	Tamil Nadu	Shri K. Gnanasekaran	Addl.Comm, Commercial Taxe(CT)
91	Telangana	Shri Somesh Kumar	Principal Secretary
92	Telangana	Shri V Anil Kumar	Commissioner, Commercial Taxes
93	Telangana	Shri Laxminarayn Jannu	Additional Commissioner
94	Tripura	Shri M. Nagaraju	Principal Secretary, Finance
95	Tripura	Dr. Brahmaneet Kaur	Chief Commissioner of State Tax
96	Uttar Pradesh	Shri R. K. Tiwari	Additional Chief Secretary

97	Uttar Pradesh	Shri Mukesh Kumar Meshram	Commissioner (CT)
98	Uttar Pradesh	Shri Vivek Kumar	Additional Commissioner (GST)
99	Uttar Pradesh	Shri Mukti Nath Verma	Joint Secretary
100	Uttar Pradesh	Shri Chandrika Prasad	Addl. Comm. (GST)
101	Uttar Pradesh	Shri Sanjay Pathak	Joint Comm. (GST)
102	Uttarakhand	Mrs. Sowjanya	Commissioner of State Taxes
103	Uttarakhand	Shri Piyush Kumar	Additional Commissioner, Commercial Taxes
104	West Bengal	Shri H K Dwivedi	Principal Secretary (Finance)
105	West Bengal	Smt. Smaraki Mahapatra	Commissioner (CT)
106	West Bengal	Shri Khalid A. Anwar	Senior Joint Commissioner

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Agenda Item 2: Revenue collected in the month of November and December 2017 under Goods and Services Tax, including the revenue accruing to Centre and States through settlement of funds

In the 23rd GST Council Meeting held on 10 November 2017, revenue collection figures upto 31 October, 2017 were placed before the Council. Table 1 and Table 2 below give the details of revenue collected as Central Goods and Services Tax (CGST), State Goods and Services Tax (SGST) and Integrated Goods and Services Tax (IGST) collected upto 30 November, 2017 and 31st December, 2017 including the details of funds transferred to the Centre and States on account of settlement of funds.

Table 1*: GST revenue for the month of November, 2017

(Figures in Rs. crore)

	November receipts	**Funds transferred due to settlement**	**Net revenue after settlement**
CGST	13692	10145	23837
SGST	20295	13882	34177
IGST	44784	-24027	20757
Cess	7160		7160
Total			**85931**

Table 2*: GST revenue for the month of December, 2017

(Figures in Rs. crore)

	December receipts	**Funds transferred due to settlement**	**Net revenue after settlement**
CGST	13986	10348	24334
SGST	19767	14488	34255
IGST	42114	-24836	17278
Cess	7848		7848
Total			**83716**

*Figures rounded to nearest whole number

2. Revenue Trends

2.1 The details of State wise revenue collection figures for the month of November and December, 2017 and percentage revenue shortfall of GST collections for each month since August 2017 are given at **Annexure 1**. The following revenue trends can be noted from the details given at the **Annexure 1**:

(i) **Revenue shortfall**: The average revenue shortfall of all the States for the month of August was 28.3%. This had come down to 17.5% in the month of October 2017. The revenue shortfall of States has again gone up to 20.9% and 20.7% in November and December respectively. In Rupee terms, thus, while the revenue shortfall of all States had come down to Rs. 7560 crore in October 2017, it has again gone up to Rs. 8894 crore in December 2017.

(ii) **Implications for Compensation:** The revenue shortfall of States has to be met from the Compensation Cess. The average monthly collection of Compensation Cess from August – December 2017 has been Rs. 7615 crore. With revenues from Taxes subsumed slowing down, any shortfall beyond the collection through compensation Cess shall impact on the ability of the Centre to pay Compensation.

(iii) **States with maximum revenue shortfall**: States with revenue shortfall of more than 25% for the month of October, 2017, as compared to monthly revenue to be protected, show the following revenue shortfall for the month of December:

Sl. No.	Name of the State	Percentage shortfall in October 2017 revenue	Percentage shortfall in December 2017 revenue
1.	Puducherry	59.5	51.5
2.	Uttarakhand	50.0	43.8
3.	Himachal Pradesh	46.8	48.8
4.	Chhattisgarh	43.3	37.2
5.	Bihar	41.5	39.3
6.	Goa	41.5	24.0
7.	J & K	40.1	35.9
8.	Meghalaya	39.6	39.9
9.	Punjab	39.0	45.3
10.	Nagaland	35.4	14.7
11.	Jharkhand	31.8	28.7
12.	Odisha	27.9	39.2
13.	Arunachal Pradesh	27.8	-0.9
14.	Assam	26.8	25.4
15.	Sikkim	26.7	21.1
16.	Madhya Pradesh	25.6	23.6
17.	Karnataka	25.3	30.8

(iv) **States with least shortfall in revenue**: The following States which showed the least percentage shortfall in GST collections for the month of October 2017 as compared to monthly revenue to be protected show the following percentage shortfall in December 2017:

Sl. No.	Name of the State	Percentage shortfall in October 2017 revenue	Percentage shortfall in December 2017 revenue
1.	Delhi	-0.2	14.3
2.	Maharashtra	2.6	6.7

3.	Andhra Pradesh	4.4	16.8
4.	Tamil Nadu	4.4	5.5
5.	Telangana	6.5	13.4
6.	Kerala	14.4	22.7
7.	Haryana	16.5	18.1
8.	Gujarat	16.6	18.6
9.	Uttar Pradesh	17.2	18.1

(v) **States showing maximum improvement in revenue upto December 2017:** The following States have shown the maximum improvement in December 2017 collections as compared to August 2017 collections:

Sl. No.	**Name of the State**	**Percentage shortfall in revenue in August 2017**	**Percentage shortfall in revenue in December 2017**	**Percentage reduction in shortfall in December 2017 revenue as compared to August 2017 revenue**
1.	**Mizoram**	47.7	-17.6	-65.3
2.	**Manipur**	46.6	0.8	-45.8
3.	**Arunachal Pradesh**	42.6	-0.9	-43.5
4.	**Nagaland**	50.5	14.7	-35.8
5.	**Tripura**	59.4	28.5	-30.9
6.	**J & K**	63.9	35.9	-28.0
7.	**Haryana**	40.3	18.1	-22.2
8.	**Madhya Pradesh**	43.4	23.6	-19.8
9.	**Rajasthan**	34.8	18.9	-16.0
10.	**Goa**	39.9	24.0	-15.9
11.	**Telangana**	27.8	13.4	-14.4
12.	**Assam**	39.5	25.4	-14.1

(vi) **Settlement of funds:** The following amounts collected under IGST have been transferred to CGST, SGST/ UTGST by way of settlement during the period August-December 2017:

(Figures in Rs. crore)

	CGST Settlement (1)	**SGST Settlement (2)**	**IGST**	
			Collection (3)	**Balance (4= 3-1-2)**
August	3297	7680	47859	36882
September	5081	10852	48069	32136
October	7855	13289	49810	28666
November	10145	13882	44784	20757
December	10348	14488	42114	17278
Total	36726	60191	232636	135719

3. The revenue collected in the month of November and December 2017 and the revenue accruing to Centre and States through settlement of funds are placed for information of the Council.

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Annexure 1

			Figures in Rs crore									% Shortfall (Revenue collected vs revenue to be protected)				
				November			December			Nov Dec shortfall						
		Revenue to be protected every month (Rs. crore)	SGST	Settlement	SGST Total	SGST	Settlement	SGST Total		August	Sept	Oct	Nov	Dec
1	Andhra Pradesh	1457	589	638	1227	575	637	1212	474	27.9	20.2	4.4	15.8	16.8
2	Arunachal Pradesh	28	5	18	23	6	22	28	5	42.6	47.3	27.8	18.3	-0.9
3	Assam	648	228	256	483	198	286	483	330	39.5	35.6	26.8	25.4	25.4
4	Bihar	1367	285	528	814	265	565	830	1090	52.1	55.6	41.5	40.5	39.3
5	Chattisgarh	797	302	190	492	315	185	501	601	48.8	42.0	43.3	38.2	37.2
6	Delhi	1818	951	751	1702	862	696	1558	375	17.5	8.6	-0.2	6.4	14.3
7	Goa*	236	115	56	171	113	67	180	122	39.9	33.4	33.0	27.6	24.0
8	Gujarat	3125	1748	602	2350	1800	742	2542	1358	31.5	22.0	16.6	24.8	18.6
9	Haryana	1649	1063	153	1216	970	380	1351	732	40.3	23.5	16.5	26.3	18.1
10	Himachal Pradesh	394	118	108	226	110	92	202	360	49.9	48.3	46.8	42.6	48.8
11	J & K	516	120	209	330	144	187	331	372	63.9	45.9	40.1	36.2	35.9
12	Jharkhand	694	334	156	490	329	166	495	403	33.6	47.4	31.8	29.4	28.7
13	Karnataka	3914	1710	1190	2900	1687	1023	2710	2218	31.3	26.3	25.3	25.9	30.8
14	Kerala	1822	612	801	1413	612	796	1408	823	31.3	14.0	14.4	22.4	22.7
15	Madhya Pradesh	1660	586	629	1215	601	668	1269	836	43.4	42.8	25.6	26.8	23.6
16	Maharashtra	6553	4347	1678	6025	4375	1738	6113	967	10.6	11.1	2.6	8.0	6.7
17	Manipur	38	6	25	31	9	29	37	7	46.6	33.2	15.6	17.2	0.8
18	Meghalaya	69	16	25	42	15	26	41	55	52.2	47.6	39.6	39.6	39.9
19	Mizoram	20	5	14	19	4	20	24	-2	47.7	33.0	24.3	8.0	-17.6
20	Nagaland	28	5	17	22	4	19	24	10	50.5	43.7	35.4	20.8	14.7
21	Odisha	1194	444	283	727	402	324	725	935	45.2	41.2	27.9	39.1	39.2
22	Puducherry	119	32	35	67	28	30	58	113	52.3	51.5	59.5	43.6	51.5
23	Punjab	1567	443	489	932	391	467	858	1345	45.4	39.9	39.0	40.6	45.3
24	Rajasthan	1858	765	684	1449	749	758	1507	760	34.8	27.5	22.0	22.0	18.9
25	Sikkim	27	14	10	24	10	11	21	8	-13.2	47.6	26.7	9.0	21.1
26	Tamil Nadu	3226	1913	964	2877	1798	1249	3047	528	9.0	4.6	4.4	10.8	5.5
27	Telangana	1745	751	799	1549	743	768	1511	429	27.8	15.6	6.5	11.2	13.4
28	Tripura	85	19	34	54	17	44	61	56	59.4	50.1	22.1	37.3	28.5
29	Uttar Pradesh	3613	1358	1690	3048	1323	1638	2960	1217	13.5	27.1	17.2	15.6	18.1
30	Uttarakhand	537	307	28	335	264	38	302	438	54.5	46.8	50.0	37.7	43.8
31	West Bengal	2176	1001	737	1738	960	735	1695	919	33.4	19.6	18.3	20.1	22.1
	Total	42979	20193	13797	33989	19678	14406	34084	17884	28.3	24.0	17.5	20.9	20.7
		Shortfall in revenue :			8989			8894						

Agenda Item 3: Deemed ratification by the GST Council of Notifications, Circulars and Orders issued by the Central Government

In the 22nd Meeting of the GST Council held at New Delhi on 06 October 2017, it was decided that the Notifications, Circulars and Orders which are being issued by the Central Government with the approval of the competent authority shall be forwarded to the GST Council Secretariat, through email, for information and deemed ratification by the GST Council. Accordingly, in its 23rd Meeting, held on 10 November 2017, the Council had ratified the Notifications, Circulars and Orders issued before the date of the said Meeting.

2. In this respect, the following notifications, Circulars and Orders issued after 10 November, 2017 (date of the 23rd GST Council meeting), till 12 January, 2018, under the GST laws, by the Central Government, as available on www.cbec.gov.in, are placed before the Council for information and deemed ratification: -

Act/Rules	Type	Notification No./Circular No/ Order No
CGST Act/CGST Rules	Central Tax	55 to 75 of 2017 and 01 of 2018
	Central Tax (Rate)	41 to 47 of 2017
IGST Act	Integrated Tax	12 of 2017
	Integrated Tax (Rate)	43 to 50 of 2017
UTGST Act	Union territory Tax	01 of 2018
	Union territory Tax (Rate)	41 to 47 of 2017
Circulars	Under the CGST Act	14 to 26 of 2017 and 27 and 28 of 2018
Orders	Under the CGST Act	09 to 11 of 2017

3. The GST Council may grant deemed ratification to the Notifications, Circulars and Orders listed above.

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Agenda Item 4: Decisions of the GST Implementation Committee (GIC) for information of the GST Council

GIC took certain decisions between 9 November 2017 (when the 23rd GST Council Meeting was held) and 12 January 2018 (before the 25th GST Council Meeting scheduled on 18 January 2018). Post the Council Meeting, whenever there were issues which required immediate resolution, the approval of the GST Implementation Committee was sought and consequential notifications/circulars/orders were issued. Due to the urgency involved, certain decisions were taken after obtaining approval by circulation amongst the GIC Members. The details of the decisions taken are given below:

2. **Decisions by Circulation – 08 December 2017**

2.1 An email was sent to Members of the GIC on 08 December 2017 on urgent matters relating to 7 agenda items, out of which 4 agenda items were approved by the GIC.

2.2 The approval of GIC in respect of agenda items 2,4,5 and 7 covered following issues:

2.2.1. i. **Agenda Item 2** – Extension of timelines for filing FORM GST ITC-01 - Extension of the time limit for filing of FORM GST ITC-01 for the registered persons, who have become eligible to avail the input tax credit under sub-section (1) of section 18 of the CGST Act, 2017 during the months of July, 2017, August, 2017, September, 2017, October, 2017 and November, 2017 to **31st January 2018** as GSTN had requested to extend the date for filing FORM GST ITC-01 since it had not been deployed yet.

ii. Accordingly, Notification No 67/2017 – Central Tax dated 21.12.2017 was issued.

2.2.2. i. **Agenda Item 4** – Clarification on issues regarding treatment of supply by an artist in various States and supply of art works from galleries – Basing on representations regarding artists giving their work of art to galleries where it is exhibited for supply and to remove confusion regarding the treatment of this activity as to whether it is taxable in the hands of the artist when the same is given to the art gallery or at the time of actual supply by the gallery. GIC approved the proposed draft circular containing following clarifications:

a. The art work for supply on approval basis can be moved from the place of business of the registered person (artist) to another place within the same State or to a place outside the State on a delivery challan along with the e-way bill wherever applicable and the invoice may be issued at the time of actual supply of art work.
b. The supplies of the art work from one State to another State will be inter-State supplies and attract integrated tax in terms of section 5 of the Integrated Goods and Services Tax Act, 2017.
c. In case of supply by artists through galleries, there is no consideration flowing from the gallery to the artist when the art works are sent to the gallery for exhibition and therefore, the same is not a supply. It is only when the buyer selects a particular art work displayed at the gallery, that the actual supply takes place and applicable GST would be payable at the time of such supply.

ii. Accordingly, Circular No 22/22/2017-GST dated 21.12.2017 was issued.

2.2.3. i. **Agenda Item 5** – Manual filing of applications for Advance Ruling and appeals before Appellate Authority for Advance Ruling - In view of the difficulties being faced by the

taxpayers due to the unavailability of the module for advance ruling on the common portal, vide Notification no. 55/2017-Central Tax, dated 15.11.2017, Rule 107A was inserted allowing manual filing and processing of applications for Advance Ruling and appeals before the Appellate Authority for Advance Ruling and for the purpose of ensuring uniformity in the processing of such manual applications till the advance ruling module is made available on the common portal, it was proposed to issue a Circular with:

a. Form and Manner of Application to the Authority for Advance Ruling
b. Form and Manner of Appeal to the Appellate Authority for Advance Ruling

ii. Accordingly, Circular No 25/25/2017-GST dated 21.12.2017 was issued.

2.2.4. i. **Agenda Item 7** - Maintenance of books of accounts relating to additional place of business by a principal or an auctioneer for the purpose of auction of tea, coffee, rubber etc - Various communications were received regarding the difficulties being faced by a principal and an auctioneer in relation to maintaining books of accounts at each and every additional place of business related to stock of goods like tea, coffee, rubber, etc. meant for supply through an auction. The Law Committee proposed to issue a Circular clarifying that in situations where such principal or auctioneer face difficulties in maintaining the books of accounts as per the first proviso to sub-section (1) of section 35 of the CGST Act, 2017, he may maintain books of accounts relating to additional place(s) of business at his principal place of business instead of such additional place(s). Conditions in this regard laid down in the circular were as follows:

a. The principal and the auctioneer of tea, coffee, rubber etc. are required to declare warehouses where such goods are stored as their additional place of business. The buyer is also required to disclose such warehouse as his additional place of business if he wants to store the goods purchased through auction in such warehouses.
b. Both the principal and the auctioneer are required to maintain the books of accounts relating to each and every place of business in that place itself as per the first proviso to sub-section (1) of section 35 of the CGST Act. However, in case difficulties are faced in maintaining the books of accounts, it is clarified that they may maintain the books of accounts relating to the additional place(s) of business at their principal place of business instead of such additional place(s).
c. Such principal or auctioneer shall intimate their jurisdictional proper officer in writing about the maintenance of books of accounts relating to additional place(s) of business at their principal place of business.
d. Further, the principal or the auctioneer shall be eligible to avail input tax credit (ITC) subject to the fulfilment of other provisions of the Act and the rules made thereunder.
e. Circular is made applicable to the supply of tea, coffee, rubber, etc. where the auctioneer claims ITC in respect of the supply made to him by the principal before the auction of such goods and the said goods are supplied only through auction.

ii. Accordingly, Circular No 23/23/2017-GST dated 21.12.2017 was issued.

3. **Decisions by Circulation – 12 December 2017**

3.1. An email along with the agenda item was sent to Members of the GIC on 12 December 2017 on the basis of request received from GSTN regarding proposal of extension of due dates upto 31.01.2018 for filing of FORM GSTR-5, FORM GSTR-5A and FORM GST CMP-03 since FORM GSTR-5 and

FORM GSTR-5A were not yet deployed while FORM GST CMP-03 though available on the common portal, had not been filed by many taxpayers.

3.2. The details of the due dates for filing FORM GSTR-5, FORM GSTR-5A and FORM GST CMP-03 by the taxpayers are as detailed below:

Sl. No	FORM	Description	Last date as per rules	Current due date
1.	**FORM GSTR-5** for the months of July, 2017, August, 2017, September, 2017 and October, 2017.	Return by non-resident taxable persons under sub-section (5) of section 39 of the CGST Act, 2017 read with rule 63 of the CGST Rules, 2017	Within 20 days after the end of a tax period or within 7 days after the last day of the validity period of registration, whichever is earlier.	Extended up to **11.12.2017** vide notification No. 60/2017 - Central Tax, dated 15.11.2017.
2.	**FORM GSTR-5A,** for the months of July, 2017, August, 2017, September, 2017 and October, 2017	Return by a person providing online information and database access or retrieval services from a place outside India to a non-taxable recipient, under rule 64 of the CGST Rules, 2017	On or before the twentieth day of the month succeeding the calendar month or part thereof	Extended up to **15.12.2017** vide notification No. 61/2017 - Central Tax, dated 15.11.2017.
3.	**FORM GST CMP-03**	Intimation of details of stock held on the day preceding the date from which opting for the composition levy	Within 90 days of becoming eligible	Extended up to **30.11.2017** vide Order No. 05/2017, dated 28.10.2017.

3.3. Members of the GIC approved the proposal of extension of time limit for filing of FORM GSTR-5 and FORM GSTR-5A for the months of July, 2017, August, 2017, September, 2017, October 2017, November 2017 and December 2017, upto 31.01.2018 along with extension of time limit for filing of FORM GST CMP-03 upto 31.01.2018.

3.4. Accordingly, Notification No. 68/2017 – Central Tax dated 21.12.2017, Notification No. 69/2017 – Central Tax dated 21.12.2017, Order No. 11/2017-GST dated 21.12.2017 were issued.

4. **Decisions by Circulation – 13 December 2017**

4.1 An email was sent to Members of the GIC on 08 December 2017 on urgent matters relating to 7 agenda items, out of which 4 agenda items were approved (discussed at paragraph 2 above) by the GIC. Agenda item 6 was deferred and approval was sought from GIC on agenda items 1 and 3 only.

4.2. **Agenda Item 1** – Changes in CGST Rules, 2017 – The Law Committee in its meetings held on 29th and 30th November, 2017 recommended certain changes in the GST return and refund forms to facilitate manual filing and processing of refunds as detailed below-

Sl No.	Recommendation of Law Committee	Proposal to implement the said recommendation
1.	In **FORM GSTR-1**, in Table 6 pertaining to Zero rated supplies and Deemed Exports, column to be provided for Central Tax and State Tax/UT Tax since the deemed export supplies can be intra-State supplies and need not always be inter-State supplies	To insert columns 10 to 15 in Table 6 of **FORM GSTR-1** to provide for Central Tax and State Tax/UT Tax
2.	In **FORM GST RFD-01** and **FORM GST RFD-01A**, provision has to be made for both the supplier and the recipient of supplies declared as deemed exports to claim refund	(a) in **FORM GST RFD-01**, in Table 7, clause (h), for the words "Recipient of deemed export", the words "Recipient of deemed export supplies/ Supplier of deemed export supplies" shall be substituted; (b) in **FORM GST RFD-01A**, in Table 7, clause (g), for the words "Recipient of deemed export", the words "Recipient of deemed export supplies/ Supplier of deemed export supplies" shall be substituted; (c) in both the said forms, Statement 6A shall be inserted to capture the details of invoices of outward supplies in case of deemed export supplies.
3.	In case of deemed exports since either the recipient or the supplier can claim refund, suitable changes are to be carried out in the declaration required to be submitted under rule 89(2)(g) of the CGST Rules, 2017	The declaration required to be submitted under rule 89(2)(g) of the CGST Rules, 2017 in **FORM GST RFD-01** is proposed to be amended to include the case of supplier too in the case of deemed exports. Further, a similar declaration is proposed to be included in **FORM GST RFD-01A**
4.	In **FORM GST RFD-01** and **FORM GST RFD-01A**, provision has to be made to capture invoice details of inward supplies and outward supplies in case of inverted duty structure refund	In both the said forms, Statement 1A shall be inserted to capture the details of invoices of inward and outward supplies in case of inverted duty structure refund

4.2.1. Accordingly, Notification No.70/2017 – Central Tax dated 21.12.2017 was issued.

4.3. **Agenda Item 3 –** Manual filing and processing of refund claims on account of inverted duty structure, deemed exports and excess balance in electronic cash ledger. - Vide Circular No. 17/17/2017-GST dated 15.11.2017 the procedure for manual filing and processing of refund claims in respect of zero-rated supplies was laid out. The Law Committee in its meetings held on 29th and 30th November, 2017 has proposed to issue a draft Circular for manual filing and processing of refund claims on account of inverted duty structure, deemed exports and excess balance in electronic cash ledger. The procedure for filing and processing of the refund claim shall be the same as specified in Circular No. 17/17/2017-GST dated 15.11.2017 subject to certain modifications.

4.3.1. Accordingly, Circular No 24/24/2017-GST dated 21.12.2017 was issued.

5. 11th GIC Meeting – 26 December 2017

5.1. The 11th GIC Meeting was held on 26 December 2017 in which few Members participated through Video Conference. The 5 agenda items taken up for discussion and the outcomes of the Meeting are as follows:

5.2 **Agenda Item 1** – Centralized UIN for Foreign Diplomatic Missions / UN organizations

a. Currently, where the place of supply and supplier of service was in the same State, then for such transaction CGST/SGST were being charged, and the refund of such tax was not available to the respective Foreign Diplomatic Missions / UN Organizations which was not registered in that State. It was pertinent to note that the refund for the Foreign Diplomatic Missions / UN Organizations was not refund of input tax credit but a refund of the tax paid by them on their purchases. Therefore, these organisations had requested that adequate changes may be made in the GST Act or rules to allow for refund of CGST / SGST paid in a particular State where the Diplomatic Mission / UN Organization was not registered.

b. In line with the recommendations of the Law Committee and decisions taken in 23rd GST Council Meeting, the concept note enumerating the process of allotting centralized UINs for foreign Diplomatic Missions/UN Organisations, process of Refunds, settlement of SGST and corresponding amendments in rules for effecting the above changes along with revised draft forms i.e Form GST REG-13, Form GSTR-11and Form GST RFD-10 were placed before the GIC for its approval.

5.2.1 The GIC approved the proposal with minor modifications. Accordingly, Notification No 75/2017 – Central Tax dated 29.12.2017 was issued.

5.3. **Agenda Item 2** – Changes in CGST Rules, 2017

5.3.1. Law Committee recommended the following changes in the CGST Rules, 2017:

Sl No.	Proposal of Law Committee	Changes proposed to be made
1.	Amendment of **FORM GST REG -10** for registration of OIDAR service providers	FORM as enclosed in the draft notification is proposed to substitute the existing **FORM GST REG-10**
2.	Amendment of sub-rule (4) of rule 89 to provide separate treatment of ITC availed in respect of	To substitute w.e.f. 23.10.2017, sub-rule (4) of rule 89 to read as –

	inward supplies (at concessional rate) for merchant exporters, ITC availed in respect of domestic supplies and ITC availed in respect of common inputs. Insertion of sub-rule (9) in rule 96 to limit the refund of integrated tax to persons availing the benefit of notification No. 40/2017-Central Tax (Rate) dated 23rd October, 2017, notification No. 41/2017-Integrated Tax (Rate) dated 23rd October, 2017 and notification No. 48/2017-Central Tax dated 18th October, 2017 to the amount of integrated tax on such exports paid through the utilization of balance available in the electronic cash ledger and to mandate that any amount paid through the utilization of balance available in the electronic credit ledger shall be credited back to the said credit ledger. (To be effective from 23rd October, 2017)	"(4) In the case of supplies received on which the supplier has availed the benefit of notification No. 48/2017-Central Tax dated 18th October, 2017, refund of input tax credit availed in respect of other inward supplies of goods or services or both used in making zero-rated supply of goods or services or both shall be granted. (4A) In the case of supplies received on which the supplier has availed the benefit of notification No. 40/2017-Central Tax (Rate) dated 23rd October, 2017 and/or notification No. 41/2017-Integrated Tax (Rate) dated 23rd October, 2017, refund of input tax credit availed in respect of inward supplies of goods received under the said notifications and the input tax credit availed in respect of other inward supplies of goods or services or both to the extent used in making zero-rated supply of goods or services or both shall be granted (4B) In the case of zero-rated supply of goods or services or both without payment of tax under bond or letter of undertaking in accordance with the provisions of sub-section (3) of section 16 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), refund of input tax credit shall be granted as per the following formula – Refund Amount = (Turnover of zero-rated supply of goods + Turnover of zero-rated supply of services) x Net ITC ÷Adjusted Total Turnover Where, - (A) "Refund amount" means the maximum refund that is admissible; (B) "Net ITC" means input tax credit availed on inputs and input services during the relevant period other than the input tax credit availed for which refund is claimed under sub-rules (4) and (4A); (C) "Turnover of zero-rated supply of goods" means the value of zero-rated supply of goods made during the relevant period without payment of tax under bond or letter of undertaking, other than the turnover of supplies in respect of which refund is claimed under sub-rules (4) and (4A); (D) "Turnover of zero-rated supply of services" means the value of zero-rated supply of services made without payment of tax under bond or letter of undertaking, calculated in the following manner, namely:- Zero-rated supply of services is the aggregate of the payments received during the relevant period for zero-rated supply of services and zero-rated supply of services where supply has been completed for which payment had been received in advance in any period prior to the relevant period reduced by advances received for zero-rated supply of services for which the supply of services has not been completed during the relevant period;

		(E) "Adjusted Total turnover" means the turnover in a State or a Union territory, as defined under clause (112) of section 2, excluding – (a) the value of exempt supplies other than zero-rated supplies and (b) the turnover of supplies in respect of which refund is claimed under sub-rules (4) and (4A), if any, during the relevant period; (F) "Relevant period" means the period for which the claim has been filed." To insert, w.e.f 23.10.2017, sub-rule (9) in rule 96 to read as – "(9) The persons who have received supplies on which the supplier has availed the benefit of notification No. 48/2017-Central Tax dated 18th October, 2017 and/or notification No. 40/2017-Central Tax (Rate) dated 23rd October, 2017 and/or notification No. 41/2017-Integrated Tax (Rate) dated 23rd October, 2017 shall not be eligible to claim refund of integrated tax paid on zero-rated supply of goods or services or both." Note: States to mention their relevant notifications
3.	To insert a proviso to sub-rule (1) of rule 19 to provide for amendment to any particular of the application for registration with effect from a date earlier than the date of application only with the approval of the Commissioner	To insert a third proviso to sub-rule (1) of rule 19 to read as - "Provided also that any particular of the application for registration shall not stand amended with effect from a date earlier than the date of submission of the application in **FORM GST REG-14** on the common portal except with the order of the Commissioner for reasons to be recorded in writing and subject to such conditions as the Commissioner may, in the said order, specify."
4.	Table 5 of **FORM DRC-07** to be deleted.	To omit the said table

5.3.2. Approval of GIC was sought to carry out the above detailed amendments in the CGST Rules, 2017 and for the *pari materia* changes to be made in the SGST rules.

5.3.3. The GIC approved the proposal with following changes:

a. For the amendment suggested at S. No. 2 [sub-rule (4) and (4A) of rule 89] in the above table, the word "inward supplies of goods or services or both" may be replaced with the word "inputs and input services". Further the words "(4) and (4A)" may be replaced with the words (4) or (4A).

b. For the amendment suggested at S. No. 3 in the above table for the Rule 19, the proposed proviso should be changed into a new sub-rule and the word "Notwithstanding anything contained in sub-rule (1)" be added.

c. The notification to be issued after vetting by Law Ministry.

5.3.4. Accordingly, notification no. 75/2017- Central Tax dated 29.12.2017 was issued.

5.4. **Agenda Item 3** - Extension of timelines for filing certain forms

5.4.1. Request was made by GSTN for extending the due dates for furnishing of the following FORMS as follows:

Sl. No.	FORM	Period	Existing Due date	Due date as recommended by the Law Committee
i	**FORM GSTR-1** (Quarterly return for the registered persons having aggregate turnover of up to 1.5 crore rupees)	July - September, 2017	31st December, 2017	10th January, 2018
ii	**FORM GSTR-1** (Monthly return for the registered persons having aggregate turnover more than 1.5 crore rupees)	Months of July – November, 2017	a. July –October, 2017 – 31st December 2017. b. November 2017 – 10th January 2017	10th January, 2018

5.4.2. The GIC approved the proposal. Accordingly, Notification No. 71/2017 – Central Tax dated 29.12.2017 and Notification No. 72/2017 – Central Tax dated 29.12.2017 were issued.

5.5. **Agenda Item 4** - Reduction of late fee in case of delayed filing of FORM GSTR-4

5.5.1. Based on the recommendation of the Law Committee, it was proposed that the late fee payable by any registered person for failure to furnish the return in **FORM GSTR-4** be reduced and made on par with the late fee payable in case of delayed filing of the return in **FORM GSTR-3B** as prescribed under Notification No. 64/2017-Central Tax dated 15.11.2017.

5.5.2. Therefore, it was proposed to reduce the late fee to fifty rupees per day (twenty-five rupees per day under the CGST Act, 2017 and twenty-five rupees per day under the respective SGST Act) while in case the amount payable in lieu of tax was nil, the late fee may be reduced to twenty rupees per day (ten rupees per day under the CGST Act, 2017 and ten rupees per day under the respective SGST Act) during the period the failure continues.

5.5.3. The GIC approved the proposal. Accordingly, Notification no 74/2017 – Central Tax dated 29.12.2017 was issued.

5.6. **Agenda Item 5** – Detailed circular on return filing

5.6.1. Consequent upon decisions taken in 23rd GST Council Meeting held on 10 November 2017 various representations were received seeking clarifications on various aspects of return filing such as return filing dates, applicability and quantum of late fee, amendment of errors in submitting / filing of **FORM GSTR-3B** and other related queries.

5.6.2. In order to clarify all the queries received and based on discussions in the Law Committee and inputs from GSTN, a draft detailed Circular was placed for approval of GIC.

5.6.3. The draft circular with suitable changes as suggested by the GIC and GSTN was approved by the GIC. Accordingly, Circular No 26/26/2017-GST dated 29.12.2017 was issued.

6. The decisions of GIC are placed for information of the Council.

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Agenda Item 5: Minutes of the 4th and 5th Meeting of Group of Ministers (GoM) on IT Challenges in GST Implementation for information of the Council and discussion on GSTN issues

The Group of Ministers (GoM) constituted to monitor and resolve the IT challenges faced in implementation of GST met for its 4th and 5th Meeting on 18 November 2017 and 16 December 2017 at Bengaluru under Convenor Shri Sushil Modi, Hon'ble Deputy Chief Minister, Bihar.

2. The first meeting of GoM was held on September 16, 2017. In the first meeting, the GoM had identified 47 items (48 items out of which one item was repeated twice) for time bound resolution. The resolution of these priority items was reviewed by GoM in the second meeting (held on 04/10/2017), third meeting (held on 28/11/2017), the fourth meeting (held on 18/11/2017) and the fifth meeting (held on 16/12/2017) in detail.

3. The Minutes of the 1st, 2nd and the 3rd Meeting were placed before the Council for information in the earlier Council Meetings. The conclusions drawn in the 4th and the 5th Meeting of the GoM are as follows:

3.1. Closing remarks of the Convenor of the GoM in the 4th Meeting:

a. The system should be made more user-friendly and processes should be further simplified for the benefit of taxpayers.
b. In every module or sub-module, following should be available to the taxpayers (users).
   i. Offline tools, wherever feasible,
   ii. Preview of Form before it is filled and submitted by the user with aim to minimise the errors and to ensure that user has seen the entire form with filled in data.
   iii. Print facility of Form/document preview
   iv. Download option for Form/Document
   v. Pop-up with warning message so that the user can go back and edit the document, if required.
   vi. Edit option before the Form is filed
c. GSTR 3B Edit option: The GSTR 3B edit option should be provided immediately as lakhs of taxpayers are stuck with submitted GSTR-3B with wrong data in the same. CEO GSTN informed that edit facility for submitted GSR-3B Forms will be live by November 21, 2017. He further clarified that it will not be available for Forms where liability has been set-off or Form has been filed.
d. More emphasis should be on simplification of processes and making the software more interactive.
e. The Resident Engineers should be in place for full five-year term with States/CBEC. If required more team members should be provided to resident engineers in States.
f. To increase the representation from the States, additional members from Model 2 States/IT committee members should be invited to GoM Meeting.
g. MIS Reports should be provided on priority to Model-II States along with analysis of data collected so far.
h. The phenomenon of composition taxpayers still showing as normal taxpayers should be corrected as soon as possible and the States may send list of such cases to facilitate resolution at the earliest.
i. Suggestion from States may be obtained before actually deploying a functionality/Form to obviate modifications post-deployment.
j. MIS to be made available to Model II States as soon as possible and suggestions of officers on the priority of the Reports to be taken.

3.2. Closing remarks of Convenor of the GoM in the 5th Meeting:

a. It is observed that complaints have reduced over a period of time and GST portal has improved. Overall system is working properly.

b. End to end automation of refunds to taxpayers is important. Presently GSTR 2 is on hold and hence half automated and half manual system has been put in place. However, fully automated system should be in place by April 2017as confirmed by GSTN/Infosys team.

c. Return of TDS and TCS should be developed by January end so that the training of DDOs can be organized in February on working module to roll out the application from 1st of April.

d. E-way Bill rollout is now planned from 15th January on trial basis and on full scale for inter-state from 1st of February. The system should be ready before this date.

e. Keeping in view improvement in the system, the next meeting will be held after one month.

f. At the end of the current financial year all issues should be resolved.

g. MIS reports should be available on priority to Model II States.

4. The Minutes of the 4th and the 5th Meeting of the GoM held on 18 November 2017 and 16 December 2017 respectively are placed before the Council for information as **Annexure A** and **Annexure B**.

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Annexure A

Minutes of the 4th Meeting of GoM held on November 18, 2017 at Bengaluru, Karnataka

In pursuance of decision taken in the 21st Meeting of the GST Council held on 9th September 2017 at Hyderabad, a Group of Ministers (GoM), was constituted to monitor and resolve the IT challenges faced in implementation of GST.

2. The first meeting of GoM was held on September 16, 2017 at Vidhan Soudha, Bengaluru; Karnataka. In the first meeting, the GoM had identified 47 items (48 items out of which one item was repeated twice) for time bound resolution. The resolution of these priority items was reviewed by GoM in the second (held on 04/10/2017) and third meeting (held on 28/11/2017). The fourth meeting of GoM was held on November 18, 2017 at ITC Windsor, Bengaluru and status of 47 priority items along with status of 8 new items identified in the 3rd meeting was reviewed in detail. The list of priority items with status as on November 18, 2017 is attached as **Annexure 1**.

3. The fourth meeting, was attended by the following Hon'ble Members of GoM.

Sl. No.	Name	Designation	Group of Members
1	Shri Sushil Kumar Modi	Hon'ble Deputy Chief Minister, Bihar	Convenor of GoM
2	Shri Krishna Byregowda	Hon'ble Minister of Agriculture, Karnataka	Member, GoM
3	Shri Shashi Bhushan Behera	Hon'ble Minister for Finance, Odisha	Member, GoM

4. Shri Amar Agarwal, Hon'ble Minister for Commercial Taxes, Government of Chhattisgarh and Shri Etela Rajendar, Hon'ble Finance Minister, Telangana could not attend due to other pressing engagements.

5. The list of officers who attended from CBEC/ States, GSTN and Infosys is kept at **Annexure 2**.

6. The Meeting commenced with preliminary remarks from the Convenor, GoM as given below:

a) The GST system should be made more user friendly and simple to achieve higher compliance.
b) The edit facility for GSTR 3B should be made available for taxpayers so that taxpayers stuck at Submit stage can file GSTR 3B.
c) Provision of full preview should be made available to taxpayers before submission of Returns.
d) Pop message should be provided to guide the taxpayer and ensure correct data is provided by him.
e) MIS for Model-2 States should be provided on priority.
f) Required additional manpower to complete the project successfully.
g) The taxpayers are facing difficulty because some CAs/Tax consultants provided their user id /password as primary Id and they are not available now. So, taxpayers should be given facility to change email and mobile numbers so that they can add themselves as primary authorised

signatory. Provision should be made to share email and SMS to one more promoter in addition to the authorized signatory who gets the email/sms notification now.

h) The error messages should be clear for taxpayers to clearly understand the same and take corrective action.

i) The focus should be on development of offline utilities for any Form, which requires upload of large amount of data.

j) Infosys Resident Engineer in States should collect feedback from States and provide the same daily to Infosys for improvement of GST portal.

k) The Hon. Convenor also remarked that the number of complaints has reduced but we have a long way to go.

7. The Hon'ble Minister Shri Shashi Bhushan Behera, Member GoM, observed that there is lot of improvement over last two months, however he stressed on need to focus on user friendly applications. He also suggested that Enforcement application/Suo-Moto application should be developed on priority and applications should be simple to use.

8. The Hon'ble Minister of Agriculture, Karnataka, Shri Krishna Byregowda, Member GoM, remarked that system should be user friendly and timely solutions should be provided to taxpayers. He also suggested that timelines about new functionalities should be shared with States in advance.

9. After initial remarks from Hon. Convenor and Members of GoM, CEO, GSTN presented the status. CEO GSTN apprised the GoM that IT committee met on 16 November2017 to review the status of prioritized GoM items and other issues raised by CBEC and States. He presented the status of priority issues and also points raised by IT Committee in the meeting held on 16 November 2017 before the GoM:

a) **Data sharing issue**: - With the new mechanism being put in place, the data sharing and data reconciliation with CBEC and Model I States has become better. The count of Registration/Returns shared by GSTN through APIs and that received by States/CBEC was also presented. The GoM observed the improvement which has taken place. It was also informed that one report at the end-of-day (midnight) shall be shared with the States and this data should be used for all reconciliations.

b) **API Release and Support:** Update on the calendar for API release was shared with all stakeholders on October 27, 2017 and the latest calendar was shared on November 17, 2017. From November 7th, API release notes are updated regularly on the development portal for any changes made in specification.

c) **Non-adherence of planned and revised timelines: T**here is delay in timelines of development of applications and timelines should be adhered and additional manpower may be deployed for same. Infosys informed that they have deployed additional manpower wherever required.

d) **Resident Engineers**:

i. The GoM was informed that Resident Engineers have been placed at 31 locations and remaining five will be in place by end of November except one at Andaman and Nicobar Islands where it will be placed by December 11, 2017. The GoM was also informed that a

senior person from Infosys has visited many state HQs to understand the issues and to connect Resident Engineers with Commercial Tax Departments.

ii. Feedback from officials present in the meeting was taken, which was positive. Commissioner Karnataka summed up discussion on role of Resident engineers and suggested that a resident engineer can't solve the issues which can't be done by GSTN team and for which raising of ticket is the answer. It was observed by the Convener that SOP should be prepared and shared with tax departments.

iii. Ms. R Bhagyadevi, ADG (systems), Chennai, CBEC requested that four resident Engineers should be posted at Chennai since queries from all over India are collated at Chennai office.

iv. The Resident Engineer will submit daily report to Infosys team on issues faced by taxpayers and the tax officers for resolution by them.

e) **Relevant and accurate messages on portal and user-friendly interface**

i. GSTN/Infosys team reported the plan formulated and progress achieved so far. The GoM was also informed that a special team has been drafted to undertake this job. The code of existing modules is being reviewed by this team to improve the error messaging.

ii. On making the software more user friendly, the convenor suggested that, apart from CAs and Advocates, accountants and STPs who generally fill up the Forms may be involved in the consultation process. It was agreed that team from CDG and representatives of accountants and STPs will be used to get the feedback on user interface and ways to improve the same. In this group, to be called the communication group (of stakeholders) and headed by Ms. Kajal Singh, EVP (Services)GSTN, relevant Stakeholders from States/CBEC may also be involved.

iii. Karnataka CCT suggested that smaller groups of GSTN/States/CBEC officers should be formed to identify taxpayer's issues. GSTN suggested that States should give suggestions for improvement in existing Modules of GST Portal to Communication Group and same will be taken into consideration for improving system.

f) **Availability of MIS to Model II States:**

i. Convener suggested that MIS for Model II States should be made available on priority. GSTN conveyed eight top priority reports have been identified, out of which two have been deployed and three will be deployed by 24th of Nov. Remaining three will be deployed by 8th of December. In addition, 45 reports have been identified in the first phase, out of which 18 will be made available in December, 24 in January and 3 in February 2018.

ii. Access to Returns to tax officers is an important aspect of tax administration. GSTN informed that view of Returns, Ledgers and Registration document will be provided to Jurisdictional Tax Officers of Model-II States. View of GSTR-3B, as filed by taxpayer, will be made available to jurisdictional officers November 24, 2017. Other document view will be provided by 8th of December.

g) **Making available 69 prioritized Forms on GST Portal:** The CEO briefed the GoM on the Forms which have already been made available on the GST Portal (36) and the timelines for making available remaining forms (33 in number). On this, the Convener suggested that Offline Tools should be developed for all possible cases, especially for those forms where data to be entered is large. He further desired that GSTN should come out with list of Forms which need to be made operational in next 4 weeks.

h) **Delivery of Remaining Functionalities on GST Portal:** The high-level delivery plan was presented by Infosys. Convener directed that the detailed plan should be shared with all stakeholders by GSTN.

i) **Deployment of more skilled manpower and quality technical resources on GST project:** It was informed by Infosys that 100 more people have been deployed in last 30 days taking the count to 621. Details for each module was also presented in the meeting. CEO GSTN stated that merely putting bodies is not the solution but having right kind of personnel with right expertise and skill sets is important for the project to ensure that parallel teams can work to complete the remaining functionalities in a time bound manner.

j) **Troubleshooting and Problem Remediation:** The Infosys team presented the details of ticket resolution and efforts made in this regard which has resulted into reduction of tickets from 11,088 on Oct 5th to 1345 on 16th of Nov 2017.

10. Other Points:

i. Convener, GoM stated that ultimate goal of improvement should be to ensure that the smaller taxpayers are able to file Returns themselves without help of tax consultants.
ii. The view of GSTR 2A will be made available to Taxpayer as planned.
iii. Shri S K Panda, Member IT, CBEC requested that the APIs should be released on priority.

11. The meeting concluded with following closing remarks from Hon'ble Convenor of GOM:

a. The system should be made more user-friendly and processes should be further simplified for the benefit of taxpayers.
b. In every module or sub-module, following should be available to the taxpayers (users).
    i. Offline tools, wherever feasible,
    ii. Preview of Form before it is filled and submitted by the user with aim to minimise the errors and to ensure that user has seen the entire form with filled in data.
    iii. Print facility of Form/document preview
    iv. Download option for Form/Document
    v. Pop-up with warning message so that the user and go back and edit the document, if required.
    vi. Edit option before the Form is filed
c. GSTR 3B Edit option: The GSTR 3B edit option should be provided immediately as lakhs of taxpayers are stuck with submitted GSTR-3B with wrong data in the same. CEO GSTN informed that edit facility for submitted GSR-3B Forms will be live by November 21, 2017. He further clarified that it will not be available for Forms where liability has been set-off or Form has been filed.
d. More emphasis should be on simplification of processes and making the software more interactive.
e. The Resident Engineers should be in place for full five-year term with States/CBEC. If required more team members should be provided to resident engineers in States.
f. To increase the representation from the States, additional members from Model-II States/IT committee members should be invited to GoM Meeting.

g. MIS Reports should be provided on priority to Model-II States along with analysis of data collected so far.

h. The phenomenon of composition taxpayers still showing as normal taxpayers should be corrected as soon as possible and the States may send list of such cases to facilitate resolution at the earliest.

i. Suggestion from States may be obtained before actually deploying a functionality/Form to obviate modifications post-deployment.

j. MIS to be made available to Model-II States as soon as possible and suggestions of officers on the priority of the Reports to be taken.

12. The Meeting ended with vote of thanks to the Chair.

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Annexure 1

Status of implementation of 47 items identified by GoM in the First Meeting as on 28th Oct 2017

#	FORM	FORM Components/Details	Agreed Date of Deployment	Actual Date of Deployment/ ETA	Status	Remarks
1	GSTR 3B	Solution for 3.5 lakh GSTR3B who have submitted but not filed	19-Sep-17	21-Sep-17	Complete	Closed
2	MIS	Reports Data Dump for Model-2 States	22-Sep-17	07-Oct-17	Complete	Closed
3	Registration	Amendments of Core fields	22-Sep-17	27-Sep-17	Complete	Closed
4	Registration	Opt out for Composition scheme	22-Sep-17	01-Oct-17	Complete	Closed
5	Registration	Suo Moto Registration and Payment option by Govt. department 1) ID creation, 2) Create Challan, 3) Making Payment	29-Sep-17	27-Sep-17	Complete	Closed **Note:** API for Model 1 will be released by end of this week.
6	Registration	GSTP Registration Processing	29-Sep-17	27-Oct-17	Complete	Closed, deployed to production.
7	Registration	TDS/TCS Registration and Processing	29-Sep-17	TDS – 13-Oct-17 TCS - TBD	In Progress with delay	TDS deployed in production on 13/10/2017, TCS- Release testing in progress.
8	GSTR 1A	Generation & Submission/Filing of GSTR-1A	30-Sep-17	10-Oct-17	Complete	Closed
9	Refunds	Refund for Export - ICEGATE API	30-Sep-17	05-Oct-17	Complete	Closed

		(Part of RFD-01)				
10	Offline	Creation and submission of Returns in Offline Utility for GSTR-2 without xls download from tool	06-Oct-17	14-Oct-17	Complete	Closed
11	Offline	Creation and submission of Returns in Offline Utility for GSTR-2 with xls download from tool	11-Oct-17	25-Oct-17	Complete	Closed
12	GSTR 2A	GSTR-2A for ISD changes	11-Oct-17	11-Oct-17	Complete	Closed
13	Tran 1	Revised Tran1 (Reopening Transition Form-1 to enable Multiple Submit)	13-Oct-17	8-Nov-17	Complete	Closed
14	Tran 1	CSV Utility for 6a, 6b, 7b, 9a, 9b of TRAN-1	13-Oct-17	8-Nov-17	Complete	Closed
15	Payment	Grievance for Payment not reflecting in Cash Ledger - PMT07	16-Oct-17	25-Oct-17	Complete	Operational, closed.
16	GSTR 5A	Creation & Submission of GSTR-5A (OIDAR supplies)	17-Oct-17	8-Dec-17	In Progress with Delay	Release Testing in progress. Dependency on OIDAR Registration
17	ITC01	Application for eligible ITC prior to registration / withdrawal from compounding scheme ITC 01	17-Oct-17	8-Dec-17	In Progress with Delay	Release test is in progress.

18	GSTR 3B	GSTR-3B - Feature Enhancement	15-Nov-17	24-Nov-17	In Progress	GSTR-3B Edit is taken up for implementation, ETA for production is 24th Nov 2017
19	GSTR 3B	GSTR-3B - Enhancement to enable Print out/PDF Download	18-Oct-17	13-Oct-17	Complete	Closed
20	GSTR 1A	GSTR 1A Offline utility	18-Oct-17	27-Oct-17	Complete	Closed
21	Registration	Change of authorized signatory by Tax Officer	18-Oct-17	12-Oct-17	Partial Complete	Closed **Note:** API for Model 1 will be released by early next week.
22	Registration	Registration of Non-Resident Tax Payers	18-Oct-17	9-Nov-17	Complete	Closed
23	Tran 1	G2G API's for Transition forms	20-Oct-17	24-Nov-17	In Progress with delay	Release testing is in Progress. ETA for production is 24th Nov 2017.
24	GSTR 1	GSTR 1 - Enhancement to enable Preview and Print out/PDF Download	20-Oct-17	20-Oct-17	Complete	Closed
25	GSTR 2	GSTR-2 - Enhancement to enable Preview and Print out/PDF Download	20-Oct-17	20-Oct-17	Complete	Closed
26	MIS	MIS Reports for Model-2 States	20-Oct-17	24-Oct-17 Start: 11-Dec-17 End: 5-Feb-17	In Progress with delay	First set of 2 reports released on 24-Oct 1) Registration Application Register 2) Summary of Approved Registrations (Voluntary/ Others) based

						on Type of Taxpayer **Next lot will follow staggered release:** Start: 11-Dec-17 End date: 5-Feb-17
27	GSTR 6, GSTR 6A	Creation & Submission of Return for ISD GSTR-6 / View of GSTR-6A (ISD)	23-Oct-17	6A:31-Oct-17 6:24-Nov-17	Partial Complete	GSTR-6A: Deployed to production on 31-Oct GSTR-6: ETA 24-Nov-17
28	GSTR 3	Creation and Submission Of Monthly Return GSTR-3	30-Oct-17			Work on this should continue albeit with lowered priority
29	Mismatch Report	Creation & Display of Mismatch Report	30-Oct-17			Work on this should continue albeit with lowered priority
30	Registration	Change of jurisdiction by Tax Officer before approval / rejection	30-Oct-17	25-Oct-17	Complete	Closed
31	Registration	OIDAR Registration and Processing	30-Oct-17	30-Nov-17	In Progress with Delay	UAT in progress for work around
32	Registration	Cancellation and Surrender of Registration Certificate	30-Oct-17	10-Oct-17	Complete	Workaround provided for cancellation by 10th Oct.
33	Registration	Revocation of RC	30-Oct-17	8-Dec-17	In Progress with Delay	In RT, related to main cancellation use case
34	Registration	Grievance Management	30-Oct-17	24-Nov-17	In Progress with delay	UAT in progress, ETA for production deployment 24th Nov 2017.
35	Registration	GSTP Dashboard	30-Oct-17	14-Nov-17	Complete	Closed

36	Tran 2	Transition Form 2 Development	30-Oct-17	24-Nov-17	In Progress	Partially released for RT.
37	GSTR 4	Creation & Submission of Quarterly Return by Compounding Taxpayer GSTR-4	03-Nov-17	08-Nov-17	Complete	Closed
38	GSTR 11	Filing of Returns by UIN Holders for Inward Supplies GSTR-11	10-Nov-17	10-Dec-17	In Progress with delay	
39	GSTR 4	View of GSTR-4A (composition supplies)	17-Nov-17			Work on this should continue albeit with lowered priority
40	GSTR 5	Return for non-resident taxable person	17-Nov-17	8-Dec-17	In Progress with delay	Release testing is in progress.
41	Refunds	Refunds - Exports WO payment of tax - part of RFD01	20-Nov-17	5-Nov-17	Complete	Work around: 5-Nov-17
42	Refunds	Refunds - BO Processing	20-Nov-17	20-Apr-18	In Progress	
43	Refunds	Refunds - Excess Balance in Cash Ledger	01-Dec-17	24-Nov-17	In Progress	UAT deployment of workaround on 17th Nov
44	GSTR 7	Creation and Submission of TDS Return GSTR-7	08-Dec-17			Work on this should continue albeit with lowered priority
45	GSTR 7A	View of GSTR-7A (TDS)	08-Dec-17			Work on this should continue albeit with lowered priority

46	GSTR 8	Creation & Submission of Return for e-Commerce GSTR-8	08-Dec-17			Work on this should continue albeit with lowered priority
47	Refunds	Refunds - Exports of Services	08-Dec-17	22-Dec-17 19-Jan-18	In Progress	Limited functionality on 22nd Dec'17 Full use case on 19th Jan'18
48	Returns	New search facility to see the status of return filing of a taxpayer	25-Nov-17		Not Started	
49	Returns	A new pop-up regarding intimation of late fee, if there is a gap between filing and submission of return after the due date.	20-Nov-17	17-Nov-17	Operational	
50	Returns	GST Return filing history should be provided on the pattern of GST Payment Challan History.	TBD		Not Started	
51	Returns	MIS for policy making	TBD			Management Decision on Analytics to be done – not a MIS point

Annexure 2

List of officers present

1. GSTN: The following officers attended the meeting from GSTN:

Sl. No.	Name	Designation
1	Shri Ajay Bhushan Pandey	Chairman
2	Shri Prakash Kumar	CEO
3	Ms. Kajal Singh	EVP (Services)
4	Shri Nitin Mishra	EVP(Technology)
5	Shri Pankaj Dixit	SVP (Infrastructure)
6	Shri Bhagwan Patil	VP (Services)

2. CBEC: The following officers attended the meeting from CBEC:

Sl. No.	Name	Designation
1	Shri Dheeraj Rastogi	Joint Secretary, GST Council
2.	Shri S. K. Panda	Member –IT, CBEC
3	Ms. R. Bhagyadevi	ADG Systems, CBEC, Chennai
4	Shri Basavaraj Nelagave	ADG Systems, CBEC, Bengaluru
5	Shri Vignan Pattamatta	A D Systems, CBEC
6	Shri Manjunath A N	A C GST Policy Wing

3. States: The following officers attended the meeting from States:

Sl. No.	Name	Designation
1	Shri M S Srikar	CCT, Karnataka
2	Shri V Anil Kumar	CCT, Telangana
3	Shri Arun Mishra	Spl. Secretary, CT, Bihar.
4	Shri K. S. Basavaraj	Joint Commissioner, Karnataka
5	Shri N Sai Kishore	Joint Commissioner, Telangana
6	Shri Dipankar Sahu	Dy. Comm, Odisha
7	Shri Mukesh Kumar	CTO, Bihar

4. Infosys: The following officers attended the meeting from Infosys:

Sl. No.	Name	Designation
1	Mr. Pravin Rao	CEO
2	Mr. C.N. Raghupathi	SVP
3	Mr. Renga	SVP
4	Mr. P.N. Moorthy	AVP (Delivery Manager)
5	Mr. Venkat Narayan	AVP (Principle Architect)
6	Mr. Murali Vasudevan	AVP (Release Manager)
7	Ms. Surya Kumari Achal	AVP (Test Manager)
8	Mr. Indrasis Dasgupta	Program Manager
9	Mr. Akhil Gandhi	Domain Team

Annexure B

Minutes of the 5th Meeting of GoM held on December 16, 2017 at Bengaluru, Karnataka

In pursuance of decision taken in the 21st Meeting of GST Council held on 9th September 2017 at Hyderabad, a Group of Ministers (GoM), was constituted to monitor and resolve the IT challenges faced in implementation of GST.

2. The first meeting of GoM was held on September 16, 2017 where the GoM had identified 47 items (48 items out of which one item was repeated twice) for time bound resolution. In the 3rd meeting 8 more items were added to this list, which is reviewed by the GoM. The Fifth meeting of GoM was held on December 16, 2017. The list of priority items with status as on December 16, 2017, as reviewed by GoM is attached as **Annexure 1**.

3. The fifth meeting was attended by the following Hon'ble Members of GoM.

Sl. No.	**Name**	**Designation**	**Group of Members**
1	Shri Sushil Kumar Modi	Hon'ble Deputy Chief Minister Bihar	Convener of GoM
2	Shri Shashi Bhushan Behera	Hon'ble Minister for Finance Odisha	Member, GoM

4. Shri Krishna Byregowda, Hon'ble Minister for Agriculture, Karnataka, Shri Amar Agarwal, Hon'ble Minister for Commercial Taxes, Government of Chhattisgarh and Shri Etela Rajendar, Hon'ble Finance Minister, Telangana could not attend due to other pressing engagements.

5. The list of officers who attended from CBEC/ States, GSTN and Infosys is kept at **Annexure 3**.

6. The Meeting commenced with preliminary remarks from the Convener, GoM as given below:

a) There is lot of improvement over period and this pace should continue.

b) The feedback on status of Resident Engineers from States and work by Resident Engineers needs to be monitored.

c) The refund functionality and end-to-end automated system of Refunds should be in place at the earliest.

d) MIS reports should be available to States. Particularly Return defaulter report should be available on priority.

7. The Hon'ble Minister Shri Shashi Bhushan Behera, Member GoM, observed that there is lot of improvement over period and pace should be maintained. The complaints are reduced and major issues have been taken care of by GSTN.

8. After initial remarks from Hon. Convener and Members of GoM, CEO, GSTN presented the status of issues raised in IT committee and status of prioritized GoM items (**Annexure 2)** and other issues raised by CBEC and States. He presented the status of priority issues and also points raised by IT Committee meeting held on December 07,2017 before the GoM:

a) **Data sharing issue and reconciliation with States:** The count of Registration/Returns/Payment shared by GSTN through APIs and that received by States/CBEC was presented. The GoM observed that lot of improvement has taken place as far as data exchange thru APIs is concerned, however, reconciliation between count shared thru email and that thru SFTP/APIs needs to be completed. Commissioner Karnataka also expressed need for proper reconciliation between data received from different sources like API/SFTP/daily report to CCTs. The Commissioner Maharashtra stressed upon need to reconcile data on payment received from GSTN and that from RBI, particularly in respect of data prior to 13th October, 2017. CEO GSTN informed that data as at the end-of-day (midnight) is being used to create all reports and steps are being taken to fully reconcile the count shared by email and that through SFTP/APIs. The issue of the taxpayers' account being debited without corresponding to the Government Account and multiple CINs on a single payment was also discussed and it was stressed that the MoE system may be reviewed and any discrepancy may be followed up appropriately.

b) **API Release and Support:** The calendar for API release was shared with all stakeholders on October 27, 2017, November 17, 2017 and next version will be published on December 18, 2017. It was also informed that API release notes are updated regularly on the development portal for any changes made in specification. The Commissioner, Maharashtra requested to convey reasons for changes in the specification of APIs. Infosys representative will share details on the same.

c) **Resident Engineers**:

i. The GoM was informed that Resident Engineers have been placed at all places except Lakshadweep. The RE for Lakshadweep is under training and will be positioned by end of this month.
ii. The central team of Infosys is continuously monitoring the performance and activities of Resident Engineers. It was informed that CEO, GSTN is also conducting fortnightly review meeting with Residence Engineers over VC/WebEx.
iii. The convener asked States feedback about working of Resident Engineers and Kerala/Telangana/Karnataka informed that they are happy about working of Resident Engineers. Karnataka requested for speedy resolution of issues raised thru the RE.
iv. The Odisha team requested for speedy resolution of issues raised by Resident Engineers. Also, they asked for proper communication of resolved issues as many issues reported to be closed by Infosys team were found to be open as problem reported by the taxpayer was not resolved. Infosys team stated that they will review the problem resolution mechanism and proper status of pending issues will be conveyed to States/CBEC.
v. Ms. R. Bhagyadevi, ADG (systems), Chennai, CBEC stated that some of the issues raised by their RE has been resolved however there are many which need to be resolved on priority. Infosys team took note of the same and will revert back with resolution to CBEC.

d) **Relevant and accurate messages on portal and user-friendly interface:** Infosys team presented work done by them in this regard in terms of new error messages which are self-explanatory and provide way to solve the problem or provide error code which helps technical team to identify the cause. It was observed that the error messaging system had improved but there was need to rectify, or track at helpdesk, every instance of "system error". Infosys team was asked to submit timelines for changes planned in this regard on GST Portal.

e) **Availability of MIS to Model II States:**

i. The status of 8 priority MIS reports was presented to GoM. Three are live whereas two will be made live on 21st Dec. Another one will be made operational on 28th and the reaming two will

be made operational by 5th of January. (status-quo on MIS, 21st and 28th Dec deadline has not been met)

ii. The GoM was further informed that view of GSTR 3B, GSTR 1 and TRAN 1 have been made available to jurisdictional officers of Model II states. The jurisdictional officers can also view ITC ledger/cash ledger/liability ledger of taxpayers falling under their jurisdiction. This was appreciated by the Convener and the officers present in the meeting.

iii. It was also informed that the facility of record search is available for taxpayers/tax officers for Model-2 States.

iv. The officers present in the meeting stressed upon need of early availability of return defaulter report to Jurisdictional officers. It was informed that it will be available by 5th January.

f) **Making available 69 prioritized Forms on GST Portal**

The CEO briefed the GoM on the Prioritized Forms. Out of 69 Forms identified by Policy wing of CBEC, 40 have been made available on the GST Portal and 3 are on hold. The timelines for making available remaining forms was presented before the GoM. Copy of the same is attached as Anenxure-2. On this, the Convener suggested that there should not be any further delay in making available remaining forms on the Portal.

9. **Other Points:**

i. The points raised by Bihar state were discussed. Many items were already covered under previous agenda items. The convener asked GSTN/Infosys team to resolve the remaining ones on priority.

ii. The Maharashtra Commissioner raised the issue of 2/3 CIN for same payment transactions and informed that payment is made only once by taxpayer, however cash ledger is credited three times. It was clarified by Infosys team that these cases belong to Bank of India which has issued three unique CINs against which cash ledger was updated. The matter has already been taken up with the Bank. Pr CCA has also been informed.

iii. CEO GSTN requested GoM for guidance on how to deal with a case if the return filing gets delayed on account of any problem with GST Portal. Hon'ble Convener suggested that matter regarding waiver of late fees on account of any technical problem on GST portal should be taken up with GST council. He asked Shri Arun Mishra, Additional Secretary, Bihar, member of Law Committee, to take it up before law committee.

iv. Ms. Radha, Asst. Commissioner, Telangana raised issue of SEZ chosen mistakenly by taxpayer which he is not able to correct himself as it is not part of Core or Non-Core amendment. GSTN team informed the Committee that taxpayer chooses reasons for registration and SEZ is one of the reasons for registration on which registration is processed. Since it is the basis of registration, it does not form part of Core or Non-Core items. The matter was discussed in detail and it was decided that it should be placed before Law Committee for resolution.

v. Deepak Giri, Dy. Commissioner, Govt of Chhattisgarh informed that demand drafts collected as tax/penalty during raids or highway checking are getting expired as banks are not taking them. He also told that there is no option on GST portal for tax officer to create challan to make payment of demand draft. It was clarified by GSTN that tax officer can create challan for such cases by creating temp ID. As far as bank's refusal to take amount higher than Rs 10,000 is concerned, the same has been taken up with DoR and Pr CCA. States may also take up the issue with DoR.

vi. Maharashtra commissioner informed that Consulates of different countries are asking for refund and GSTR-11 and RFD-10 need to be made available immediately. CEO GSTN informed the GoM that law Committee has recommended issue of only one GSTIN to one UIN body valid for

the whole country and that only central tax authorities will handle such cases. Proposed changes are being made in the offline tool to allow upload of invoice data by UIN bodies.

vii. The concerns were raised about GSTR 4 functionality not gone live for those taxpayers who were regular taxpayer for part period and composition for remaining part. The GoM was informed that work is going on and expected date of delivery is 21st Dec.

10. The meeting concluded with following closing remarks from Hon. Convener of GOM:

a. It is observed that complaints have reduced over a period of time and GST portal has improved. Overall system is working properly.

b. End to end automation of refunds to taxpayers is important. Presently GSTR 2 is on hold and hence half automated and half manual system has been put in place. However, fully automated system should be in place by April 2017as confirmed by GSTN/Infosys team.

c. Return of TDS and TCS should be developed by January end so that the training of DDOs can be organized in February on working module to roll out the application from 1st of April.

d. E-way Bill rollout is now planned from 15th January on trial basis and on full scale for inter-state from 1st of February. The system should be ready before this date.

e. Keeping in view improvement in the system, the next meeting will be held after one month.

f. At end of current financial years all issues should be resolved.

g. MIS reports should be available on priority to Model II States.

11. **Presentation on e-way Bill system:** The meeting was preceded by a presentation on the status of the National e-way Bill system by the NIC, Karnataka team. Main features of the system being run in Karnataka and system statistics were presented. It was observed that about 30% of the e-way bills being generated in Karnataka were for inter-state supplies and that 70% of the load is on account of intra-state supplies. It was urged that if the application to intra-state supplies was staggered then the system may be handle the load in the initial stages. The Chairman GSTN stressed the importance of not printing the ADHAAR number on the the e-way bill or reflect it on the website. He also urged caution in extending the API based generation facility to big taxpayers so as to keep the system safe and secure. The CEO, GSTN observed that, based on the experience from Karnataka and the other "early" States, a minimum period of 4 weeks was required to handle training of stakeholders. The CEO also stated that an orientation for all CCTs will be conducted through VC. CCT, Maharashtra requested that all materials, including circulars issued in this behalf, may be shared with all the States to ease the process of training and education of stakeholders. The Convener urged exploring the possibility of integrating "VAHAN" application of MoRTH with the e-way bills system to authenticate the vehicle details.

12. The meeting ended with vote of thanks to the Chair.

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Annexure 1

Status of implementation of items identified by GoM

Updates on Prioritized Functionalities						
#	**FORM**	**FORM Components /Details**	**Agreed Date of Deployment**	**Actual Date of Deployment/ETA**	**Status**	**Remarks**
1	GSTR 3B	Solution for 3.5 lakh GSTR3B who have submitted but not filed	19-Sep-17	21-Sep-17	Complete	Closed
2	MIS	Reports Data Dump for Model-2 States	22-Sep-17	07-Oct-17	Complete	Closed
3	Registration	Amendments of Core fields	22-Sep-17	27-Sep-17	Complete	Closed
4	Registration	Opt out for Composition scheme	22-Sep-17	01-Oct-17	Complete	Closed
5	Registration	Suo Moto Registration and Payment option by Govt. department 1) ID creation, 2) Create Challan, 3) Making Payment	29-Sep-17	27-Sep-17	Complete	Closed **Note:** API for Model 1 will be released by end of this week.
6	Registra	GSTP Registration Processing	29-Sep-17	27-Oct-17	Complete	Closed

	tion					
7	Registration	TDS/TCS Registration and Processing	29-Sep-17	TDS – 13-Oct-17 TCS – 14-Dec-2017	Complete	Closed
8	GSTR 1A	Generation & Submission/Filing of GSTR- 1A	30-Sep-17	10-Oct-17	Complete	Closed
9	Refunds	Refund for Export - ICEGATE API (Part of RFD-01)	30-Sep-17	05-Oct-17	Complete	Closed
10	Offline	Creation and submission of Returns in Offline Utility for GSTR-2 without xls download from tool	06-Oct-17	14-Oct-17	Complete	Closed
11	Offline	Creation and submission of Returns in Offline Utility for GSTR-2 with xls download from tool	11-Oct-17	25-Oct-17	Complete	Closed
12	GSTR 2A	GSTR-2A for ISD changes	11-Oct-17	11-Oct-17	Complete	Closed
13	Tran 1	Revised Tran1 (Reopening Transition Form-1 to enable Multiple Submit)	13-Oct-17	8-Nov-17	Complete	Closed

14	Tran 1	CSV Utility for 6a, 6b, 7b, 9a, 9b of TRAN-1	13-Oct-17	8-Nov-17	Complete	Closed
15	Payment	Grievance for Payment not reflecting in Cash Ledger - PMT07	16-Oct-17	25-Oct-17	Complete	Closed
16	GSTR 5A	Creation & Submission of GSTR-5A (OIDAR supplies)	17-Oct-17	15-Dec-17	Complete	Closed
17	ITC01	Application for eligible ITC prior to registration / withdrawal from compounding scheme ITC 01	17-Oct-17	18-Dec-17	In progress	UAT in progress
18	GSTR 3B	GSTR-3B - Feature Enhancement 1) Edit Option 2) Full Preview with suggested ITC utilization	15-Nov-17	29-Dec-2017	Partial Complete	1) Edit was made operational 21-Nov-17 2) Nil Return and Questionnaire made operational on 13-Dec-17
19	GSTR 3B	GSTR-3B - Enhancement to enable Print out/PDF Download	18-Oct-17	13-Oct-17	Complete	Closed
20	GST	GSTR 1A Offline utility	18-Oct-17	27-Oct-17	Complete	Closed

	R 1A					
21	Registration	Change of authorized signatory by Tax Officer	18-Oct-17	Use Case: 12-Oct-17 API: 1-Dec-17	Complete	Closed
22	Registration	Registration of Non-Resident Tax Payers	18-Oct-17	9-Nov-17	Complete	Closed
23	Tran 1	G2G API's for Transition forms	20-Oct-17	7-Dec-17	Complete	Closed
24	GSTR 1	GSTR 1 - Enhancement to enable Preview and Print out/PDF Download	20-Oct-17	20-Oct-17	Complete	Closed
25	GSTR 2	GSTR-2 - Enhancement to enable Preview and Print out/PDF Download	20-Oct-17	20-Oct-17	Complete	Closed
26	MIS	MIS Reports for Model-2 States	20-Oct-17	24-Oct-17 Plan for remaining Reports:	In Progress with delay	First set of 2 reports released on 24-Oct 1) Registration Applicati

				Start: 11-Dec-17 End: 5-Feb-17		on Register 2) Summary of Approved Registrations (Voluntary/ Others) based on Type of Taxpayer 3) Casual Taxpayer Report – Released on 8-Dec-17 **Next lot will follow staggered release:** Start: 11-Dec-17 End date: 5-Feb-17
27	GSTR 6, GSTR 6A	Creation & Submission of Return for ISD GSTR-6 / View of GSTR-6A (ISD)	23-Oct-17	GSTR 6A:31-Oct-17 GSTR 6: 8-Dec-17	Complete	Closed

28	Registration	Change of jurisdiction by Tax Officer before approval / rejection	30-Oct-17	25-Oct-17	Complete	Closed
29	Registration	OIDAR Registration and Processing	30-Oct-17	14-Dec-17	Complete	Workaround made operational on 14-Dec-2017
30	Registration	Cancellation and Surrender of Registration Certificate	30-Oct-17	10-Oct-17	Complete	Workaround provided for cancellation by 10th Oct.
31	Registration	Revocation of RC (Cancellation by Tax-official)	30-Oct-17	8-Mar-18	In Progress with Delay	
32	Registration	Grievance Management	30-Oct-17	19-Dec-17	In Progress with delay	
33	Registration	GSTP Dashboard	30-Oct-17	14-Nov-17	Complete	Closed
34	Tran 2	Transition Form 2 Development	30-Oct-17	15-Dec-17	Complete	Closed
35	GSTR 4	Creation & Submission of Quarterly Return by Compounding Taxpayer GSTR-4	03-Nov-17	08-Nov-17	Complete	Closed

36	GSTR 11	Filing of Returns by UIN Holders for Inward Supplies GSTR-11	10-Nov-17	10-Jan-18	Design Change	Requirement has been changed. With new requirements, development is in progress.
37	GSTR 5	Return for non-resident taxable person	17-Nov-17	20-Dec-17	In Progress	RT is in progress
38	Refunds	Refunds - Exports WO payment of tax - part of RFD01	20-Nov-17	5-Nov-17	Complete	Work around: 5-Nov-17
39	Refunds	Refunds - BO Processing	20-Nov-17	30-Apr-18	In Progress	It is a full use case and will be delivered as per overall Refunds implementation plan
40	Refunds	Refunds - Excess Balance in Cash Ledger	01-Dec-17	29-Nov-17	Complete	Workaround operational Main use case ETA: 23-Mar-18
41	Refunds	Refunds - Exports of Services	08-Dec-17	22-Dec-17	In Progress	Limited functionality on 22nd Dec'17

				19-Jan-18		Full use case on 19th Jan'18
New Items discussed in GoM Meeting on 28th Oct 2017						
42	Returns	New search facility to see the status of return filing of a taxpayer	25-Nov-17	TBD	In Progress	Design Complete, development in progress
43	Returns	A new pop-up regarding intimation of late fee, if there is a gap between filing and submission of return after the due date.	20-Nov-17	17-Nov-17	Operational	Closed
44	GSTR 3	Creation and Submission of Monthly Return GSTR-3	30-Oct-17			On Hold based on decisions taken in last GST Council
45	Mismatch Report	Creation & Display of Mismatch Report	30-Oct-17			On Hold based on decisions taken in last GST Council
46	GSTR 4A	View of GSTR-4A (composition supplies)	17-Nov-17			On Hold – needs redesign with GSTR 2 being on hold and new timeline

						from GSTR1 filing
47	GSTR 7	Creation and Submission of TDS Return GSTR-7	08-Dec-17	TBD		On Hold based on decisions taken in last GST Council
48	GSTR 7A	View of GSTR-7A (TDS)	08-Dec-17	TBD		On Hold based on decisions taken in last GST Council
49	GSTR 8	Creation & Submission of Return for e-Commerce GSTR-8	08-Dec-17			On Hold based on decisions taken in last GST Council
50	Returns	GST Return filing history should be provided on the pattern of GST payment Challan History.	TBD			On Hold based on decisions taken in last GST Council
51	GSTR-2	GSTR-2: The name of the dealer should be reflected in the table along with GSTIN in the downloaded GSTR2 file from GST portal.				On Hold based on decisions taken in last GST Council
52	GSTR-2	GSTR-2: The offline tool should be further upgraded to include facility to do comparison of downloaded data				On Hold based on decisions taken in last GST Council

		with those from the purchase register of the taxpayer to show mismatches and matched entries.				
53	GSTR-2	GSTR-2: Bulk acceptance of invoices should be made available on the Portal as well as the Offline Tool.				On Hold based on decisions taken in last GST Council
54	GSTR-2	GSTR-2 JSON should be kept ready for download immediately after last date of filing of GSTR-1. This will save time required today to generate the downloadable file.				On Hold based on decisions taken in last GST Council
55	Returns	MIS for policy making	TBD	TBD		Management Decision on Analytics – not a MIS point

Annexure 2

Details about 69 Prioritized Forms

Registration Forms (16 out of 21 Operational)					
Sl.No	**Form No.**	**Details of Form**	**Rule No.**	**Urgent**	**Status**
1	GST REG-01	Application for Registration	8	Yes	Operational
2	GST REG-02	Acknowledgment	8(5)	Yes	Operational
3	GST REG-03	Notice for Seeking Additional Information	9(2)	Yes	Operational
4	GST REG-04	Clarification/ additional information/ document for Registration / Amendment/ Cancellation	9(2)	Yes	Operational
5	GST REG-05	Order of Rejection of Application for <Registration / Amendment / Cancellation/>	9(4)	Yes	Operational
6	GST REG-06	Registration Certificate	10 (1)	Yes	Operational
7	GST REG-07	Application for registration as TDS / TCS	12(1)		Operational
8	GST REG-09	Application for Registration of Non-Resident Taxable Person	13	Yes	Operational
9	GST REG-10	Application for registration of person supplying online information and data base access or retrieval services from a place outside India to a person in India, other than a registered person.	14	Yes	1. Workaround is operational since 14-Dec-17. 2. Regular Form will be available from – 25-Jan-18

10	GST REG-11	Application for extension of registration period by casual / non-resident taxable person.	15	Yes	Not Operational ETA: 7-Feb-18
11	GST REG-12	Order of Grant of Temporary Registration/ Suo Moto Registration	16	Yes	Operational
12	GST REG-13	Application/Form for grant of Unique Identity Number to UN Bodies/ Embassies / others	17	Yes	1. Workaround available since 14-Dec-17 2. Regular form will be available from – 1-Mar-17
13	GST REG-14	Application for Amendment in Registration Particulars (For all types of registered persons)	19	Yes	Operational
14	GST REG-15	Order of Amendment	19	Yes	Operational
15	GST REG-16	Application for cancellation of registration	20	Yes	Not Operational (Under Release Testing) ETA: 27-Dec-17
16	GST REG-25	Certificate of Provisional Registration	24(1)	Yes	Operational
17	GST REG-26	Application for Enrolment of Existing Taxpayer	24(2)	Yes	Operational
18	GST REG-27	Show Cause Notice for cancellation of provisional registration	24(3)	Yes	Not Operational (Under Development)

					ETA: 23-Jan-18
19	GST REG-28	Order for cancellation of provisional registration	24(3)	Yes	Not Operational (Under Development) ETA: 23-Jan-18
20	GST REG-29	Application for cancellation of provisional registration	24(4)	Yes	Operational
21	GST REG-30	Form for Field Visit Report	25	Yes	Not Operational ETA: 22-Mar-18
	Composition forms (4 Out of 4 operational)				
22	GST CMP-01	Intimation to pay tax under section 10 (composition levy) (Only for persons registered under the existing law migrating on the appointed day)	3 (1)	Yes	Operational
23	GST CMP-02	Intimation to pay tax under section 10 (composition levy) (For persons registered under the Act)	3(3 & 3A)	Yes	Operational
24	GST CMP-03	Intimation of details of stock on date of opting for composition levy (Only for persons registered under the	3(4)	Yes	Operational

		existing law migrating on the appointed day)			
25	GST CMP-04	Intimation/Application for Withdrawal from Composition Levy	6(2) & 6(3)	Yes	Operational
	ITC (1 out of 4) and ENR (not in scope)				
26	GST ITC-01	Declaration for claim of input tax credit under sub-section (1) of section 18	40(b)	Yes	In UAT ETA: 18-Dec-17 (Not live yet)
27	GST ITC-02	Declaration for transfer of ITC in case of sale, merger, demerger, amalgamation, lease or transfer of a business under sub-section (3) of section 18	41	Yes	Development not started ETA: 15-Jan-18
28	GST ITC-03	Declaration for intimation of ITC reversal/payment of tax on inputs held in stock, inputs contained in semi-finished and finished goods held in stock and capital goods under sub-rule (4) of rule 44	3	Yes	Under Development ETA: 18-Dec-17
29	GST ITC-04	Details of goods/capital goods sent to job worker and received back	45(3)	Yes	Operational
30	GST ENR-01	Application for Enrolment u/s 35 (2)	35(2)	Yes	Not in Scope
	Returns (6 out of 10 Operational, 2 are on Hold)				
31	GSTR-1	Details of outward supplies of goods or services	59(1)	Yes	Operational (24-07-2017)
32	GSTR-2	Details of inward supplies of goods or services	60(1)	Yes	Operational (01-09-2017)

33	GSTR-3B	Return in lieu of monthly return	61(5)	Yes	Operational (11-08-2017)
34	GSTR 3	Normal Monthly Returns	61(1)	Yes	Not operation (Ready for Deployment, kept on hold)
35	GSTR 4	Creation & Submission of Quarterly Return by Compounding Taxpayer GSTR-4	62	Yes	Operational (03-11-2017)
36	GSTR-5	Return for non-resident taxable person	63	Yes	In RT (ETA: 22-Dec-17)
37	GSTR-5A	Details of supplies of online information and database access or retrieval services by a person located outside India made to non-taxable persons in India	64	Yes	Operational (15-Dec-17)
38	GSTR-6	Return for ISD	65	Yes	Operational (8-Dec-2017)
39	GSTR 7 and GSTR 8	TDS and TCS return	66(1) & 67(1)	Yes	Not Operational (On hold)
40	GSTR-11	Statement of inward supplies by persons having Unique Identification Number (UIN)	82	Yes	Requirement has been changed design on new requirement is in progress.
GST Practitioners (5 out of 5 Operational)					
41	GST PCT-01	Application for Enrolment as Goods and Services Tax Practitioner	83	Yes	Operational
42	GST PCT-02	Enrolment Certificate of Goods and Services Tax Practitioner	83(2)	Yes	Operational

43	GST PCT-03	Show Cause Notice for disqualification	83(4)	Yes	Operational
44	GST PCT-04	Order of rejection of enrolment as GST Practitioner	83(4)	Yes	Operational
45	GST PCT-05	Authorisation / withdrawal of authorisation for Goods and Services Tax Practitioner	83(6)	Yes	Operational (Engage / Dis-engage GSTP)
	Registers and Ledgers (5 out of 7 operational)				
46	GST PMT-01	Electronic Liability Register of Registered Person	85	Yes	Operational
47	GST PMT-02	Electronic Credit Ledger of Registered Person	86	Yes	Operational
48	GST PMT-03	Order for re-credit of the amount to cash or credit ledger on rejection of refund claim	86(4)	Yes	ETA 24-Apr-18
49	GST PMT-04	Application for intimation of discrepancy in Electronic Credit Ledger/Cash Ledger/ Liability Register	86(4)	Yes	ETA: 15-Dec-17
50	GST PMT-05	Electronic Cash Ledger	87	Yes	Operational
51	GST PMT-06	Challan for deposit of goods and services tax	87(2)	Yes	Operational
52	GST PMT-07	Application for intimating discrepancy relating to payment	87(8)	Yes	Operational
	Refund (RFD-01 workaround ready)				

53	GST RFD-01	Application for Refund –	89	Yes	With IGST: **16-Nov-17 (Operational)** Excess Bal in cash leger: **29-Nov-17 (Operational)** Inverted Duty: **22-Dec-17 (Under development)** SEZ Unit/ Developer: With/ without payment of Tax – **22-Dec-2017 (Under Development)**
54	GST RFD-02	Acknowledgment	90	Yes	Not Operational (Work around - Released to UAT) ETA: 05-Jan18, 08-Feb-18, 23-Mar-18, 20-Apr-18
55	GST RFD-03	Deficiency memo	90(3)	Yes	Not Operational ETA: 05-Jan18, 08-Feb-18, 23-Mar-18, 20-Apr-18
56	GST RFD-04	Provisional Refund Order	91(2)	Yes	Not Operational ETA: 05-Jan18, 08-Feb-18, 23-Mar-18, 20-Apr-18
57	GST RFD-05	Payment Advice	91(5)	Yes	Not Operational

					ETA: 05-Jan18, 08-Feb-18, 23-Mar-18, 20-Apr-18
58	GST RFD-06	Refund sanction/ rejection order	92	Yes	Not Operational ETA: 05-Jan18, 08-Feb-18, 23-Mar-18, 20-Apr-18
59	GST RFD-07	Order for Complete adjustment of sanctioned Refund	92(2)	Yes	Not Operational ETA: 05-Jan18, 08-Feb-18, 23-Mar-18, 20-Apr-18
60	GST RFD-08	Notice for rejection of application for refund	92(3)	Yes	Not Operational ETA: 05-Jan18, 08-Feb-18, 23-Mar-18, 20-Apr-18
61	GST RFD-09	Reply to Show Cause Notice	92(3)	Yes	Not Operational ETA: 05-Jan18, 08-Feb-18, 23-Mar-18, 20-Apr-18
62	GST RFD-10				ETA: 5-Jan-18, 01-Feb-18
63	GST RFD-11	Furnishing of bond or Letter of Undertaking for export of goods or services	96A	Yes	Not Operational ETA: TBD
	Appeal (in progress)/Transitional Form (All 3 operational)				
64	GST ARA-01	Application Form for Advance Ruling	104	Yes	Operational (Workaround available)

65	GST APL-01	Appeal to Appellate Authority	108	Yes	Not operational ETA: 5-Jan-18, 8-Feb-18
66	GST APL-02	Acknowledgment for submission of appeal	108(3)	Yes	Not operational ETA: 5-Jan-18
67	GST APL-03	Application to the Appellate Authority under sub-section (2) of Section 107	108(3)	Yes	Not operational ETA: 8-Feb-18
68	GST TRAN-01	Transitional ITC / Stock Statement	117	Yes	Operational
69	GST TRAN-02	Details of inputs held in stock of which taxpaying document is not available	117(4)(a)	Yes	Operational (from 15-Dec-17)
70	GST TRAN-01	Revision of Transitional ITC / Stock Statement	120A	Yes	Operational
71	GST TRAN-03				Operational

Annexure 3

List of officers present

1. GSTN: The following officers attended the meeting from GSTN:

Sl. No.	Name	Designation
1	Shri Ajay Bhushan Pandey	Chairman
2	Shri Prakash Kumar	CEO
3	Shri Nitin Mishra	EVP(Technology)
4	Shri Pankaj Dixit	SVP (Infrastructure)
5	Shri Bhagwan Patil	VP (Services)
6	Abhishek Singh	AVP (PM)

2. CBEC: The following officers attended the meeting from CBEC:

Sl. No.	Name	Designation
1	Shri Dheeraj Rastogi	Joint Secretary, GST Policy Wing
2	Ms. R. Bhagyadevi	ADG Systems, CBEC, Chennai
3	Shri Basavaraj Nelagave	ADG Systems, CBEC, Bengaluru
4	Shri B. Senthilvelvan	Additional Director, CBEC
5	Vignan Pattamatta	A D Systems, CBEC
6	Manjunath A N	A C GST Policy Wing

3. States: The following officers attended the meeting from States:

Sl. No.	Name	Designation
1	Shri Rajiv Jalota	Commissioner, Maharashtra
2	Shri Rajan Khobragade	Commissioner, Kerala
3	Shri MS Srikar	CCT, Karnataka
4	Shri Arun Mishra	Addl. Secretary, CT, Bihar.
5	Ms. Anuradha	Additional Commissioner, Telangana
6	Shri K. S. Basavaraj	Joint Commissioner, Karnataka
7	Shri Dipankar Sahu	Dy. Comm, Odisha
8	Shri Deepak Giri	Dy. Commissioner, Chhattisgarh
9	Ms. Radha	Assistant Commissioner, Telangana

10	Shri Mukesh Kumar	CTO, Bihar

4. NIC

Sl. No.	Name	Designation
1	Shri P V Bhat	Director, NIC

5. Infosys: The following officers attended the meeting from Infosys:

Sl. No.	Name	Designation
1	Mr. Pravin Rao	COO
2	Mr. Renga	SVP
3	Mr. P.N. Moorthy	AVP (Delivery Manager)
4	Mr. Murali Vasudevan	AVP (Release Manager)
5	Ms. Surya Kumari Achal	AVP (Test Manager)
6	Mr. Indrasis Dasgupta	Program Manager
7	Mr. Akhil Gandhi	Domain Team

Agenda Item 6: Recommendations of 'Committee on Returns Filing' on Simplification of Returns under GST.

In pursuance to the decision taken in the 23rd GST Council Meeting held on 10 November 2017 at Guwahati, a "Committee on Returns Filing" was constituted with Dr. A.B. Pandey as its Chairman and nine other Members. The "Committee on Returns Filing" was entrusted to look into the issues and the requirements of filing returns by taxpayers in the GST regime. The Committee was to analyze the issues and requirements of the various types of returns being/to be filed by the tax payers under GST regime. The Committee was also mandated to suggest modifications/simplifications required in the Returns, if any, including related changes in Laws, Rules, Format etc.

2. The Committee had multiple meetings, in person as well as through Video Conferencing. The broad recommendations of the Committee were first discussed with Law Committee and later presented in the Officers' meeting on 11 January 2018. The broad recommendations of the Committee are as given below for the consideration of the GST Council. Detailed report will be submitted separately.

3. **Gist of Recommendations of the 'Committee on Returns Filing'**:

3.1. **Number of Returns**

3.1.1. Single return with sales (outward supplies) and purchase (inward supplies) annexures to be filled and uploaded by all categories of taxpayers, every month. This will bring down the compliance load on taxpayers by a significant measure, and will also ensure that sufficient data is uploaded on the System to perform effective invoice matching. In order to achieve this, it is recommended to collect the following six items mandatorily in sales and purchase Annexure:

- Counterparty GSTIN
- Invoice Number
- Invoice date
- Taxable Value
- Tax Amount
- Place of supply

3.1.2. The software should provide facility to upload invoice data on anytime basis as being done today. The software should also provide view of data uploaded by the seller prior to filing of return, to the purchaser with facility to import that as his purchase after matching the same with his purchase register to reduce mismatch.

3.1.3. The software should also provide facility to move the auto drafted purchase data in purchaser's data to the next month to take care of goods sold in the later part of month which is not received by the purchaser in the same month.

3.2. **Return filing frequency**: Mix of monthly and quarterly return will delay the settlement and hence it is recommended that there should be only monthly return. Currently, all taxpayers are filing GSTR-3B and GSTR-1 is filed either monthly or quarterly.

3.3. **Staggered Filing**: Staggered filing is suggested for large and small categories of taxpayers (10th and 20th of succeeding month, respectively) to distribute the load, as quantity of invoices to be filed in one go will be double of what was filed under GSTR-1.

3.4. **Credit availability:**

3.4.1. Credit availability should be at invoice level and not at ledger basis (counterparty level gross data). Thus, there is no change from the existing system.

3.4.2. As far as reporting of data on invoice is concerned, the same should be implemented in two phases. In the first phase, data in return annexure should be taken at invoice level i.e. one entry for one invoice in the annexure. In phase-2, after all stakeholders have gained sufficient experience, line item level details of invoice may be taken in the annexures.

3.5. **Mismatch of Credit**

3.5.1. Mismatch of credit availed should be run on the basis of invoice data. The mismatch report should be generated strictly on the basis of parameters mentioned below. Mismatch will be raised for any value that is not an exact match with the corresponding fields.

- Counterparty GSTIN
- Invoice Number
- Invoice date
- Tax amount

3.5.2. For tax amounts, a tolerance limit may be defined and if the amounts are found within the tolerance limit, the invoice will be considered matched, provided all other parameters are matching.

3.5.3. Mismatch should be run after the due date of the return filing period. Only invoices of filed returns should be considered for running the mismatch report. Any invoice, uploaded but relevant return not filed, should not be considered for mismatch reporting, and will be deemed mismatched. Also, invoices contained in invalid return will not be considered for matching. Once a mismatch report is generated, subsequent mismatch program will run daily to add/remove any incremental mismatched invoices, to take care of corrections made on that date. A separate register will be maintained for mismatched invoices at counter-party level, along with detailed report.

i. For example, a taxpayer for month of April files a return on 20th of May, the mismatch report will be run on 20th Midnight and a report will be made available to the taxpayers. Post this, a mismatch report for the month will be run every night to take care of corrections made. This will be done for the period of reconciliation allowed in the law.
ii. Based on reversal period prescribed by the Government, the mismatch of a particular month will be closed and mismatched invoices will be added back as liability with interest.

3.6. **Reconciliation of Mismatch:** Reconciliation of mismatched invoices shall be handled through a mechanism of amendment of annexure of mismatch invoices. Corrections can be done on daily basis and saved. Once all corrections are made, the taxpayer may file the amendment table. The filing of amendment table will be permitted only once for a return period.

- Amendment can be done any time after the generation of mismatch report.
- Any interest if applicable, shall be considered for the whole month, (part of a month shall be treated as one month).

3.7. **Reversal of mismatched invoices:**

3.7.1. It is proposed that provision of auto reversal of ITC as a result of mismatch, may be kept under suspension in the beginning to give sufficient time to all stakeholders to get used to the new system, counterparty user behavior etc. Once the system stabilizes, auto-reversal may be implemented.

3.7.2. The suspension period may be of 6 to 9 months duration. During this period, Monthly Report shall be generated for tax officers for a mismatch between ITC claimed and ITC mismatched in Return and Mismatch report. The mismatch report will be visible to jurisdictional tax officers and they may take appropriate action as per law.

3.8. **Offline Tool for Return preparation**

3.8.1. An offline tool shall be provided for taxpayers to prepare their returns and upload the same on GST portal. The offline tool shall prepare the Return based on annexures (sales and Purchase).

3.8.2. The Offline Tool will also have provision to match the auto-drafted purchase data downloaded from the GST Portal with his own purchase data and incorporate the same in his purchase annexure. This will help taxpayers to reduce the mismatches.

3.8.3. The Tool should be designed in such a way that Return and Annexures could be generated, if need be, as two separate upload-able files in JSON format. This could be used in the circumstances when annexure upload becomes a problem. This way return can be filed by the taxpayer after paying taxes in time and Annexure can be uploaded separately.

3.8.4. Separate filing of annexure may bring additional work of reconciliation and may delay refund etc. To minimize the additional work, technical solutions like embedding hash of annexure in the return could be thought of which could be matched when annexure is uploaded.

3.8.5. The normal mode will be simultaneous upload of both return and annexures.

3.9. **Development of APIs:** APIs will be accordingly re-developed for CBEC/Model-1 States; GSPs etc.

3.10. **HSN Data Collection:** HSN Summary should be continued in order to capture data for statistical analysis perspective but in a separate table, as existing in GSTR-1 today.

3.11. **Filing of Invalid Return and its impact:** If return filed is invalid (admitted tax is not paid), then all invoices filed will be treated as unmatched and no ITC will flow to his buyers.

3.12. **TDS/TCS:** TDS/TCS should be suspended for more time (till the new return system stabilizes). Thereafter TDS should be implemented first. After TDS stabilizes, TCS should be implemented.

3.13. **ISD Return:** GSTR-6 return should be filed by ISD taxpayers declaring all the received invoices and he should distribute credit accordingly. In case of Credit Note/Debit Note or amendments, a liability will be raised for downward amendment of credit, and additional credit will be made available for distribution through similar mechanisms.

3.14. **Treatment of Credit Note/Debit Note:**

- The Credit Note/Debit Note should be delinked from invoice data reporting
- Place-of-Supply (POS) details to be taken at the Credit Note level for settlement

3.15. **Rollout Recommendations:**

i. Sufficient time should be provided to GSTN to develop the new Return Application, Offline Tool, APIs etc.
ii. Sufficient time should be provided to enable eco-system (accounting software companies, ERPs, large companies having their own software, GSPs etc.) to develop tools/applications as per new return and for automated upload of sales and purchase invoices and rectification of mismatched invoices.
iii. During interim period GSTR-3B along with GSTR-1 should be continued.
iv. The transition should be gradual giving sufficient time to all stakeholder.

4. The Recommendations of 'Committee on Returns Filing' on Simplification of Returns under GST are placed before the Council for consideration and approval.

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Agenda Item 7: Issues recommended by the Law Committee for consideration of the GST Council

The Law Committee in its meetings held on 4th and 5th January, 2018 recommended certain changes in the CGST Rules and FORMS. The changes, as approved in the Law Committee, are proposed to be implemented, as detailed below (the proposed changes are underlined/in strikethrough mode):

Agenda Item 7(i): Notifying the amendment to CGST Rules, 2017

Sl. No.	Proposal of Law Committee	Action to be taken to implement the proposal
1.	A taxpayer opting to pay tax under the composition scheme is required to file the stock statement in FORM GST ITC-03 for reversal of ITC on such stock. As per sub-rule 3A of rule 3, the statement is to be filed within ninety days from the date of opting for the composition scheme. The functionality is not available on the common portal till date. Therefore, the period of ninety days may be replaced with one hundred and eighty days.	To replace the words "ninety days" in sub -rule (3A) of rule 3 by "one hundred and eighty days".
2.	Vide notification No. 1/2018-Central Tax dated 01.01.2018, the rate of tax payable by manufacturers under the composition scheme has been reduced to 0.5%. It is now proposed to amend rule 7, w.e.f 01.01.2018, to carry out the similar change.	To replace the words in column no. 3 of the Table in rule 7, wef 01.01.2018, against: (a) Sl. No. 1, the words "half per cent. of the turnover in the State or Union territory" in place of the words "one per cent."; (b) Sl. No. 2, the words "two and a half per cent. of the turnover in the State or Union territory" in place of the words "two and a half per cent."; (c) Sl. No. 3, the words "half per cent. of the turnover of taxable supplies of goods in the State or Union territory" in place of the words "half per cent."
3.	Taxable persons who have obtained voluntary registration be allowed to apply for cancellation of registration within one year from the effective date of registration.	Omit the proviso to rule 20
4.	The last date for filing **FORM GST REG-29** for cancellation of registration by migrated taxpayers under rule 24(4) may be extended till 31st March, 2018.	To replace the words **"**31st December, 2017" in sub-rule (4) of rule 24 by "31st March, 2018".

5.	It was observed that sub-rule (5) of rule 32 of CGST Rules, 2017 is in relation to the valuation of goods for a person dealing in buying and selling of second hand goods whereas the proviso of the sub-rule deals with the determination of value of goods repossessed from a defaulting borrower, who is not registered. It is felt that the proviso should, in fact, be a separate sub-rule under rule 32 as the situation being dealt with is quite different from the main sub-rule (5). Further, it was observed that the said proviso was silent about the method of valuation for value of goods repossessed from a defaulting borrower who is a registered person. Accordingly, it was recommended to delete the proviso to said sub-rule and convert it into a new sub-rule.	• To delete proviso to sub-rule 5 of rule 32 • To insert sub-rule (5A) in rule 32 (similar to proviso to sub-rule 5 of rule 32) as below: **"32(5A)** ~~Provided that~~ ~~the~~ The purchase value of goods repossessed from a defaulting borrower~~, who is not registered,~~ for the purpose of recovery of a loan or debt shall be deemed to be the purchase price of such goods by the defaulting borrower reduced by five percentage points for every quarter or part thereof, between the date of purchase and the date of disposal by the person making such repossession."

6.	It was observed that there was no mechanism for an ISD to receive and pay tax on services under reverse charge, except for taking a normal registration. Even after taking a normal registration, there was no mechanism for the normally registered entity to transfer credit, in respect of such common services received under reverse charge, to the ISD. It is felt, therefore, that a provision for generating a special invoice needs to be provided for normally registered persons to allow passing of such credit to ISD for further distribution.	To insert sub-rule (1A) in rule 54 as below: **"54(1A)(a)** A registered person, having the same PAN and State code as an Input Service Distributor, may issue an invoice or, as the case may be, a credit/debit note to transfer the credit of common input services to the Input Service Distributor, which shall contain the following details: i. name, address and Goods and Services Tax Identification Number of the registered person having the same PAN and same State code as the Input Service Distributor; ii. a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters hyphen or dash and slash symbolised as, "-", "/" respectively, and any combination thereof, unique for a financial year; iii. date of its issue; iv. Goods and Services Tax Identification Number of supplier of common service and original invoice number whose credit is sought to be transferred to the Input Service Distributor; v. name, address and Goods and Services Tax Identification Number of the Input Service Distributor; vi. taxable value, rate and amount of the credit to be transferred; and vii. signature or digital signature of the registered person or his authorised representative. **(b)** The taxable value in the invoice issued under clause (a) shall be the same as the value of the common services."

7.	It was proposed that for the conveyances which were not required to carry an e-way Bill till the said rules come into force, an invoice / bill of supply would be the prescribed document required to be carried by the person-in-charge of the conveyance.	To insert a new Rule 55A- **"55A Tax Invoice or bill of supply to accompany transport of goods**-. The person-in-charge of the conveyance shall carry a copy of the tax invoice or the bill of supply issued in accordance with the provisions of rule 47 or, as the case be, rule 49, in a case where such person is not required to carry an e-way bill under these rules."
8.	Changes in rule 89: Rule 89(4A) and 89(4B), as amended vide notification No. 75/2017-Central tax dated 29.12.2017 (wef 23.10.2017), dealing with refund on export of goods and services is sought to be further amended as follows: (a) To correct typographical errors in rule 89(4A). (b) Reference to notification No. 78/2017-Customs dated 13th October, 2017 or notification No. 79/2017-Customs Tax dated 13th October, 2017" is sought to be made in rule 89(4B).	To replace sub-rules (4A) and (4B) of rule 89 w.e.f. 23.10.2017 as follows: (i) "**(4A)** In the case of supplies received on which the supplier has availed the benefit of the Government of India, Ministry of Finance, notification No. 48/2017-Central Tax dated 18.10.2017 published in the Gazette *vide* number G.S.R 1305 (E), refund of input tax credit, availed in respect of other inputs or input services used in making zero-rated supply of goods or services or both, shall be granted." (ii) "**(4B)** In the case of supplies received on which the supplier has availed the benefit of notification No. 40/2017-Central Tax (Rate) dated 23.10.2017 published in the Gazette *vide* number G.S.R 1320 (E) or notification No. 41/2017-Integrated Tax (Rate) dated 23.10.2017 published in the Gazette *vide* number G.S.R 1321(E) or notification No. 78/2017-Customs dated 13.10.2017 published in the Gazette *vide* number G.S.R 1272(E) or notification No. 79/2017-Customs Tax dated 13.10. 2017 published in the Gazette *vide* number G.S.R 1299(E), or ~~both~~ all of them, refund of input tax credit, availed in respect of inputs received under the said notifications for export of goods and the input tax credit availed in respect of other inputs or input services to the extent used in making such export of goods, shall be granted."

9.	Changes in rule 96: Rule 96, as amended vide notification No. 75/2017-Central tax dated 29.12.2017 (wef 23.10.2017), dealing with refund of integrated tax paid on export of goods and services is sought to be further amended as follows: (a) insert a new sub-rule (3A) to provide that the application for refund of integrated tax paid on the services exported out of India shall be filed in **FORM GST RFD-01** and the same shall be dealt with in accordance with rule 89. (b) Further, in sub-rule (3), after the words "system designated by Customs", the words "or the proper officer of Customs" may be added to deal with the cases of mismatches. (c) Reference to notification No. 78/2017-Customs dated 13th October, 2017 or notification No. 79/2017-Customs Tax dated 13th October, 2017" is sought to be made in rule 96(9). (d) Further, it is proposed to insert the word "goods" in sub-rules (1), (2) and (3) of rule 96.	To make the following amendments in rule 96 w.e.f. 23.10.2017: (i) To insert the words " of goods" after the words "an exporter" in sub-rule (1) of rule 96; (ii) To insert the words " in respect of export of goods" after the words "export invoices" in sub-rule (2) of rule 96; (iii) To insert the words " in respect of export of goods" after the words "claim for refund" in sub-rule (3) of rule 96; (iv) To insert the words "or the proper officer of Customs, as the case may be" in sub rule (3) of Rule 96 after the words "the system designated by the Customs". (v) To insert sub rule (3A) after sub rule 3 of Rule 96, wef 23.10.2017, as below: "(3A) The application for refund of integrated tax paid on the services exported out of India shall be filed in **FORM GST RFD-01** and shall be dealt with in accordance with the provisions of rule 89." (vi) To replace sub-rule (9) of rule 96, w.e.f. 23.10.2017, as follows: "(9) The persons claiming refund of integrated tax paid on exports of goods or services should not have received supplies on which the supplier has availed the benefit of the Government of India, Ministry of Finance, notification No. 48/2017-Central Tax dated 18.10.2017 published in the Gazette *vide* number G.S.R 1305 (E) or notification No. 40/2017-Central Tax (Rate) dated 23.10.2017 published in the Gazette *vide* number G.S.R 1320 (E) or notification No. 41/2017-Integrated Tax (Rate) dated 23.10.2017 published in the Gazette *vide* number G.S.R 1321 (E) or notification No. 78/2017-Customs dated 13.10.2017 published in the Gazette *vide* number G.S.R 1272(E) or notification No. 79/2017-Customs Tax dated 13.10. 2017 published in the Gazette *vide* number G.S.R 1299 (E)."

10.	Numerous amendments to the e-way bill rules viz., Rules 138, 138A and 138B; and **FORM GST EWB-01, FORM GST EWB-02, FORM GST EWB-02** and **GST INV-01.**	Proposed amendments in e-way bill rules and FORMS, with changes highlighted in track change mode is placed as **Annexure A**.
11.	Statements 2, 3 and 4 as contained in **FORM GST RFD-01** should also be inserted in **FORM GST RFD-01A** in order to capture the details of documents required for processing the refund claims on account of export of services on payment of integrated tax, export without payment of tax and supplies made to SEZ unit or SEZ Developer (on payment of tax)	Statements 2, 3 and 4 to be inserted in **FORM GST RFD-01A** is placed in **Annexure B.**

2. Approval of the GST Council is sought to carry out the above detailed amendments in the CGST Rules, 2017. *Pari materia* changes would be required to be carried out in the respective SGST Rules and UTGST Rules as well.

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ANNEXURE A

CHAPTER XVI

E-WAY RULES

138. Information to be furnished prior to commencement of movement of goods and generation of e-way bill.-(1) Every registered person who causes movement of goods of consignment value exceeding fifty thousand rupees—

(i) in relation to a supply; or

(ii) for reasons other than supply; or

(iii) due to inward supply from an unregistered person,

shall, before commencement of such movement, furnish information relating to the said goods as specified in **Part A** of **FORM GST EWB-01**, electronically, on the common portal along with such other information as may be required at the common portal and a unique number will be generated on the said portal:-

Provided that where goods are sent by a principal located in one State to a job worker located in any other State, the e-way bill shall be generated by the principal irrespective of the value of the consignment:

Provided further that where handicraft goods are transported from one State to another by a person who has been exempted from the requirement of obtaining registration under clauses (i) and (ii) of section 24, the e-way bill shall be generated by the said person irrespective of the value of the consignment.

Explanation 1. – For the purposes of this rule, the expression "handicraft goods" has the meaning as assigned to it in the Government of India, Ministry of Finance, notification No.32/2017-Central Tax dated 15.09.2017 published in the Gazette vide number G.S.R 1158 (E) as amended from time to time.

Explanation 2.- For the purposes of this rule, the consignment value of goods shall be the value, determined in accordance with the provisions of section 15, declared in an invoice, a bill of supply or a delivery challan, as the case may be, issued in respect of the said consignment and also includes the central tax, State or Union territory tax, integrated tax and cess charged, if any, in the document.

(2) Where the goods are transported by the registered person as a consignor or the recipient of supply as the consignee, whether in his own conveyance or a hired one or by railways or by air or by vessel, the said person or the recipient may generate the e-way bill in **FORM GST EWB-01** electronically on the common portal after furnishing information in **Part B** of **FORM GST EWB-01**-:

Provided that where the goods are transported by railways or by air or vessel, the e-way bill shall be generated by the registered person, being the supplier or the recipient, who shall furnish, on the common portal, the-

(a) -information in **Part B** of **FORM GST EWB-01,** and-

(a)(b) the serial number and date of the Railway Receipt or the Air Consignment Note or Bill of Lading, as the case may be.

(3) Where the e-way bill is not generated under sub-rule (2) and the goods are handed over to a transporter for transportation by road, the registered person shall furnish the information relating to the transporter ~~in **Part B** of **FORM GST EWB-01**~~ on the common portal and the e-way bill shall be

generated by the transporter on the said portal on the basis of the information furnished by the registered person in **Part A** of **FORM GST EWB-01**:

Provided that the registered person or, as the case may be, the transporter may, at his option, generate and carry the e-way bill even if the value of the consignment is less than fifty thousand rupees:

Provided further that where the movement is caused by an unregistered person either in his own conveyance or a hired one or through a transporter, he or the transporter may, at their option, generate the e-way bill in **FORM GST EWB-01** on the common portal in the manner specified in this rule:

Provided also that where the goods are transported for a distance of less than ten kilometres within the State or Union territory from the place of business of the consignor to the place of business of the transporter for further transportation, the supplier or the recipient, or as the case maybe, the transporter may not furnish the details of conveyance in **Part B** of **FORM GST EWB-01.**

Explanation 1. – For the purposes of this sub-rule, where the goods are supplied by an unregistered supplier to a recipient who is registered, the movement shall be said to be caused by such recipient if the recipient is known at the time of commencement of the movement of goods.

Explanation 2.-~~The information in **Part A** of **FORM GST EWB-01** shall be furnished by the consignor or the recipient of the supply as consignee where the goods are transported by railways or by air or by vessel~~. The e-way bill shall not be valid for movement of goods by road unless the information in Part-B of FORM GST EWB-01 has been furnished except in the case of movements covered under the third proviso to sub-rule (3) and the proviso to sub-rule (5).

(4) Upon generation of the e-way bill on the common portal, a unique e-way bill number (EBN) shall be made available to the supplier, the recipient and the transporter on the common portal.

(5) Where the goods are transferred from one conveyance to another, the consignor or the recipient, who has provided information in **Part- A** of the **FORM GST EWB-01**, or the~~Any~~ transporter ~~transferring goods from one conveyance to another in the course of transit~~ shall, before such transfer and further movement of goods, update the details of conveyance in the e-way bill on the common portal in **FORM GST EWB-01**:

Provided that where the goods are transported for a distance of less than ten kilometres within the State or Union territory from the place of business of the transporter finally to the place of business of the consignee, the details of conveyance may not be updated in the e-way bill.

(5A) The consignor or the recipient, who has furnished the information in **Part-A** of **FORM GST EWB-01**, or the transporter, may assign the e-way bill number to another registered or enrolled transporter for updating the information in **Part-B** of **FORM GST EWB-01** for further movement of consignment:

Provided that once the details of the conveyance have been updated by the transporter in **Part B** of **FORM GST EWB-01**, the consignor or recipient, as the case maybe, who has furnished the information in **Part-A** of **FORM GST EWB-01** shall not be allowed to assign the e-way bill number to another transporter.

(6) After e-way bill has been generated in accordance with the provisions of sub-rule (1), where multiple consignments are intended to be transported in one conveyance, the transporter may indicate the serial number of e-way bills generated in respect of each such consignment electronically on the common portal and a consolidated e-way bill in **FORM GST EWB-02**maybe generated by him on the said common portal prior to the movement of goods.

(7) Where the consignor or the consignee has not generated **FORM GST EWB-01** in accordance with the provisions of sub-rule (1) and the value of goods carried in the conveyance is more than fifty

thousand rupees, the transporter shall generate **FORM GSTEWB-01** on the basis of invoice or bill of supply or delivery challan, as the case may be, and may also generate a consolidated e-way bill in **FORM GST EWB-02** on the common portal prior to the movement of goods:-

Provided that where the goods to be transported are supplied through an e-commerce operator, the information in **Part A** of **FORM GST EWB-01** may be furnished by such e-commerce operator.

(8) The information furnished in **Part A** of **FORM GST EWB-01** shall be made available to the registered supplier on the common portal who may utilize the same for furnishing details in **FORM GSTR-1**:

Provided that when the information has been furnished by an unregistered supplier or an unregistered recipient in **FORM GST EWB-01**, he shall be informed electronically, if the mobile number or the e-mail is available.

(9) Where an e-way bill has been generated under this rule**,** but goods are either not transported or are not transported as per the details furnished in the e-way bill, the e-way bill may be cancelled electronically on the common portal**,** either directly or through a Facilitation Centre notified by the Commissioner, within 24 hours of generation of the e-way bill:

Provided that an e-way bill cannot be cancelled if it has been verified in transit in accordance with the provisions of rule 138B:-

Provided further the unique number generated under sub-rule (1) shall be valid for 72 hours for updation of **Part B** of **FORM GST EWB-01.**

(10) An e-way bill or a consolidated e-way bill generated under this rule shall be valid for the period as mentioned in column (3) of the Table below from the relevant date, for the distance, within the country, the goods have to be transported, as mentioned in column (2) of the said Table:

Table

Sr. no.	**Distance**	**Validity period**
(1)	**(2)**	**(3)**
1.	Upto 100 km	One day
2.	For every 100 km or part thereof thereafter	One additional day

Provided that the Commissioner may, by notification, extend the validity period of e-way bill for certain categories of goods as may be specified therein:

Provided further that where, under circumstances of an exceptional nature, the goods cannot be transported within the validity period of the e-way bill, the transporter may generate another e-way bill after updating the details in **Part B** of **FORM GST EWB-01**.

Explanation. —For the purposes of this rule, the "relevant date" shall mean the date on which the e-way bill has been generated and the period of validity shall be counted from the time at which the e-way bill has been generated and each day shall be counted as twenty-four hours.

(11) The details of e-way bill generated under sub-rule (1) shall be made available to the-

(a) supplier, if registered, where the information in **Part A** of **FORM GST EWB-01** has been furnished by the recipient or the transporter, or

(b) recipient, if registered, where the information in **Part A** of **FORM GST EWB-01**has been furnished by the supplier or the transporter,

~~recipient, if registered,~~ on the common portal, and the supplier or the recipient, as the case maybe, ~~who~~ shall communicate his acceptance or rejection of the consignment covered by the e-way bill.

(12) Where the person to whom the information specified ~~recipient referred to~~ in sub-rule (11) has been made available does not communicate his acceptance or rejection within seventy two hours of the details being made available to him on the common portal, it shall be deemed that he has accepted the said details.

(13) The e-way bill generated under this rule or under rule 138 of the Goods and Services Tax Rules of any State shall be valid in every State and Union territory.

(14) Notwithstanding anything contained in this rule, no e-way bill is required to be generated—

(a) where the goods being transported are specified in Annexure;

(b) where the goods are being transported by a non-motorised conveyance;

(c) where the goods are being transported from the port, airport, aircargo complex and land customs station to an inland container depot or a container freight station for clearance by Customs; ~~and~~

(d) in respect of movement of goods within such areas as are notified under clause (d) of sub-rule (14) of rule 138 of the Goods and Services Tax Rules of the concerned State;~~.; and~~

(e) where the goods, other than de-oiled cake, being transported are specified in the Schedule appended to notification No. 2/2017- Central tax (Rate) dated 28.06.2017 published in the Gazette vide number G.S.R 674 (E) as amended from time to time;~~.~~

(f) where the goods being transported are alcoholic liquor for human consumption, petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas or aviation turbine fuel; and

(g) where the goods being transported are treated as no supply under Schedule III of the Act.~~.~~

Explanation. - The facility of generation and cancellation of e-way bill may also be made available through SMS.

ANNEXURE

[(See rule 138 (14)]

S. No.	~~**Chapter or Heading or Sub-heading or Tariff item**~~	**Description of Goods**
(1)	~~**(2)**~~	**(3)**

~~Entry no. 1-146 omitted~~		
1.		Liquefied petroleum gas for supply to household and non domestic exempted category (NDEC) customers
2.		Kerosene oil sold under PDS
3.		Postal baggage transported by Department of Posts
4.		Natural or cultured pearls and precious or semi-precious stones; precious metals and metals clad with precious metal (Chapter 71)
5.		Jewellery, goldsmiths' and silversmiths' wares and other articles (Chapter 71)
6.		Currency
7.		Used personal and household effects
8.		Coral, unworked (0508) and worked coral (9601);

138A.Documents and devices to be carried by a person-in-charge of a conveyance. -(1) The person in charge of a conveyance shall carry—

(a) the invoice or bill of supply or delivery challan, as the case may be; and

(b) a copy of the e-way bill or the e-way bill number, either physically or mapped to a Radio Frequency Identification Device embedded on to the conveyance in such manner as may be notified by the Commissioner.

(2) A registered person may obtain an Invoice Reference Number from the common portal by uploading, on the said portal, a tax invoice issued by him in **FORM GST INV-1** and produce the same for verification by the proper officer in lieu of the tax invoice and such number shall be valid for a period of thirty days from the date of uploading.

(3) Where the registered person uploads the invoice under sub-rule (2), the information in Part A of **FORM GST EWB-01** shall be auto-populated by the common portal on the basis of the information furnished in **FORM GST INV-1**.

(4) The Commissioner may, by notification, require a class of transporters to obtain a unique Radio Frequency Identification Device and get the said device embedded on to the conveyance and map the e-way bill to the Radio Frequency Identification Device prior to the movement of goods.

(5) Notwithstanding anything contained in clause (b) of sub-rule (1), where circumstances so warrant, the Commissioner may, by notification, require the person-in-charge of the conveyance to carry the following documents instead of the e-way bill-

(a) tax invoice or bill of supply or bill of entry; or

(b) a delivery challan**,** where the goods are transported for reasons other than by way of supply.

138B. Verification of documents and conveyances. -(1) The Commissioner or an officer empowered by him in this behalf may authorise the proper officer to intercept any conveyance to verify the e-way bill or the e-way bill number in physical form for all inter-State and intra-State movement of goods.

(2) The Commissioner shall get Radio Frequency Identification Device readers installed at places where the verification of movement of goods is required to be carried out and verification of movement of vehicles shall be done through such device readers where the e-way bill has been mapped with the said device.

(3) The physical verification of conveyances shall be carried out by the proper officer as authorised by the Commissioner or an officer empowered by him in this behalf:

Provided that on receipt of specific information on evasion of tax, physical verification of a specific conveyance can also be carried out by any other officer after obtaining necessary approval of the Commissioner or an officer authorised by him in this behalf.

138C. Inspection and verification of goods. -(1) A summary report of every inspection of goods in transit shall be recorded online by the proper officer in **Part A** of **FORM GST EWB-03** within twenty four hours of inspection and the final report in **Part B** of **FORM GST EWB-03** shall be recorded within three days of such inspection.

(2) Where the physical verification of goods being transported on any conveyance has been done during transit at one place within the State or in any other State, no further physical verification of the said conveyance shall be carried out again in the State, unless a specific information relating to evasion of tax is made available subsequently.

138D. Facility for uploading information regarding detention of vehicle. -Where a vehicle has been intercepted and detained for a period exceeding thirty minutes, the transporter may upload the said information in FORM GST EWB-04 on the common portal.

FORM GST EWB-01

(See rule 138)

E-Way Bill

E-Way Bill No. :

E-Way Bill date :

Generator :

Valid from :

Valid until :

PART-A		
A.1	GSTIN of Supplier	
A.2	GSTIN of Recipient	
A.3	Place of Delivery	
A.4	Document Number	
A.5	Document Date	
A.6	Value of Goods	
A.7	HSN Code	
A.8	Reason for Transportation	
PART-B		
B.1	Vehicle Number for Road	
B.2	Transport Document Number	

Notes:

1. HSN Code in column A.6 shall be indicated at minimum two-digit level for taxpayers having annual turnover upto five crore rupees in the preceding financial year and at four-digit level for taxpayers having annual turnover above five crore rupees in the preceding financial year.

~~1.~~2. Document Name may be Tax Invoice, Bill of Supply, Delivery Challan or Bill of Entry.

~~2.~~3. Transport Document number indicates Goods Receipt Number or Railway Receipt Number or Airway Bill Number or Bill of Lading Number.

~~3.~~4. Place of Delivery shall indicate the PIN Code of place of delivery.

~~4.~~5. Reason for Transportation shall be chosen from one of the following:

Code	Description
	Supply
	Export or Import
	Job Work
	SKD or CKD
	Recipient not known
	Line Sales
	Sales Return
	Exhibition or fairs
	For own use
0	Others

~~5.~~6.

~~5. The details of bill of entry shall be entered in place of invoice where the consignment pertains to an import.~~

FORM GST EWB-02

(See rule 138)

Consolidated E-Way Bill

Consolidated E-Way Bill No. :

Consolidated E-Way Bill Date :

Generator :

Vehicle Number :

Number of E-Way Bills	
E-Way Bill Number	

FORM GST EWB-03

(See rule138C)

Verification Report

Part A	
Name of the Officer	
Place of inspection	
Time of inspection	
Vehicle Number	
E-Way Bill Number	
Invoice or Challan or Bill Date	
Invoice or Challan or Bill Number	
Name of person in-charge of vehicle	
Description of goods	
Declared quantity of goods	
Declared value of goods	
Brief description of the discrepancy	
Whether goods were detained?	
If not, date and time of release of vehicle	
Part B	
Actual quantity of goods	
Actual value of the Goods	

Tax payable	
Integrated tax	
Central tax	
State or Union territory tax	
Cess	
Penalty payable	
Integrated tax	
Central tax	
State or Union territory tax	
Cess	
Details of Notice	
Date	
Number	
Summary of findings	

FORM GST INV – 1

(See rule 138A)

Generation of Invoice Reference Number

IRN:		**Date:**	

Details of Supplier		
GSTIN		
Legal Name		
Trade name, if any		
Address		
Serial No. of Invoice		
Date of Invoice		
	Details of Recipient (Billed to)	**Details of Consignee (Shipped to)**
GSTIN or UIN, if available		
Name		
Address		
State (name and code)		

Type of supply –

	B to B supply		
	B to C supply		
	Attracts Reverse Charge		
	Attracts TCS	GSTIN of operator	
	Attracts TDS	GSTIN of TDS Authority	
	Export		
	Supplies made to SEZ		

	Deemed export

Sr. No.	Description of Goods	HSN	Qty.	Unit	Price (per unit)	Total value	Discount, if any	Taxable value	Central tax		State or Union territory tax		Integrated tax		Cess	
									Rate	Amt.	Rate	Amt.	Rate	Amt.	Rate	Amt.
	Freight															
	Insurance															
	Packing and Forwarding Charges etc.															
Total																
Total Invoice Value (In figure)																
Total Invoice Value (In Words)																

Designation or Status
Signature

Name of the Signatory”

ANNEXURE B

Statement- 2 [rule 89(2)(c)]

Refund Type: Exports of services with payment of tax

(Amount in Rs.)

Sr. No.	Invoice details			Integrated tax		Cess	BRC/ FIRC		Integrated tax and cess involved in debit note, if any	Integrated tax and cess involved in credit note, if any	Net Integrated tax and cess (6+7+10 - 11)
	No.	Date	Value	Taxable value	Amt.		No.	Date			
1	2	3	4	5	6	7	8	9	10	11	12

Statement- 3 [rule 89(2)(b) and 89(2)(c)]

Refund Type: Export without payment of tax (accumulated ITC)

(Amount in Rs.)

Sr. No.	Invoice details			Goods/ Services (G/S)	Shipping bill/ Bill of export			EGM Details		BRC/ FIRC	
	No.	Date	Value		Port code	No.	Date	Ref No.	Date	No.	Date
1	2	3	4	5	6	7	8	9	10	11	12

Statement-4 [rule 89(2)(d) and 89(2)(e)]

Refund Type: On account of supplies made to SEZ unit or SEZ Developer (on payment of tax)

(Amount in Rs.)

GSTIN of recipient	Invoice details			Shipping bill/ Bill of export/ Endorsed invoice by SEZ		Integrated Tax		Cess	Integrated tax and cess involved in debit note, if any	Integrated tax and cess involved in credit note, if any	Net Integrated tax and cess (8+9+10–11)
	No.	Date	Value	No.	Date	Taxable Value	Amt.				
1	2	3	4	5	6	7	8	9	10	11	12

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Agenda Item 7(ii): Reduction of late fee in case of delayed filing of FORM GSTR-1, GSTR-5, GSTR-5A and GSTR-6

The Law Committee, in its meeting held on 04 and 05 January, 2018, has recommended that the late fee payable by any registered person for failure to furnish the details of outward supplies in **FORM GSTR-1,** to furnish the return in **FORM GSTR-5 and GSTR-5A** by non-resident taxable person and by supplier of OIDAR services respectively, be reduced and made on par with the late fee payable in case of delayed filing of the return in **FORM GSTR-3B** in terms of notification No. 64/2017-Central Tax dated 15.11.2017 and the return in **FORM GSTR-4** prescribed vide notification No. 73/2017-Central Tax dated 29.12.2017.

2. Accordingly, it is proposed to reduce the late fee to fifty rupees per day (twenty five rupees per day under the CGST Act, 2017 and twenty five rupees per day under the respective SGST Act) while in case the amount of central tax payable is nil, the late fee may be reduced to twenty rupees per day (ten rupees per day under the CGST Act and ten rupees per day under the respective SGST Act) during the period the failure continues in case of return in **FORM GSTR-5** and **GSTR-5A**. In case of **FORM GSTR-1**, it is proposed to reduce the late fee to fifty rupees per day (twenty five rupees per day under the CGST Act, 2017 and twenty five rupees per day under the respective SGST Act) while in case there are no outward supplies in any month/quarter, the late fee may be reduced to twenty rupees per day (ten rupees per day under the CGST Act and ten rupees per day under the respective SGST Act) during the period the failure continues.

3. It is also proposed that the late fee payable for delayed filing of the return in **FORM GSTR-6** by Input Service Distributor be reduced to fifty rupees per day (twenty five rupees per day under the CGST Act, 2017 and twenty five rupees per day under the respective SGST Act).

4. *Pari materia* reduction would be required under the SGST / UTGST Acts except for the return in **FORM GSTR-5A**.

5. The GST Council may approve the reduction of late fee in filing the return in **FORM GSTR-5, GSTR-5A and GSTR-6** and the details of outward supplies in **FORM GSTR-1** as detailed in para 2 and 3 above.

*****

Agenda Item 7(iii): Extension of date for filing the return in FORM GSTR-6

On the basis of the request received from GSTN, the Law Committee in its meetings held on 4 and 5 January, 2018 recommended extending the due date for filing the return in **FORM GSTR-6** by an Input Service Distributor for the months of July, 2017 to February, 2018 till 31 March, 2018 as the offline utility can be provided by GSTN only by 31 January, 2018.

2. Whereas, the date for filing **FORM GSTR-6** for the month of July, 2017 was extended till 31 December, 2017 vide notification No. 62/2017-Central Tax dated 15.11.2017 while the due dates for the remaining months is yet to be notified.

3. Accordingly, the GST Council may approve extending the due date for filing the return in **FORM GSTR-6** by an Input Service Distributor for the months of July, 2017 to February, 2018 till 31 March, 2018.

*****

Agenda Item 7(iv): Amending notification No. 4/2017-Central Tax dated 19.06.2017 for notifying e-way bill website

Whereas, notification No. 4/2017-Central Tax dated 19.06.2017 notifies www.gst.gov.in as the Common Goods and Services Tax Electronic Portal for facilitating registration, payment of tax, furnishing of returns, computation and settlement of integrated tax and electronic way bill.

2. However, since NIC has developed the online module for e-way bills which shall come into force on a trial basis w.e.f 16.01.2018 and on compulsory basis w.e.f. 01.02.2018, it is proposed to amend the said notification and notify www.ewaybillgst.gov.in as the Common Goods and Services Tax Electronic Portal for furnishing the electronic way bill.

3. Accordingly, the GST Council may approve the amendment to notification No. 4/2017-Central Tax dated 19.06.2017 as detailed in para 2 above.

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Agenda Item 7(v): Amending notification No. 39/2017-Central Tax and notification No. 11/2017-Integrated Tax both dated 13.10.2017

In light of the changes made in rule 96 of the CGST Rules, 2017 vide notification No. 75/2017-Central Tax dated 29.12.2017 by which the heading of the said rule was amended so as to include the refund of integrated tax paid on export of services as well and further proposed amendment for bringing in a new sub-rule (3A) for the refund of integrated tax paid on export of services, it is proposed to amend notification No. 39/2017-Central Tax and notification No. 11/2017-Integrated Tax both dated 13.10.2017 which cross empower the State tax officers for processing and grant of refund. The said notifications specify that the officers appointed under the respective State Goods and Services Tax Act, 2017 or the Union Territory Goods and Service Tax Act, 2017 who are authorized to be the proper officers for the purposes of section 54 or section 55 of the said Acts by the Commissioner of the said Acts, shall act as proper officers for the purpose of sanction of refund under section 54 or section 55 of the CGST Act read with the rules made thereunder except rule 96 of the Central Goods and Services Tax Rules, 2017.

2. Since rule 96 has been amended / proposed to be further amended to include refund of integrated tax paid on export of services besides goods, it is proposed to amend notification No. 39/2017-Central Tax and notification No. 11/2017-Integrated Tax both dated 13.10.2017 by stating that the cross-empowerment shall be for the purpose of sanction of refund under section 54 or section 55 of the CGST Act read with the rules made thereunder except rule 96 but including sub-rule (3A) of the said rule of the Central Goods and Services Tax Rules, 2017.

3. The GST Council may approve amending notification No. 39/2017-Central Tax and notification No. 11/2017-Integrated Tax both dated 13.10.2017 as detailed in para 2 above.

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Agenda Item 8: Recommendations of the Committee on Handicrafts

The issue of giving concession in GST rates to handicraft items had been discussed in the GST Council meetings. In the 22nd GST Council Meeting, held on 6 October 2017 at New Delhi, certain concessions were extended to handicrafts items. In the 23rd GST Council Meeting, held on 10 November 2017 at Guwahati, there was an extensive discussion on handicraft items in the context of a proposal from the State of Karnataka for giving tax concession to specified handmade articles, when sold through certain distribution channels/self-help groups. Consequent to these discussions a Committee on Handicrafts was constituted, under the chairmanship of Chairman CBEC, with the following terms of reference

a) To evolve a definition of handicraft goods based on its way of manufacture and cultural and heritage linkages
b) To identify the goods under different HSN Codes which shall be considered as handicrafts
c) To identify specific issues of handicrafts sector and suggest possible solutions.

2. The Committee submitted its final report on 01 January, 2018. The report of the Committee on Handicrafts is at **Annexure 1**. The report elaborated the issues relating to the three terms of reference in the following manner:

(I) **To evolve a definition of handicraft goods:** The Committee, after taking into account all aspects, has recommended the definition of handicraft as follows:
"Handicrafts are goods predominantly made by hand even though some tools or machinery may also have been used in the process; such goods are graced with visual appeal in the nature of ornamentation or in-lay work or some similar work of a substantial nature; possess distinctive features, which can be aesthetic, artistic, ethnic or culturally attached and are amply different from mechanically produced goods of similar utility."

(II) **To identify the HSN codes for handicrafts:** The Committee invited suggestion from all the States. After detailed deliberations, the Committee has recommended for inclusion of a total of 40 HSN codes in the list of Handicraft as contained in Table 3 of the Report of the Committee on Handicrafts. This list also mentions certain handicrafts as recommended by the States.

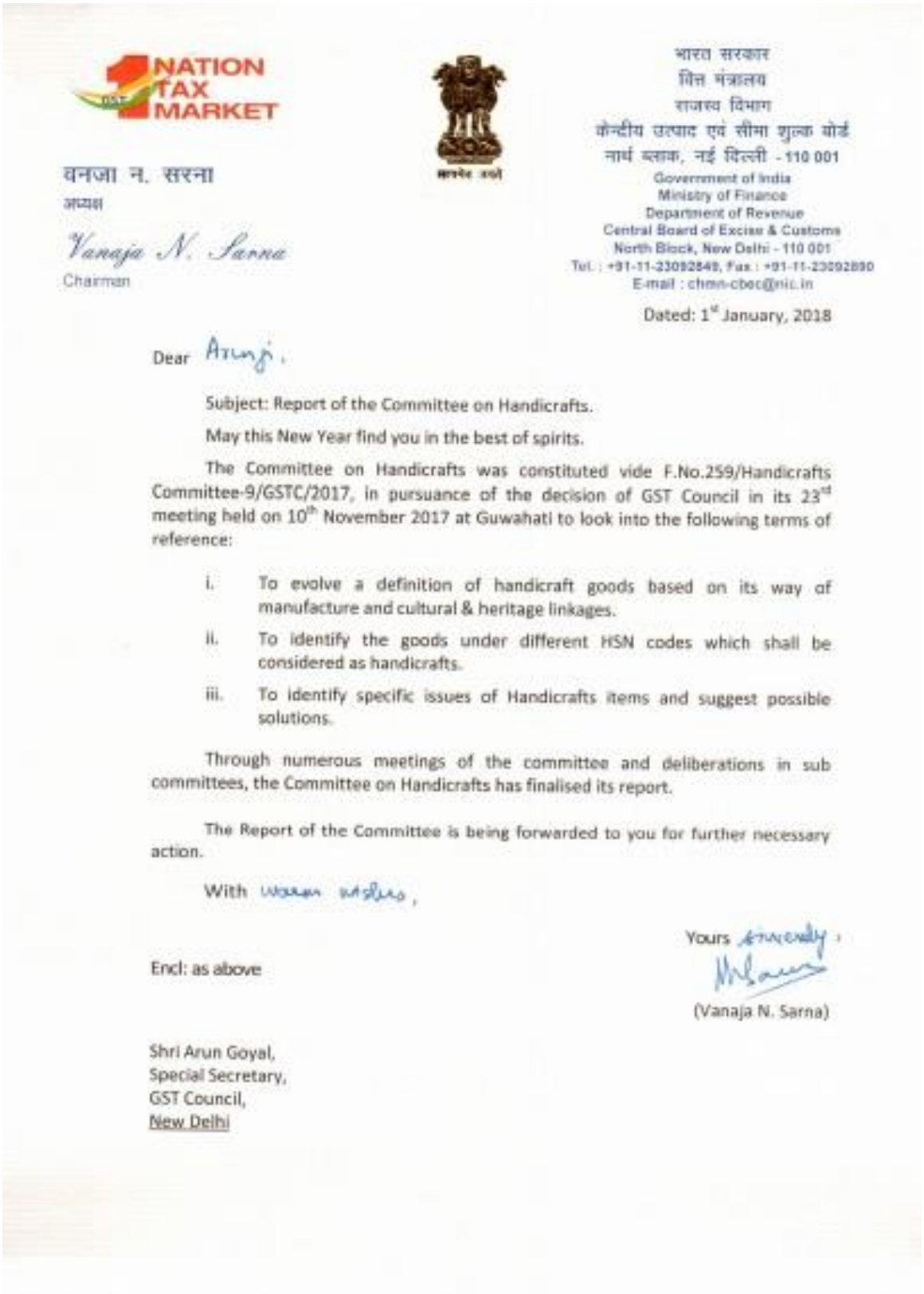
(III) **To identify specific issues of Handicraft items and suggest possible solutions**: The Committee deliberated upon various issues which are of concern to the handicrafts sector. The more prominent amongst these were issues related to the rate of GST on handicrafts, issues relating to drawback on various handicrafts exported from India, amongst others. On deliberation, it was found that other Committees have been more specifically tasked with looking into these matters. Therefore, it was thought fit that such matters be referred to the respective Committees.

3. The report and the following recommendations of the Committee on Handicrafts is placed before the GST Council for its consideration and approval:

i. Definition of 'handicrafts';
ii. List of handicrafts (along with HSN) as recommended by the Committee;
iii. Issues identified by the Committee for referring to the respective Committees.

*****

Annexure 1



वनजा न. सरना
अध्यक्ष
Vanaja N. Sarna
Chairman

भारत सरकार
वित्त मंत्रालय
राजस्व विभाग
केन्द्रीय उत्पाद एवं सीमा शुल्क बोर्ड
नार्थ ब्लाक, नई दिल्ली - 110 001
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise & Customs
North Block, New Delhi - 110 001
Tel. : +91-11-23092849, Fax : +91-11-23092890
E-mail : chmn-cbec@nic.in

Dated: 1st January, 2018

Dear Arunji,

Subject: Report of the Committee on Handicrafts.

May this New Year find you in the best of spirits.

The Committee on Handicrafts was constituted vide F.No.259/Handicrafts Committee-9/GSTC/2017, in pursuance of the decision of GST Council in its 23rd meeting held on 10th November 2017 at Guwahati to look into the following terms of reference:

i. To evolve a definition of handicraft goods based on its way of manufacture and cultural & heritage linkages.

ii. To identify the goods under different HSN codes which shall be considered as handicrafts.

iii. To identify specific issues of Handicrafts items and suggest possible solutions.

Through numerous meetings of the committee and deliberations in sub committees, the Committee on Handicrafts has finalised its report.

The Report of the Committee is being forwarded to you for further necessary action.

With warm wishes,

Yours sincerely,

Encl: as above

(Vanaja N. Sarna)

Shri Arun Goyal,
Special Secretary,
GST Council,
New Delhi



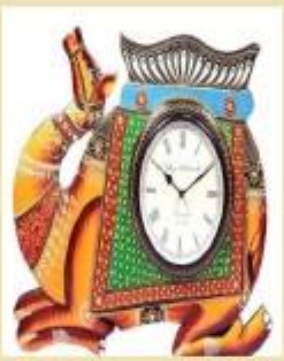




REPORT OF THE COMMITTEE ON HANDICRAFTS









December 2017

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Preface

Handicrafts, as generally understood, are unique expressions of a particular culture, tradition or community through local craftsmanship and materials. With its rich heritage and cultural diversity, India has a much diversified and decentralised handicraft sector. Handicrafts are major items of exports. It contributes significantly to employment in the unorganised household sector, thus being an important tool for inclusive growth. In the last few decades there has been tremendous growth in handicrafts. The production of handicrafts has quadrupled since the year 2001-02, from about Rs 12,000 crore to about Rs 50,000 crore. During the same period exports have grown from a modest Rs 7,000 crore to above Rs 30,000 crore.

2. Against the above background, the handicrafts sector has been an area of priority. The Central Government and the State Governments are taking several steps to promote handicrafts including through the fiscal policy route. In the pre-GST regime handicrafts were exempt from central excise duty and States had also given exemptions to handicrafts with threshold value in certain cases, e.g., handicraft items having a value Rs 1000 per item. The issue of concessions in GST rates to the handicraft and handmade sector has been debated on several occasions in the GST Council. However, it has been found challenging to define the scope of handicrafts and the coverage of concession and quantum of concession. Any concession that is exclusive for handicraft will have subjectivity requiring case to case determination of handicrafts which may give rise to increased interface between the taxpayer and the tax administration.

Discussions on handicrafts in the GST Council

The issue of giving concession in GST rates to handicrafts has been discussed in the GST Council meetings on several occasions. In all these deliberations, it was realised that classification of handicrafts, in the context of GST rates, is difficult. Handicrafts as such are not classifiable under any particular HS Code and generally get classified under different HS Codes depending on the material they are made of. For example, handicrafts made of copper get classified as articles of copper under chapter 74 and handicrafts made of wood get classified under chapter 44. Keeping in view these aspects, an agenda note with a different approach was placed before the GST Council in its 22nd meeting. In this approach it was felt that one possible way to resolve the issue of GST rates on handicrafts could be to consider general lower rate for goods which are largely made by hand and thus constitute important segments of the Indian handicraft sectors. It was felt that this approach would obviate any need to define handicraft, per-se. In this paper, all the items listed by the office of the Development Commissioner (Handicrafts) on their web-site were examined. On approval by the GST Council, the GST rates were reduced as detailed below, -

Table 1

S. No.	Description	From	To
1	Table & kitchenware etc. of wood	18%	12%
2	Paper mache articles	18%	12%
3	Statues, statuettes, figures of animals; bowls, vases, and similar other work of stone, other ornamental goods essentially of stone	28%	12%
4	Pots and jars of ceramic	18%	12%
5	Tableware, kitchenware, other article of clay, porcelain or china	18%	12%
6	Statues and other ornamental articles of clay, porcelain, china	18%	12%
7	Glass statues	18%	12%
8	Bells, gongs, statuettes photograph, picture or similar frames and other ornaments, of base metal; Metal bidriware	18%	12%
9	Worked ivory, bone, tortoise-shell, horn, antlers, coral, mother-of-pearl and other animal carving material etc	18%	12%
10	Bamboo and Cane/Rattan furniture	28/18%	18% [Now at 12%]

3.1 Further, on careful examination and keeping the view the pre and post GST incidence, no change was recommended in the rates of the following items:

Table 2

S. No.	GST rate	Suggested GST rates
1	Saddlery, harness, trunks, suitcases, vanity cases, and other cases	28% [Now at 18%]
2	Boxes, inlay work, cases, casks etc. of wood	12%
3	Carved wood products	12%
4	Wood turning and lacquer ware	12%
5	Bamboo products like bamboo/rattan mats, mattings	12%
6	Grass, leaf and reed and fibre products mats, mattings, screens, basketwork, wickerwork	5%/12%
7	handloom products	5%/12%
8	Textiles hand printing	5%/12%
9	Zari thread	5%
10	Carpet, rugs & durries	12%
11	Textiles hand embroidery	5%/12%
12	Theatre costumes	5%/12%
13	Coir mats, Coir products	5%/12%
14	Leather footwear	5%/18%
15	Jewellery	3%
16	Filigree and silver ware	3%
17	Metal table and kitchen ware	12%
18	Indigenous handmade musical instruments	Nil
19	Dolls & toys	12%
20	Handmade paintings and drawings	12%

In the 23rd meeting of the Council, the issue of giving concessions to handmade articles, when sold through certain distribution channels/self-help groups and handicrafts came up for discussion in the context of a proposal from Karnataka to exempt specified hand made goods in certain cases. The Fitment Committee had earlier examined the List provided by Karnataka but could not come to any conclusion as it was felt that any such exemptions would be wide in scope and

prone to misuse., A catena of averments were made in the meeting of the GST council relating to non-machine made/handicraft, handmade items. The Minister from Karnataka stated that in India, the capacity of formal sector of the economy to generate jobs was limited and a lot of jobs were created in the informal sector. He added that many families depended on handicrafts and handmade items and exempting these goods would give a tremendous boost to the livelihood support of a large number of people. He observed that even if handmade goods did not have separate HS classification, they should not be denied tax exemption as this would help a large number of families across the country. The suggestions of the Minister of Karnataka were supported by the Minister from Kerala. He gave the example of glazed pots which were taxable which were an important handicraft item and should have been exempted. He also suggested to exempt from tax goods like handmade tampons, sanitary napkins and diapers. The issue was further raised by the Minister from Jammu & Kashmir, who stated that tax on handicrafts was connected to the issue of culture and heritage and suggested that a Group could be created to look into the definitional issues connected with handicrafts. The Deputy Chief Minister of Delhi supported the proposal to constitute a Committee to examine the issue of goods related to culture and heritage, livelihood and jobs. The Minister from Assam supported the examination of such goods in an institutional way. The Chief Minister of Puducherry observed that handloom and handicraft sectors were labour intensive. He stated that the argument that it was not possible to distinguish between handmade and machine-made goods was not a sufficient reason to brush aside the issue of prescribing a lower tax on handmade goods. He observed that a lot of families depended upon such crafts. He suggested

that this issue should be examined thoroughly to work out a solution as to how to distinguish between handmade and machine-made goods.

Consequent to these observations, it was suggested that a Committee be constituted under the chairmanship of the Chairman, CBEC, which may consist of representatives from four to five States which had a large population dependent upon handicrafts sector or where the handicrafts sector was very strong to examine the definition of handicraft goods based on its method of manufacture and cultural & heritage linkages and to look into specific issues of handicraft items and suggest possible solutions. It was suggested that some States like Jammu & Kashmir, Odisha, Tamil Nadu and some States from North-East could be made members of this Committee.

In pursuance of the above decision of the 23rd GST Council, a Committee on Handicrafts was constituted, under the chairmanship of Chairman CBEC, with the following terms of reference

a) *To evolve a definition of handicraft goods based on its way of manufacture and cultural and heritage linkages*
b) *To identify the goods under different HSN Codes which shall be considered as handicrafts*
c) *To identify specific issues of handicrafts sector and suggest possible solutions.*

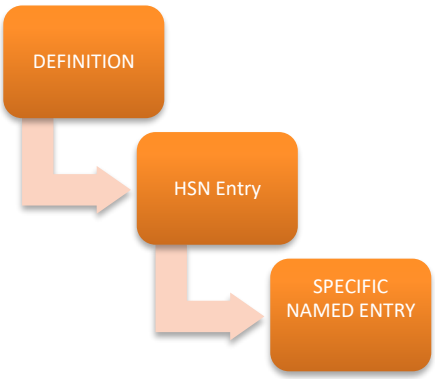
The committee, after deliberating the above issues; hereby submits the report of its findings on the 31st December, 2017.

Definition of handicrafts

Repeated attempts have been made to define handicrafts, by various national and international organizations. However, given the widespread nature of handicraft goods products, along with major crossovers of both mechanised goods into handicraft items and vice versa, it is rather difficult to define handicrafts using a single definition. Further, even if a definition is arrived at, it leaves ample scope for subjectivity. Therefore, identification or classification of handicrafts merely based on the definition for the purposes of tax, may not be feasible as any such classification would be prone to litigation.

In view of the above, the Committee, has adopted a three-pronged approach to defining handicrafts. Firstly, a definition of widespread amplitude with objective elements shall delineate handicraft goods. Further, the HSN classification shall name specific goods which such definition shall qualify, and finally, such goods which cannot be covered through the above method, shall be named specifically.

- **Diagrammatic representation of the process of identifying handicrafts**



- Further it was felt that in case of differential rates for handicrafts, the benefit could be restricted to the distribution channels consisting of

artisans, and the self-help groups, specified agencies like TRIFED, State Emporia etc

Evolving a definition of handicraft goods based on its way of manufacture and cultural and heritage linkages

The first step towards delineating handicrafts from regular goods was to define them in a manner which would distinguish them amply from regular, machine made goods lacking the essential characteristics of handicrafts, without unduly restricting the scope of such items. While most people would instantly be able to understand the term handicraft, its delineation for the purposes of precise definition has proven to be elusive. Given the attempt of both the centre and state governments to promote and encourage handicrafts, through export facilitation, market development and skill impartation, it becomes imperative that they be treated somewhat leniently for the purposes of taxation. Though the intent is clear, it has proven to be a constant problem to chalk out the contours of what handicrafts mean. Various definitions of handicrafts can be a good starting point to attempt the same. Merriam Webster dictionary defines handicrafts to be *"Articles fashioned by those engaged in manual skill"*. Cambridge dictionary defines handicrafts to mean *"A skilled activity in which something is made in a traditional way with the hands rather than being produced by machines in a factory, or an object made by such an activity"*. A further definition is provided by Collins dictionary, which defines handicrafts as "the objects that are produced by activities which involve making things with your hands in a skilful way". [These are definitions of handicraft as countable nouns as opposed to handicraft as a verb].

After taking a look at these definitions, which essentially are indicative, but insufficiently enumerated definitions, a further look may be taken of definitions which are more nuanced and descriptive. Encyclopaedia Britannica defines handicrafts to be

"handicraft is an occupation of making by hand usable products graded with visual appeal. Handicrafts encompass activities that require a broad range of skills and equipment, including needle work, lace-making, weaving, printed textiles, decoration, basketry, pottery, ornamental metal working, jewelling, leather working, wood working, glassblowing, and the making of the stained glass."

Further, UNESCO, in a highly elaborate definition, defined handicrafts as:

"Artisanal products are those which are produced by artisans, either completely by hand, or with the help of hand tools or even mechanical means, as long as the direct manual contribution of the artisan remains the most substantial component of the finished product. These are produced without restrictions in terms of quantity and using raw materials from sustainable resources. The special nature of artisanal products derives from their distinctive features, which can be utilitarian, aesthetic, artistic, creative, culturally attached, decorative, functional, traditional, religiously and socially symbolic and significant"

The Export Promotion Council of Handicrafts attempted to define handicrafts as:

"Handicrafts may be defined as items or products through skills that are manual, with or without mechanical or electrical or other processes which appeal to the eye, due to characteristics of being artistic or aesthetic or creative or ethnic or being representative of cultural or religious or social symbols or practices, whether traditional or

contemporary. These items or products may or may not have a functional utility or can be used as a decorative item or gift".

Lastly, before an attempt is made to define handicrafts for the present purpose, it would be beneficial to look at the pronouncement of the Supreme Court in the matter of *Collector of Central Excise, New Delhi* Vs *Louis Shoppe*. The question before the Court was as to whether wooden furniture by itself can be treated as "handicrafts" within the meaning of notification No. 76 of 1986-CE. The Court observed that it must be said straightaway that furniture as such does not qualify as handicrafts. It may be characterised as "handicrafts" if the following tests are satisfied:

"(1) It must be predominantly made by hand. It does not matter if some machinery is also used in the process.

(2) It must be graced with visual appeal in the nature of ornamentation or in-lay work or some similar work lending it an element of artistic improvement. Such ornamentation must be of a substantial nature and not a mere pretence."

Further, in the case of Padmini Products Vs Collector of Central Excise [1989 (43) ELT 195 (SC)], the Hon'ble Supreme Court upheld the view that it was difficult to accept that items in question (agarbatties) were handicrafts merely because some authorities [letter of Deputy Director, All India Handicrafts Board, certifying that the agarbatties were the products of the Indian Handicrafts Board, Ministry of Commerce] have chosen to treat them as handicrafts.

The present attempt at defining handicrafts is to ensure targeted relief to the handicrafts sector to make it more competitive and encourage its development. While attempting this definition, the essential elements which must guide our approach are:

i. Avoiding undue spill over of the definition to unintended goods.
ii. Ensuring as exhaustive a coverage as possible of intended goods.
iii. Reducing the possibility of subjective interpretation.
iv. Avoiding the unquantifiable/subjective elements in the definition.
v. The definition essentially be guided by the principles laid down by the Hon'ble Supreme Court in the case of Louis Shoppe for qualification of goods as handicraft.

Keeping the above guiding principles in mind, we may now look at the elements which need to be covered in the definition. The primary element which should be considered could be the extent of hand/manual work. If the primary value addition is done through manual work, only then should the items fall within the definition of handicrafts. Other than this, the use of machines must be only as an aid to the core manual activity, and it should not be the primary or distinguishing feature of the items being produced. One of the problems cited by the handicraft sector is that the tax regime does not distinguish between handmade and machine-made goods, thus putting the handmade goods at a disadvantage. This is a genuine concern. In this context it was felt that the definition should recognise this aspect that handicrafts have significant departure from similar goods produced using machines alone and the manual work should not be merely ornamental or superficial but must form the very defining feature of such goods. An important indicator of the same

could be the lack of complete uniformity of goods being produced since handicraft goods involve a significant degree of variation among a number of goods of the same type produced. Further, there should be a cultural/aesthetic/traditional appeal to such goods apart from mere utilitarian value, which may or may not be present.

As may be observed from the above, including all the above elements in a definition while attempting to keep it objective might not meet with success since many elements of handicrafts are essentially matters of degree. For instance, 'predominant use of hand' while a sufficient pointer of intent, would fall short of the precision required in a taxing statute. Therefore, a more appropriate approach would be to have a definition of less width, followed by an enumerative list which would include those items which may or may not fall within the definition. Such an approach would be meeting the above stated objectives of avoiding both the problems of over and under inclusion and proper targeting. Keeping the above objectives in mind, the following definitions were considered:

a) *"Handicrafts are goods involving production through processes wherein predominant value addition is done by manual work; involving significant elements of aesthetic/traditional/cultural value and graced with visual appeal in the form of ornamentation or in-lay or some similar work of a substantial nature, having ample variance from goods of similar utility produced mechanically."*

b) *"Handicrafts are goods predominantly made by hand even though some tools or machinery may also have been used in the process; such goods are graced with*

visual appeal in the nature of ornamentation or in-lay work or some similar work of a substantial nature and possess distinctive features, which can be aesthetic, artistic, creative, ethnic, culturally attached or decorative."

c) *"Handicrafts are goods having aesthetic/artistic/creative/ethnic/traditional/ cultural value or decorative, graced with visual appeal in the nature of ornamentation or in-lay work or some similar work of a substantial nature, where such work has been done predominantly by hand, even though some tools or machinery may also have been used in the process."*

After due consideration and deliberation, the definition which was found to be acceptable through consensus was:

"Handicrafts are goods predominantly made by hand even though some tools or machinery may also have been used in the process; such goods are graced with visual appeal in the nature of ornamentation or in-lay work or some similar work of a substantial nature; possess distinctive features, which can be aesthetic, artistic, ethnic or culturally attached and are amply different from mechanically produced goods of similar utility"

Identifying HSN Codes for handicrafts

The second term of reference for the Committee pertains to identification of handicraft items which shall be considered as handicrafts. Harmonised System of Nomenclature (HSN) is a multipurpose international product nomenclature developed by the World Customs Organization (WCO). It comprises about 5,000 commodity groups; each identified by a six-digit code, arranged in a legal and logical structure and supported by well-defined rules to achieve uniform classification.

The HSN, while a particularly useful tool for classification of almost all traded goods, presents a peculiar problem in dealing with handicrafts. Given the fact that goods, both handicraft and mechanically produced goods may have similar utility and similar trade nomenclature, make it very difficult to delineate entries which are exclusively handicraft.

Thus, the essential requirement is to find HSN entries which are either exclusively handicraft, or Handicraft in certain limited cases, or exclusive products not classified as handicrafts but named so. To arrive at the above delineations, an approach of proceeding from broad to narrow was adopted by the committee. To begin with, a list of all possible handicrafts was taken from the Development Commissioner (Handicrafts). This list was of widest possible amplitude. It was circulated to all the committee members and all the States. Their comments were sought on the entries. Comments/recommendations were received from several States. Essentially, most of the States suggested the items that merited inclusion in the Handicraft List. Besides, certain references for the

Fitment Committee covers handicrafts items. These include references from Ministry of Textiles, Handicrafts Export Promotion Council, Handicrafts Association, and exporters. After going through all the suggestions/requests, the committee undertook the task of rationalizing (and inclusion of certain items in the List) the list in view of the comments. To achieve the same, the following steps were taken:

I. Inclusions of suggestions in existing classifications

II. Addition of specific named handicrafts

After rationalizing the list thus, the following list was agreed upon and arrived at:

HSN Codes for Handicraft items

TABLE 3

S.No	**Heading**	**Item**
1	3406	Handcrafted candles
2	420222/29/3110/90 /420232/39	Handbags including pouches and purses; jewellery box
3	44140000	Wooden frames for painting, photographs, mirrors or similar objects
4	4416, 44219990	Carved wood products, art ware/decorative articles of wood (including inlay work, casks, barrel, vats)
5	4420	Statuettes & other ornaments of wood, wood marquetry & inlaid, jewellery box, wood lathe and lacquer work [*including lathe and lacquer work, ambadi sisal craft*]
6	45039090/ 450490	Art ware of cork *[including articles of sholapith]*
7	4601 and 4602	Mats, matting and screens of vegetable material, basketwork, wickerwork and other articles, of vegetable materials or other plaiting material, articles of loofah (*including of bamboo, rattan, canes and other natural fibres, dry flowers (naturally dried), articles thereof,*

		ringal, raambaan article, shola items, Kouna/chumthang (water reeds) crafts, articles of Water hyacinth, korai mat]
8	4823	Articles made of paper mache
9	5607, 5609	Coir articles
10	57	Handmade carpets and other handmade textile floor coverings *(including namda/gabba)*
11	58043000	Handmade lace
12	5805	Hand-woven tapestries
13	580810	Hand-made braids and ornamental trimming in the piece
14	5810	Embroidery in the piece, in strips/in motifs
15	6117, 6214	Handmade/hand embroidered shawls
16	64032040	Kolhapuri chappals and similar footwear [*ladhaki shoes*]
17	6404 19 90	Footwear with uppers of jute textile material
18	6802	Carved stone products (e.g., statues, statuettes, figures of animals, writing sets, ashtray, candle stand)
19	68159990	Stone art ware, stone inlay work
20	69120010/20, 69120040	Tableware and kitchenware of clay and terracotta, other clay articles
21	69139000	Statuettes and other ornamental ceramic articles *(including blue potteries)*
22	70099200	Ornamental framed mirrors
23	701810	Bangles, beads and small ware
24	70189010	Glass statues
25	70200090	Glass art ware [including pots, jars, votive, cask, cake cover, tulip bottle, vase]
26	71131110	Silver filigree work
27	7117	Handmade imitation jewellery (*including natural seeds, beads jewelry, cardamom garland*)

28	7326 90 99	Art ware of iron
29	741999	Art ware of brass, copper/copper alloys, electro plated nickel/silver
30	7616 99 90	Aluminium art ware
31	8306	Bells, gongs and like, non-electric, of base metal; statuettes, and other ornaments, of base metal; photograph, picture or similar frames, of base metal; mirrors of base metal; (*including Bidriware, Pnachloga artware, idol, Swamimalai bronze icons, dhokra jaali)*
32	92	*Dhol, damau, ransingha, jhanj, taal [for addition to the list of exempted handmade musical instruments]*
33	940150,940380	Furniture of bamboo, rattan and cane
34	940510	Handcrafted lamps *(including panchloga lamp)*
35	9503	Dolls or other toys made of wood or metal or textile material *[including wooden toys of sawantwadi, Channapatna toys, Thanjavur doll)*
36	9601	Worked articles of ivory, bone, tortoise shell, horn, antlers, coral, mother of pearl, seashell other animal carving material
37	9602	Worked vegetable or mineral carving, articles thereof, articles of wax, of stearin, of natural gums or natural resins or of modelling pastes etc, *(including articles of lac, shellac)*
38	9701	Hand paintings drawings and pastels *(incl Mysore painting, Rajasthan painting, Tanjore painting, Palm leaf painting etc)*
39	9703	Original sculptures and statuary, in metal, stone or any other material
40	Others (Misc)	Gamocha; Pasoli; Ganjifa card, (heading 9504)

The Committee, while finalising the list of handicraft items, had detailed discussions on each item and class of products. Certain items, like dresses or sarees have not been recommended for inclusion in handicraft for the reasons that these are already at concessional rate; giving further differential treatment may not be feasible; and in general, not considered as handicraft items from the policy point of view. However, as an exception, handmade/hand embroidered shawls have been recommended for inclusion as they are traditionally on different pedestal as compared to other dresses and in a majority of the cases have ingredients of handicraft. Certain items like utensils, tableware and kitchenware were not recommended as these are general utility items, and even if in certain cases they are made of hand, they would not qualify as handicraft in terms of the definition. An exception made here is for table and kitchenware of clay and terracotta because of their traditional, cultural and aesthetic value (being mostly decorative). While bamboo and cane furniture has been recommended for inclusion because of their traditional and cultural value, the Committee has not recommended other wooden furniture in the handicraft list as it was felt that any differential treatment to other furniture would lead to misuse. As such, furniture is a mass consumption item, and in most of the cases made largely by machine with only a certain work may be carried out by hand (not a pre-dominant value add). It was also felt that in general, leather bags, cases are not handicraft, however certain handbags, pouches and jewellery boxes made of other materials like textile material etc., may qualify as handicraft if they satisfy the ingredients of the definition of handicrafts.

Addendum: Other handmade goods

While the issue of defining handicrafts has been addressed *in extenso* through this committee, the issue of handmade products that do not fall in the category of handicrafts, raised by Karnataka in the first instance, would remain partially unaddressed. A large number of items in the list of handmade items provided by Karnataka are either at nil or 5%. Further a large number of items are covered in the list of handicrafts being proposed by the Committee. However, certain items like handmade butter, cheese, vegetable oils, ice-cream, food mixes, pickles, jams, sauces, biscuits, home furnishing, tanning and dyeing extracts, colours, pigments, handmade sanitary towels, tampons, sanitary napkins, clinical diapers, staple fibres, knitted or crocheted fabric, essential oils or resinoids, toilet and washing preparations, soap, paper, carton, packing material, note books, registers, envelopes, letter cards, plain postcards, umbrellas, walking sticks, article of feather, pencils, crayon, pastels attract rates of 12% or 18%. The Committee felt that as it has not been mandated to go into the rates, it would not be feasible to make any recommendation in this regard. Further the Committee felt that the list of handmade items, as provided by Karnataka, is quite wide, and it contains a whole lot of items which are also largely mechanically produced and in large quantity, yield significant revenue and are generally not distinguishable from mechanically produced goods. Therefore, any differential rate treatment for such handmade goods without adequate safeguards would be prone to misuse and would lead to litigation. However, the Committee felt that one possible way could be to treat particular handmade products that are produced and marketed exclusively by specified societies and their federations/self-help groups on a different pedestal.

Products like handmade paper, handmade envelopes, letter cards, postcards, handmade boxes, pouches and wallets, handmade agarbattis, handmade fabric, handmade bed sheets could be considered in this category.

Specific issues of handicrafts sector

The third terms of reference of the Committee is to identify specific issues of the handicrafts sector and possible solutions thereto. In this context the Committee invited inputs from all the States. No issue has been reported by any State except as regards inclusion of items in the handicraft list. Therefore, the issues identified below are as raised earlier or as received by the Central Government. The issues raised by the handicraft sector, in the context of GST, including relating to its impact on the exports of handicrafts are as follows.

a) Prior to GST, there were two All Industry Rates (AIRs) of duty drawback on exports. The higher rate rebated Customs duties, Central Excise duties and Service tax on inputs or input services used in the manufacture of export goods subject to the condition that no input credit i.e. CENVAT credit was claimed. The lower rate rebated Customs duties on inputs and Central excise duty on fuel for generation of captive power, used in the manufacture of export goods. In the post GST era, as Central Excise duties and Service Tax have got subsumed in GST, for which full input tax credit is available, only the aforesaid lower rates have been continued. The handicraft sector, such as handmade carpets manufacturer have requested to restore the integrated drawback rate in GST regime, i.e., drawback in lieu of basic customs duty and the GST on inputs to address the concern relating to working capital requirements due to delay in refund of GST to exporters. The duty drawback should be allowed as an option at two rates viz. lower rate of drawback when ITC is availed and higher rate when ITC is not availed on the same lines as was available earlier.

b) GST rate for job work in the handicrafts sector may be reduced to 5%

c) Payment of GST first and refund later has increased the working capital requirement and interest cost for exporters.

d) In GST regime, the handicraft items are taxed at higher rates.

e) Participation in B2B fairs be exempted from GST.

f) The services rendered by buying agents should be treated as export of services in GST where commission is received in foreign exchange.

g) If the exporter takes an order from an overseas buyer on CIF value, he has to pay the cost of insurance and freight.

h) The freight charges are taxable @ 18% in GST regime. As a result, CIF transactions have become costlier than FoB exports.

i) An exporter may be allowed to claim the transition credit equivalent to 40%/60%, on deemed basis even in cases where no documents of purchase are available.

j) The Commissioner has the power to waive the bank guarantee in case the exporter is registered with Export Promotion Council and submits a self-attested copy of RCMC. Self-attested copy of RCMC should be considered in lieu of bank guarantee.

k) Limited utilization of duty credit scrips for payment of BCD only has reduced its value. Usage of scrips may be allowed for payment of IGST also.

l) IGST on import of embellishments, trimmings, tools and consumable should also be exempted for the handicrafts sector.

m) If import duties are paid on the inputs used by an EOU in the products cleared in DTA, the value of such goods should be excluded for calculation of NFE.

n) Embedded GST on purchases from unregistered dealers which is not rebated under GST.

The Committee examined each of these issues. Most of the issues are general and concern various export sectors. All these issues, such as integrated drawback rates, exemption on procurement side to exporters, cash flow issues, delayed refunds, taxability of intermediaries, and export freight, etc. have been and are being examined and addressed by various other Committees and thus the Committee felt that no separate recommendation should be made by it. The issues that are of specific concern to handicrafts sector are (b), (d) and (l). These relate to GST rates for which the Committee observed that these have been examined on several occasions in the GST Council, and as stated in the first part, significant reduction in GST rates has been done in respect of certain handicraft items. A significant number of handicraft items are already at nil or lower rate of 5% (Table 1 and Table 2). However, this Committee has not been mandated to examine GST rates on handicrafts. The GST Council, if it considers appropriate, may direct the Fitment Committee to have a fresh look at the GST rates on handicrafts, taking into account the recommendation of this Committee as regards classification of handicraft items, as may be approved by the Council.

As regards the rate on job work for handicrafts, a concessional rate of 5% has been prescribed vide notification No. 32/2017- (Central Tax). The list in the said notification does not cover certain items which have now been identified by this Committee. On approval of the recommendations in the List prepared by this

Committee, the Fitment Committee may review the notification No. 32/2017-(Central Tax) appropriately.

As regards the issue of exemption from IGST on import of embellishments, trimmings, tools and consumables for the handicrafts sector, the Committee observed that this issue is already under consideration by the Export Committee.

All other issues as mentioned above, may be examined by the respective Committees for which references can be sent by this Committee to the appropriate Committee



Appendix-1

F. No.259/ Handicrafts Committee-9/GSTC/2017
GST Council Secretariat

20 November, 2017, New Delhi

OFFICE MEMORANDUM

Subject: Constitution of 'Committee on Handicrafts' to look into definition of handicraft goods in GST regime.

In pursuance of the decision of the 23rd GST Council Meeting held on 10 November 2017 at Guwahati, a 'Committee on Handicrafts' to look into GST definition of handicraft goods is hereby constituted with the following members:

i. Smt. Vanaja N. Sarna, Chairman, CBEC **(Convener)**
ii. Shri P. K. Mohanty, (Advisor (GST), CBEC0
iii. Shri Yogendra Garg, ADG (GST), CBEC
iv. Shri G. D. Lohani, OSD (TRU I)
v. Shri Ratnesh Kumar Jha, Addl. Development Commissioner (Handicrafts), Min. of Textiles
vi. Shri Anurag Goel, CCT, Assam
vii. Shri P. I. Khateeb, CCT, Jammu & Kashmir
viii. Shri M.S. Srikar, CCT, Karnataka
ix. Shri Saswat Mishra, CCT, Odisha
x. Shri Alok Gupta, CCT, Rajasthan
xi. Dr. C. Chandramouli, CCT, Tamil Nadu
xii. Dr. Brahmneet Kaur, CCT, Tripura
xiii. Shri Mukesh Kumar Meshram, CCT, Uttar Pradesh
xiv. Smt. Smaraki Mahapatra, CCT, West Bengal
xv. Shri Shashank Priya, JS, GST Council

2. The Terms of Reference of the 'Committee on Handicrafts' is:
   i. to evolve a definition of handicraft goods based on its way of manufacture and cultural & heritage linkages;
   ii. to identify the goods under different HSN Codes which shall be considered as handicrafts;
   iii. to identify specific issues of handicraft items and suggest possible solutions.

3. Convenor of the 'Committee on Handicrafts' may co-opt members from other States/CBEC, as required, in the committee as 'special invitees'.

4. Shri G. D. Lohani, OSD (TRU I), will be the Member Secretary of the 'Committee on Handicrafts'.

5. The 'Committee on Handicrafts Sector' shall complete its work and give the final recommendation to the Council by **29 December 2017**.

6. This issues with the approval of the Hon'ble Union Finance Minister and Chairperson GST Council.

(Arun Goyal) 20/11/17
Additional Secretary, GST Council

To:
1. The Members of the 'Committee on Handicrafts'.

Copy to: For Information
1. Secretary, GST Council;
2. PS to Hon'ble Union Finance Minister, Government of India, North Block, New Delhi;
3. PS to Hon'ble Minister of State (Finance), Government of India, North Block, New Delhi;
4. All States (through Nodal Officers).

Appendix-2

Agenda Note on handicrafts as considered in the 22nd Meeting of GST Council

Briefly, stated in Central Excise regime, handicrafts were exempted from the whole of the duty of excise, *vide* notification No. 76/1986-CE or notification No. 17/2011-CE. Articles of jewellery falling under heading 7113 were, however, excluded from this exemption, after imposition of excise on articles of jewellery in 2016.

2.1 However, central excise exemption for handicrafts had resulted in varying interpretation as to whether an item is a handicraft or not. Whether any particular article merits classification as 'handicraft' had been decided by the Hon'ble Supreme Court in the case of Collector of Central Excise, New Delhi Vs Louis Shoppe [12.03.1995], wherein the Hon'ble Apex Court had held that:

> *"It must be said straight away that furniture as such does not qualify as handicrafts. It may be characterised as "handicrafts" if the following tests are satisfied:*
>
> *(1) It must be **predominantly** made by hand. It does not matter if some machinery is also used in the process.*
>
> *(2) It must be graced with visual appeal in the nature of ornamentation or in lay work or some similar work lending it an element of **artistic improvement**. Such ornamentation must be of **substantial** nature and not a mere pretence.*
>
> *3. Whenever the above question arises, the authorities shall examine the matter from the above stand-point and pass orders accordingly.*
>
> *4. The above principles shall apply to all pending matters and to all matter arising hereinafter."*

2.2 Thus, an article made by hand as such **does not qualify as handicraft** and that whenever the question of treating an article by itself as handicraft arises, the authorities will have to examine whether in respect of such article work done by hand *brings out an element of **artistic improvement and such** ornamentation is of **substantial** nature and not a mere pretence*.

2.3 Further, **in the case of Padmini Products Vs Collector of Central Excise** [1989 (43) ELT 195 (SC)], the Hon'ble Supreme Court upheld the view that it was difficult to accept that items in question (*agarbatties*) were handicrafts merely because some authorities [letter of Deputy Director, All India Handicrafts Board, certifying that the agarbatties were the products of the Indian Handicrafts Board, Ministry of Commerce] have chosen to treat them as handicrafts.

2.4 Thus, central excise exemption for handicraft will always have subjectivity attached to it, requiring case to case assessment of facts, resulting in increased interface between the taxpayer and the tax administration, which would not be in synch with the proposed GST administration, which is envisaged to be a completely self-assessed tax.

2.5 In this context, it is worthwhile noting that, subsequent to imposition of excise duty on articles of jewellery in the Union Budget 2016-17, the industry did try to claim that **since most of the jewellery is made by hand it ought to be treated as handicraft and, thus, be eligible for general excise duty exemption for handicraft.** In this context, a WP was also filed before the Hon'ble Madras High Court by the Coimbatore Jewellery Manufacturers Association. It was on account of these claims that the Government had to exclude **articles of jewellery from the purview of excise duty exemption for handicraft**.

2.6 Moreover, handicrafts as such are not classifiable under any particular HS Code and generally get classified under different HS Code depending on the material they are made of. For example, handicrafts made of copper get classified as articles of copper under chapter 74 and handicrafts made of wood get classified under chapter 44. In GST some of these goods attract 28% GST.

2.7 This subjectivity involved in interpreting as to whether an article will qualify to be handicraft, resultant increased interface between tax administration and taxpayers and avoidable disputes make it equally difficult to prescribe a concessional GST rate for handicrafts per-se. However, the handicraft sector being one of the biggest employment provider wherein the sector generally having large in-house skill up gradation possibilities, there might be a justification for prescribing a somewhat general lower GST rate for items, which are largely made by hand, though without extending such a concession to handicrafts per-se.

3. In this context it is mentioned that, the website of the Development Commissioner, Handicrafts, under the Ministry of Textiles, Government of India [http://handicrafts.nic.in], lists out various categories of goods, which are also manufactured by the craftsmen across the country, apart from their mechanized production, if any. This list has been examined and categorised under different group and has been noticed that a general lower GST rate has been prescribed, on the following set of goods, irrespective of the fact whether they are handmade or machine made:

a) Textiles/Carpet/handloom/Zari threads/textile hand printing.
b) Metal table and kitchen ware (copper, brass ware)
c) Folk paintings, madhubani, patchitra, Rajasthani miniature etc.
d) Dolls & toys.

4. Therefore, one possible way to resolve the issue of GST rates on handicrafts may be to consider general lower rate for goods which are largely made by hand and thus constitute important segments of India handicraft sectors. This approach will obviate any need to define handicraft, per-se.

5. Accordingly, list of various categories handicrafts has been examined and Pre-GST, excise duty and VAT rates for these goods, present GST rates along with suggested GST rates on them are summarised as under:

S. No.	Handicraft Products.	Excise Duty rate	*VAT rate	GST rate	Suggested GST rates
1.	Leather articles (bags, purses, saddlery, harness, garments etc.) [4201, 4202, 4203]	12.5%	14.5% in general	Saddlery, harness, trunks, suitcases, vanity cases, executive cases, brief cases, binocular cases, camera cases, musical instrument cases and other similar cases, leather apparel and clothing - 28%	No change
2.	Carved wood products (boxes, inlay work, cases, casks etc.) [4415, 4416]	12.5%	5% in general	Boxes, inlay work, cases, casks etc. Of wood - 12%	No change
3.	Carved wood products (Table & kitchenware etc.) [4419]	12.5%	14.5% in general	Table & kitchenware etc. of wood - 18%	12%

4.	Carved wood products [4420]	12.5%	5%	1. Statuettes, animals, figures and other ornaments, 2. Panels of wood marquetry and inlaid wood small articles of cabinetwork (for example, caskets and jewel cases); 3. Small furnishing goods; 4. Decorative articles, coat or hat racks, clothes brush hangers, 5. Letter trays for office use, ashtrays, pen-trays and ink stands of wood - 12%	No change
5.	Wood turning and lacquer ware [4421]	12.5%	5%	1. Articles of wood manufactured by turning or by any other method, or of wood marquetry or inlaid wood – 12%	No change
6.	Bamboo products [decorative and utility items,] [46]	6%	NIL/5%	1. Goods, like bamboo/rattan mats, mattings, screens, basketwork, wickerwork - 12%	No change
7.	Grass, leaf and reed and fibre products, mats, **pouches, wallets**, [4601, 4602]	6%	5%	Grass, leaf and reed and fibre products mats, mattings, screens, basketwork, wickerwork - 12%	No change
8.	Paper mache articles [4823]	12.5%	5%/14.5 %	Paper mache articles [4823] – 18%	12%
9.	Textile (handloom products) [50, 58, 62, 63 etc.]	Nil (without ITC) / 6% (with ITC for 100% cotton) / 12.5% (with ITC for other than 100% cotton)	Nil/5%	5%/12%	No change
10.	Textiles hand printing [50, 52, 54]	Nil (without ITC) / 6% (with ITC for 100% cotton) / 12.5% (with ITC for other than 100% cotton)	5%, in general	5%/12%	No change
11.	Zari thread [5605]	12.5%	5%, in general	5%	No change

12.	Carpet, rugs & durries [57]	Nil [handmade]	Nil [handmade]	12%	No change
13.	Textiles hand embroidery [58]	Nil	5%, in general	5%/12%	No change
14.	Theatre costumes [61, 62, 63]	Nil (without ITC) / 6% (with ITC for 100% cotton) / 12.5% (with ITC for other than 100% cotton)	5%, in general	5%/12%	No change
15.	Coir products (mats, mattresses etc.) [5705, 9404]	6%	Nil	Coir mats – 5% Coir products [except coir mattresses] - 12 %	No change
16.	Leather footwear [6403, 6405]	6% [MRP levy with 30% abatement]	5% [footwear with MRP less than Rs. 500] 14.5% otherwise	18%	No change
17.	Carved stone products (statues, statuettes, figures of animals, writing sets, ashtray, candle stand etc.) [6802]	12.5%	14.5% in general	Statues, statuettes, pedestals; high or low reliefs; crosses; figures of animals; bowls, vases, cups; cachou boxes; writing-sets; ashtrays; paper weights; artificial fruit and foliage, etc.; other ornamental goods essentially of stone – 28%	12%
18.	Stones inlay work [68]	12.5%	14.5% in general	28%	12%
19.	Pottery & clay products, including terracotta [6901, 6909, 6911, 6912, 6913, 6914]	12.5%	Nil/5%	a) Earthen pot and clay lamps [6912 00 40] - Nil; b) Pots, jars and similar articles of a kind used for the conveyance or packing of goods of ceramic, 6909 – 28% c) Tableware, kitchenware, other household articles [including small accessory bathroom or sanitary fittings, such as soap dishes, sponge baskets, tooth-brush holders, towel hooks and toilet paper holders] of porcelain of china or	No change 12% [Other than earthen pot which will continue at Nil]

				ceramic 6911 or 6912 – 18%; d) Statues and other ornamental articles. [6913] – 28%	
20.	7018 90 10	12.5%	14.5%	Glass statues-18%	12%
21.	Jewellery [7113]	1% [w/o ITC] or 12.5% [with ITC]	1% in general	3%	No change
22.	Filigree and silver ware [71]	Nil	1% in general	3%	No change
23.	Metal table and kitchen ware (copper, brass ware) [7418]	12.5%	5%, in general	a) Table, kitchen or other household articles and parts thereof, of copper; pot scourers and scouring or polishing pads, gloves and the like, of copper are at 12% [7418 10]	No change
24.	Metal statues, images/statues vases, urns and crosses of the type used for decoration of metals of chapters 73 and 74 [8306]	12.5%	Nil (Earthen) /5%(wood / base metal) and 14.5% (ceramic)	a) All goods [of heading 8306] i.e Bells, gongs and the like, non-electric, of base metal; statuettes and other ornaments, of base metal; photograph, picture or similar frames, of base metal; mirrors of base metal are at 18%.	12%
25.	Metal bidriware [8306]	12.5%	5% in general	18%	12%
26.	Musical instruments [92]	12.5%	Nil for handmade indigenous instruments 5%, in general;	Nil - Indigenous handmade musical instruments; 28%, otherwise	No change
27.	Horn and bone products [96]	12.5%	5% in general	a) Worked ivory, bone, tortoise-shell, horn, antlers, coral, mother-of-pearl and other animal carving material, and articles of these materials (including articles obtained by moulding) are at 28% GST [HSN 9601]	All goods of HSN 9601 may be reduced to 12%
28.	Conch shell crafts [96]	12.5%	5% in general		12%

29.	Furniture, Bamboo, Cane/Rattan furniture [9403]	12.5%	14.5% in general	Bamboo furniture [9403] – 18% Cane/Rattan furniture - 28%	Cane/Rattan furniture 18%
30.	Dolls & toys [9503]	4.23% [embedded tax]	5% in general	12%	No change
31.	Folk paintings, madhubani, patchitra, Rajasthani miniature etc. [97]	12.5%/NIL [Depending on base material]	14.5% [wall papers in Rajasthan]	Paintings, drawings and pastels, executed entirely by hand, other than drawings of heading 4906 and other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques are at 12% GST	No change

*States are requested to check and confirm VAT rates.

5. The suggestions, as discussed in preceding paras are for consideration and approval of the GST Council.

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Appendix – 3

Inputs received from States for inclusions

Orissa

Handicraft items made of Cork/Thermocol Material.

Maharashtra

Sl. No.	ITC HS Code	Description
1	Any Chapter	Wooden toys of Sawantwadi
2		Paithani saree
3		Kolhapuri chappal
4		Mashru and Himru shawls
5		Warli paintings
6		Ganjifa card
7		Narayanpeth saree
8		Brass Musical Instrument-Taal
9		Brass Musical Instrument-Jhanj
10		Ambadi-Sisal Craft
11		Terracota pottery
12		Haath aata chakkis

Tripura

1. Tripura Silk and Cotton Saree.
2. Acrylic Materials.
3. Bamboo made gift items.

Manipur

Sl.No.	Name of the Crafts	HSN Code
1.	Artistic textile (including tribal artistic textiles)	5805
2.	Woollen Shoes	6403
3.	Kouna/chumthang (water reeds) crafts	4602
4.	Cane and bamboo crafts	4606
5.	Doll and toys	9403
6.	Pottery (terracotta)	6912
7.	Soft toys	9403
8.	Water hyacinth	7419
9.	Cocoon based jewellery	7117
10.	Jewellery	7117
11.	Hand embroidery	5805
12.	Wood carving	4420
13.	Brass and bell metal crafts	7419
14.	Dry flower	0603
15.	Hand block printing	5212

Jharkhand

Section	Classification	Description
Woodcraft	Momento	Wooden statue of Birsa Munda with Acrylic Cover.
Tribal painting	Painting	Kohber painting, Sohrai Painting, Jadupatia Painting on handmade paper, canvas silk fabric with or without wooden frame
Grassmat	Mat/ File Folder/ Bag	Handmade product made by Swai Grass
Dhokra Jali	Dhokra jali Structure	Handmade metal products other than Statue & Sculptures with or without frame
Dhokra Jewellery	Jewellery	Handmade metal Pendant, Necklace, Earing, Bangles etc.
Bamboo Jewellery	Jewellery	Handmade Bamboo Pendant, Necklace, Earing, Bangles etc.
Lac Jewellery	Jewellery	Handmade Lac Pendant, Necklace, Earing, Bangles etc.
Stone Decorative Items	Home Decorative	Handmade Stone Holder, Diya, Soap Dish, Coaster etc.
Straw Painting	Home Decorative	Handmade painting made by Straw.

Jammu and Kashmir

S.No.	Name of handicraft items	HSN Code
(A)	**EMBROIDERY**	**5810**
1	Staple Embroidery	
2	Sozni Embroidery	
3	Leather Embroidery	
4	Phulkari	
5	Chain Stich	
6	Kani Shawl Embroidery	
7	Crewel (wood Embroidery)	
8	Tila/ Zari Embroidery	58090010
(B)	**PAINTINGS**	**97010000**
9	Calico Paintings	
10	Basohli Paintings	
11	Ladakhi Paintings/ Thangka paintings	
12	Modern Art/ Paintings	
(C)	**WOODWORK**	
13	Wood carving except furniture/ Chikri Work	4421
14	Lathe cum Lacquer	HSN Code could not be located
15	Wicker Work	4602
16	Bamboo/ Furniture Work	4602
17	Handmade Kashmiri, Ladakhi or Basohli Shawls weather Kani, Embroidered or not	62141030

18	Namda / Gabba	99140023
19	Handmade Carpets	5702 (57024230- carpet, rugs & mats of handloom)
20	Tapestry	5805 (Hand-woven tapestry)
21	Ladakhi Shoes	6405
22	Copper / Silver/ Filigree	71131110
23	Engraving Copper Ware	74181022
24	Pasholi	HSN Code could not be located
25	Clay Moulding	69120040 (clay articles)
26	Wheat Straw	460219
27	Paper Mache Articles/ Sakath sazi	48237030
28	Handmade leather goods	1203
29	Handmade fur skin goods	4203

Assam

Sl.. No.	Description	HS Codes	Description
1	Article of bamboo & cane	4601	Products made entirely of cane & bamboo: such as basketary products,murha,murha set, lamp sets, walking stick & handles, caps & hats, marketing bags, jewellery, bamboo root products, jakoi, khaloi, flower vase, max-japi, japi, kakoi- phani, fish set, partition, decorative items, jewellery box, tray, picture, jug,tea cup, pen stand , car ring , clip, magazine holder, money purse, wall hanging, bamboo doors & windows, table mat. Show piece, toys etc
2	Wood carving products	4420	Wooden animals & birds, monuments, tea stand, thoga, souveniers etc
3	Jute products	4202	All kinds of bags & purses including folders, magazine holders, jute mats,
4	Water Hyacinths products		Bags & caps, floor mats, dining table mats
5	Bell metal products	8306	Baanbati, Xariya, xorai, kahi & bati, ghoti, kalah, flower vase, taal, gilash, tray, path
6	Other - furniture of other materials, including cane, osier, bamboo or similar materials	9403	Furniture wholly made of bamboo or cane
7	Terracotta products	6912	As per the Gazette Notification dated 8th August,2005 Govt of Assam
8	Coconut shell products		As per the Gazette Notification dated 8th August,2005 Govt of Assam
9	Dry flowers from bamboo/ wood/wild natural herbs & cane seeds	4601	As per the Gazette Notification dated 8th August,2005 Govt of Assam
10	Gamocha	6307	Locally loom woven traditional gamocha
11	Mekhela sadar	6307	Locally loom woven traditional mekhela sadar

12	Handmade pouffes/articles of bedding, cushions etc	9404	Mattress supports; articles of bedding and similar furnishing (for example, mattresses, quilts, eiderdowns, cushions, pouffes and pillows) fitted with springs or stuffed or internally fitted with any material or of cellular rubber or plastics, whether or not covered
13	Candles	3406	Candles, tapers and the like
14	Watchbox jewellery box and similar container of plastics	3923	Articles for the conveyance/packing of goods, stoppers lids caps and other clsrs of plastics
15	Wooden frames for painting, photographs, mirrors or similar objects	4414	Wooden frames for paintings, photographs, mirrors or similar objects
16	Coir mats & matting bound in parallel stand	4601	Plants and similar prodcts of platng matrls plats and similar products placed side by side and bound together in form of sheets (e.g.mats)
17	Embroidery in the piece, in strips or in motifs - embroidery without visible ground	5810	Embroidery in the piece/in strips or in motifs
18	Dress material handprinted of cotton	6307	Other made up articles, including dress patterns
19	Dress material handprinted of silk	6307	Other made up articles, including dress patterns
20	Dress material handprinted others	6307	Other made up articles, including dress patterns
21	Made up articles of cotton	6307	Other made up articles, including dress patterns
22	Dress material handprinted others	6307	Other made up articles, including dress patterns
23	Bangles	7018	Glass bangles/ lac / shellac (except those made from precious metals)
24	Bangles	7117	Imitation jewellery
25	Utensils	7323	Table kitchen or other domestic artcles and its parts of irn/stl;irn or steel wool; scourers or polishng pads,gloves and li
26	Other household articles of iron n.e.s. (other than cast iron) or steel, enamelled	7323	Table kitchen or other domestic articles and its parts of irn/stl;irn or steel wool; scourers or polishng pads,gloves and li

27	Utensils of brass	7418	Table, kitchen or other household articles and parts thereof, of copper; pot scourers and scouring or polishing p
28	Article of brass	7419	Other articles of copper [including chain and parts thereof under 7419 10 and other articles under 7419 99] but not including metal castings under 7419 91 00
29	Bells gongs and the like	8306	All goods, including bells, gongs and the like, non-electric, of base metal; statuettes and other ornaments of base metal including metal bidriware; photograph, picture or similar frames, of base metal; mirrors of base metal
30	Flutes, toka & gagana	9205	Bamboo made musical instruments of Assam
31	Others wind musical instruments	9205	Wind musical instruments (for example, keyboard pipe organs, accordions, clarinets, trumpets, bagpipes), other than fairground organs and mechanical street organs
32	Other wooden furniture used in bedroom	9403	Other furniture [other than furniture wholly made of bamboo or cane] and parts thereof
33	Furniture of rattan/bamboo/cane	9403	Furniture wholly made of bamboo or cane
34	Worked bone (excl whale bone) & articles thereof	9601	Worked ivory, bone, tortoise shell, horn, antlers, mother of pearl, and other animal carving material and articles of these materials (including articles obtained by moulding)]; articles of coral
35	Worked horn, corl etc animal carving material & articles	9601	Worked corals, other than articles of coral
36	Other under heading 9601	9601	Worked ivory, bone, tortoise shell, horn, antlers, mother of pearl, and other animal carving material and articles of these materials (including articles obtained by moulding)]; articles of coral
37	Worked vegetable carving material & articles thereof	9602	Worked vegetable or mineral carving material and articles of these materials moulded or carved articles of wax, of stearin, of natural gums or natural resins or of modelling pastes, and other moulded or carved articles, not elsewhere specified or included; worked, unhardened gelatin (except gelatine of heading 3503) and articles of unhardened gelatin
38	Brooms & brushes, of twigs/	9603	Brooms, brushes (including brushes constituting parts of machines, appliances or vehicles), hand-operated mechani
39	Smoking pipes and cigar or cigarette holder and parts thereof	9614	Smoking pipes (including pipe bowls) and cigar or cigarette holders, and parts thereof
40	Domestic articles of wood hand decorated	9701	Hand paintings drawings and pastels,excl drawings of heading 4906 and excl hand printed/hand decorated articles; collages and similar decorative pl

Tamil Nadu

Sl. No.	Name of the Handicrafts	HSN
	Metal products	
1	Handcrafted copper pooja articles	7419
2	Tanjore art plates	No specific HSN
3	Brass lamp	9405
4	Panchaloga lamp	9405
5	Panchaloga product	No specific HSN
6	Idols in panchaloga	44,68,83
7	Idols in brass	44,68,83
8	Idols in aluminum	44,68,83
9	Panchaloga thiruvachi	No specific HSN
10	Brass pooja metal	7418
11	Brass thiruvachi	7418
12	Gold cladding / silver cladding of temple car	7115
	Wood products	
13	Wood carving	4409
14	Rose wood products	4409
15	Sandal wood carving	4409
16	Sandal wood chips	4401
17	Idols in veleruku root	9602
18	Sandal wood log	4403
19	Teak wood handicrafts products	4409
20	Temple wooden vaganam	4409
21	Red sandal wood	4403
22	Wooden chess board	9504
23	Wooden temple car	4420/4421
	Paintings	
24	Tanjore paintings	9701
25	Glass painting	9701
26	Canvas painting	9701
27	Mural painting	9701
28	Palmleaf painting	9701
29	Silk cloth painting	9701

30	Tribal painting	9701
31	Batick painting	9701
32	Lacquerware products	4421
	Incense & perfume	
33	Sandal wood oil	3301
34	Javadhu	1211
35	Sandal wood pooja powder	1211
	Jewellery	
36	Natural seed beads jewellery	1404
37	Cloth & silk jewellery	5609
38	Terrakotta jewellery	6901
	Stone	
39	Stone carving	6802
40	Granite stone carving	6802
41	Softstone carving	6802
	Others	
42	Applique work	5809
43	Tanjore garland	6702
44	Cardamom garland	No specific HSN
45	Marble dust statue	2515
46	Leather products	4205
47	Pith work	No specific HSN
48	Fiber products	4601,4602
49	Jute products	No specific HSN
50	Cane products	No specific HSN
51	Handmade paper products	4811
52	Cocon products	No specific HSN
53	Coconut products	No specific HSN
54	Seashell products	9601
55	Korai mat	1401
56	Coir products	9404
57	Bamboo products	44
58	Glass toys & articles	9503
59	Dolls in cloth	9503
60	Straw picture	1401

61	Salem fabric	5701
62	Kancheepuram silk	5701
63	Bhavani jamakkalam	5705
64	Madurai sungudi	5701
65	Swamimalai bronze icons	8306
66	Temple jewellery of nagercoil	7115
67	Arani silk	5701
68	Kovai kora cotton sarees	5701
69	Salem silk	5701
70	Thanjavur doll	9503

Uttarakhand

Sr. No.	Description	HSN Code/Chapter
01	Musical Instruments like Dhol, Damau, Ransingha	92
02	Aipan Paintings	9701
03	Ringal or Raambaan articles	94

Uttar Pradesh

1. Chikankari, Zardozi – Lucknow
2. Zari, Zardozi - Bareli
3. Brocade, Varanasi Silk – Varanasi
4. Stone Craft – Agra
5. Floor Carpet – Bhadohi, Shahjahanpur, Mirzapur
6. Art Metal Brassware – Moradabad
7. Perforated Lacy craft in wood – Saharanpur
8. Glassware and Bangles – Firozabad
9. Pottery – Khurja, Meerut, Hapur
10. Leather Craft – Kanpur, Agra
11. Scissors – Meerut
12. Knife - Rampur
13. Gulaabi Meenakari – Varanasi

West Bengal

Sl. No.	HSN CODE	DESCRIPTION
1	6301	Balaposh (hand made blanket)
2	6404 19 90	Footwear with uppers of Jute textile material
3	1301 90 19 1301 90 99	Lac & Shellac items: Artifacts & other ornaments
4	4823 61 00 4823 69 00 4823 70 30	Paper pulp & paper mache products: Artware (Decorative items) & Dashabatar Tash
5	4823 70 30 8306 29 4602 4420 90 6913 90 00	Mask: Paper: Gamira(Dinajpur), Chhou(Purulia), Gambhira(Malda), Ghurni(Mushidabad), Bagpa(Dooars), Banbibi pala(Sundarbans), Rabankata(Bankura); Metal: Dokra(Birbhum); Bamboo/Wood: Dinajpur; Shola: Murshidabad; Clay: Kumortuli (Kolkata);
6	4202 22 30	Jute hand bags (hand made)
7	9503 00 20	Dolls: Made of Metal (Nadia)
8	5007 10 00 5007 20 10 5007 90 5208 31 21 5208 41 21 5208 59 20 5209 11 12	Handloom Sarees:- Baluchari, Tangail, Dhanekhali, Shantipuri, Muslin, Jamdani, Mursidabadi Resham, Tassar
9	Any chapter	Sola Items: decorative items, artifacts
10	5310 90 6304 9505 90 90	Jute products: wall hangings & show pieces

Appendix IV

List provided by the Development Commissioner (Handicrafts)

EXPORT PROMOTION COUNCIL FOR HANDICRAFTS			
Sl. No.	**Sl. No.**	**Description**	**HS Codes as in GST Schedule**
1	33019031	Attars of all kinds in fixed oil base	3301
2	33074100	“Agarbatti" & other odoriferous preparations which operate by burning	33074100
3	33074900	Other odoriferous preparation used for deodorizing room (excluding agarbatti)	3307
4	34060010	Candles	3406
5	39231020	Watch box jewellery box and similar container of plastics	3923
6	42022910	Handbags of other materials excluding wicker work or basket work	42022910
7	42023110	Jewellery box - surface of leather	4202
8	42023910	Jewellery box - other surface of leather	4202
9	44140000	Wooden frames for painting, photographs, mirrors or similar objects	4414
10	44190010	Tableware	4419
11	44190020	Kitchenware of wood	4419
12	44201000	Statutes & other ornaments of wood	4420
13	44209010	Wood marquetry & inlaid wood	4420
14	44209090	Others-wood marquetry & inlaid wood; caskets & cases for cutlery & other similar articles of wood; statuettes and other ornaments, of wood; wooden articles of furniture not falling in chapter 94	4420
15	44219060	Parts of domestic decorative articles used as tableware & kitchenware	4421
16	46012900	Coir mats & matting bound in parallel stand	4601
17	46019900	Plaits & similar products of plating materials, plaits & similar products placed side by side & bound together in form of sheets (e.g. mats etc)	4601
18	46021100	Basketwork, wickerwork and other articles, of bamboo.	4602
19	46021200	Basketwork, wickerwork and other articles, of rattan.	4602
20	46021911	Palm leaf basket etc.	4602
21	46021919	Palm leaf items other than baskets	4602
22	46021990	Others - basketwork, wickerwork and other articles, made directly to shape from plaiting materials or made up from goods of heading 4601; articles of loofah.	4602
23	48021010	Handmade paper	4802
24	48021020	Handmade paperboard	4802
25	48237030	Articles made of paper mache other than art ware.	4823

	26	48239018	Product consisting of sheets of paper/ paperboard, impregnated, coated or covered with plastics [paper mache]	4823
	27	56050020	Imitation zari thread	5605
	28	56050090	Others [from metallised yarn w/n being textile yrn/strp/ the like of heading 5404/5405 combined with metal in the form of thread, strip]	5605
	29	58041090	Tulles and other net fabrics of other textile material	5804
	30	58043000	Handmade lace	5804
	31	58050010	Hand woven tapestries handmade or needle worked by hand, of cotton - embroidery	5805
	32	58081090	Braids, in pcs other than of cotton	5808
	33	58090010	Zari borders	5809
	34	58090090	Others [misc. woven fabrics of metal thread and metalized yarn of heading 5605 of a kind used in apparel as furnishing fabrics/for similar purposes n.e.s./include]	5809
	35	58101000	Embroidery in the piece, in strips or in motifs - embroidery without visible ground	5810
	36	58109210	Embroidery badges, motifs and the like	5810
	37	58110010	Kantha - embroidery	5811
	38	58110020	Quilt wadding - embroidery	5811
	39	61043100	Ensembles of wool or fine animal hair - crocheted	6104
	40	61171020	Shawls of wool	6117
	41	63041100	Bedspreads, knitted or crocheted	6304
	42	63049190	Other - furnishing articles, knitted /crocheted	6304
	43	63079011	Dress material hand printed of cotton	6307
	44	63079012	Dress material hand printed of silk	6307
	45	63079013	Dress material hand printed of manmade fibre	6307
	46	63079019	Dress material hand printed others	6307
	47	63079020	Made up articles of cotton	6307
	48	63079090	Dress material hand printed others	6307
	49	64032040	Kolapuri chappals and similar footwear	6403
	50	64061010	Embroidered uppers of textile materials	6406
	51	65040000	Hats & other headgear /made by assembling strips of any material w/n lining/trimmed	6504
	52	65050090	Other headgear, hats, knitted / crocheted made up from laces etc	6505
	53	66020000	Walking sticks, seat sticks, whips, riding crops, and the like	6602
	54	67010010	Feathers dusters	6701
	55	67029090	Artificial flowers etc of other materials	6702
	56	68022120	Marble monuments	6802
	57	68159990	Others-other articles of stones/other minerals	6815
	58	69111011	Tableware of bone china and soft porcelain	6911
	59	69111019	Tableware of other than bone china & porcelain	6911
	60	69111021	Kitchenware of bon china & porcelain	6911
	61	69111029	Kitchenware of other than bon china & porcelain	6911
	62	69119010	Toilet articles of porcelain china	6911

	63	69119020	Others -water filters of a capacity not exceeding 40 ltrs. Of porcelain	6911
	64	69119090	Other household & toilet articles of porcelain	6911
	65	69120010	Ceramic tableware (e.g. Of imitation porcelain/or semi-porcelain)	6912
	66	69120020	Ceramic kitchenware	6912
	67	69120030	Toilet articles other than porcelain /china	6912
	68	69120040	Clay articles as tableware, kitchenware etc	69120040
	69	69120090	Others [misc. ceramic tableware kitchenware other household articles etc other than of porcelain or china]	6912
	70	69131000	Statuettes etc of porcelain/china	6913
	71	69139000	Other statuette etc (excl of porcelain /china)	6913
	72	69141000	Other ceramic articles of porcelain / china	6914
	73	69149000	Other ceramic articles excluding of porcelain / china	6914
	74	70099200	Other glass mirrors, framed	7009
	75	70132800	Glassware , table, kitchen, office indoor decoration (excl goods of heading no 7010/7018) - other #	7013
	76	70133300	Of lead crystal; other drinking glasses, other than of glass ceramics	7013
	77	70133700	Others [misc. table, kitchen, office indoor decoration (excl goods of heading no 7010/7018)]	7013
	78	70134100	Glassware, table, kitchen, office indoor decoration (excl goods of heading no 7010/7018)	7013
	79	70134900	Glassware, table, kitchen, office indoor decoration (excl goods of heading no 7010/7018)	7013
	80	70139100	Of lead crystal: other glassware	7013
	81	70181010	Bangles	7018
	82	70181020	Beads	7018
	83	70181090	Others -glass beads, imitation pearls, imitation precious stones/ semi-precious stones & similar glass small wares	7018
	84	70189010	Glass statue of other article of heading 7018	7018
	85	70200011	Globes for lamps & lanterns	7020
	86	70200029	Other glass chimneys	7020
	87	70200090	Other articles of glass nes	7020
	88	71131110	Silver filigree work	7113
	89	71171100	Cufflinks and studs	7117
	90	71171910	Bangles	7117
	91	71171920	German silver jewellery	7117
	92	71171990	Others - imitation jewellery category	7117
	93	71179010	Jewellery studded with imitation perals or imitation or syn. Stones	7117
	94	71179090	Others - imitation jewellery for personal adornment	7117
	95	73239200	Other household articles of cast iron enamelled	7323
	96	73239420	Utensils	7323
	97	73239490	Other household articles of iron n.e.s. (other than cast iron)or steel, enamelled	7323
	98	74181021	Utensils of brass	7418
	99	74181022	Copper utensils	7418

	100	74181023	Utensils of other copper alloys	7418
	101	74181024	Epns wares	7418
	102	74181031	Of epns; table, kitchen or other household articles and parts thereof	7418
	103	74181039	Other table, kitchen or other household articles	7418
	104	74199920	Utensils articles of copper alloys electroplated with nickel silver	7419
	105	74199930	Article of brass	7419
	106	74199940	Copper worked articles	7419
	107	76151030	Other - table and kitchenware of aluminium	7615
	108	76151090	Other household articles & parts there of	7615
	109	83061000	Bells gongs and the like	8306
	110	83062190	Other ornaments plated with precious metal	8306
	111	83062910	Other statuettes (excluding works of art)	8306
	112	83062990	Others - other statuettes and ornaments	8306
	113	83063000	Photograph, picture/similar frames, mirrors	8306
	114	83089020	Imitation zari spangles	8308
	115	83089031	For garments, makeups' knitwear, plastic and leather goods - buckles	8308
	116	83089039	Other beads and spangles of base metal	8308
	117	92029000	Other string musical instruments	9202
	118	92059010	Flutes	9205
	119	92059090	Others wind musical instruments	9205
	120	92060000	Percussion musical instruments (e.g. Drums, xylophones, cymbals, castanets, maracas)	92060000
	121	94033010	Cabinet ware	9403
	122	94033090	Others -wooden furniture of a kind used in offices	9403
	123	94035010	Bed stead	9403
	124	94035090	Other wooden furniture used in bedroom	9403
	125	94036000	Other wooden furniture with or without embellishments of other material	9403
	126	94038100	Furniture of rattan/bamboo	9403
	127	94038900	Other - furniture of other materials, including cane, osier, bamboo or similar materials	9403
	128	94039000	Parts of furniture of heading 9403	9403
	129	94049099	Handmade puffs/articles of bedding, cushions etc	9404
	130	94051010	Hanging lamps complete fittings	9405
	131	94051020	Wall lamps	9405
	132	94053000	Lighting sets of a kind used for Christmas tree	9405
	133	94055010	Hurricane lanterns	9405
	134	95030010	Dolls of wood	9503
	135	95030090	Other	9503
	136	95051000	Articles of Christmas	9505
	137	95059010	Other magical equipment	9505
	138	96011000	Worked ivory and articles of ivory	9601
	139	96019010	Worked tortoise-shell and articles thereof	9601

	140	96019020	Worked mother of pearl & articles thereof	9601
	141	96019030	Worked bone (excl whale bone) & articles there of	9601
	142	96019040	Worked horn, coral etc animal carving material & articles	9601
	143	96019090	Other under heading 9601	9601
	144	96020010	Worked vegetable carving material & articles thereof	9602
	145	96020020	Mould/carved articles of wax, stearin, material gums and resins and other mould/carved articles	9602
	146	96020040	Other articles of unhardened gelatine	9602
	147	96020090	Other worked vegetable or material carving material and articles of these materials moulded or carved	9602
	148	96031000	Brooms & brushes, consisting of twigs/other vegetable materials bound together with/without handle	9603
	149	96062200	Buttons of base metal not covered with textile material	9606
	150	96089910	Pen holders pencil holders and similar holders	9608
	151	96140000	Smoking pipes and cigar or cigarette holder and parts thereof	9614
	152	97011010	Madhubani paintings (on textiles)	9701
	153	97011020	Kalamkari paintings (on textiles)	9701
	154	97011030	Rajasthani paintings (on textiles)	9701
	155	97011090	Others-paintings, drawings & pastels	9701
	156	97019091	Domestic articles of wood hand decorated	9701
	157	97019092	Restaurant decoration of plastics	9701
	158	97019099	Other hand decorated manufactured articles	9701
	159	97030010	Original sculpture & statuary in metal	9703
	160	97030020	Original sculptors & statuary in stone	9703
	161	97030090	Original sculptors & statuary in other materials	9703
	162	97040010	Used postal stamp	9704
	163	97040020	Used or unused first-day covers for philately	9704
	164	97040090	Other under sub-heading 970400	9704
	165	97050010	Stuffed animals & birds (taxidermy)	9705
	166	97050090	Others-collects & collectors pieces of zoological botanical, mineralogical, historical archaeological, ethnographic/numismatic interest	9705
	167	97060000	Antiques of an age exceeding one hundred years	9706

Appendix - V

List of handmade items provided by Karnataka

S. No.	Name of the Commodity	HSN/ HSC code	Present GST Rate
	Agricultural sector food products		
1	Handmade Butter and Other Fats	0405	**12%**
2	Handmade Cheese	0406	**12%**
3	Natural Birds eggs in Shell	0407	**Nil**
4	Natural Edible Vegetables roots and tubers	2001	**Nil** [Correct HS code is 0714]
5	Natural Edible fruits and nuts	1207	**Nil** [Correct chapter is 08]
6	Natural Cereals	1008	**Nil**
7	Handmade Cane Jaggery, Beet Sugar, Cane Sugar Khandsari Sugar	1701	Nil Jaggery of all types including Cane Jaggery (gur) and Palmyra Jaggery are at Nil
8	Handmade Palmyra Sugar	1904	**Nil** [Correct HS code is 1701]
9	Handmade Puffed Rice	1905	**Nil**
10	Handmade Pappad	1905	**Nil**
11	Handmade Bread	1905	**Nil**
12	Natural Non-Alcoholic (Toddy & Neera)	2201	**Nil**
13	Natural Tender Coconut Water	2202	**Nil** for Tender coconut water other than those put up in unit container and, - (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the specified conditions.
14	Natural Oil Seeds and oleaginous fruits	1207	5% Seed quality oil seeds are at Nil.
15	Handmade Vegetable fats and oils	1514	**5%**

16	Handmade Edible fats; animal or vegetable waxes	1521	**18%**
17	Handmade vegetable & Fruit Jams, Pickles, Sauces	2005	**12%**
18	Handmade Ice cream, Food Mixes including instant mixes	2105, 2106	**18%**
19	Handmade Sweet Biscuits and other Biscuits	1905	**18%**
S. No	**Name of the Commodity** **Agricultural Sector Non-Food Products**	**HSN/ HSC code**	**Present GST Rate**
1	Natural Live Trees and Other Plants	6	**Nil**
2	Natural Bulbs, Roots and the Likes	714	**Nil**
3	Natural Cut flowers and ornamental foliage	6	**Nil**
4	Natural Vegetable Plaiting materials; Vegetable Products	1401	**5%**
5	Natural Aquatic Feed, Poultry Feed, Cattle Feed	2302	**Nil**
6	Natural Organic Manure	3101	**Nil**
7	Raw hides, skins, tanned or crust hides and skins, not further prepared	4101	**5%**
8	Light fishing vessels, factory boats and other vessels for processing or preserving	8902	**5%**
9	Fishery products	5608 & 9507	**Fish hook 18%** **Fish nets 5%**
S. No	**Name of the Commodity** **Forest Sector**	**HSN/ HSC code**	**Present GST Rate**
1	Natural Honey	409	**Nil**
2	Natural Lac; gums, resigns and other vegetable saps and extracts	130156	**a)** Lac and Shellac at Nil **b)** Natural gums, resins, gum-resins and oleoresins (for example, balsams) [other than lac and shellac] **at 5%**
3	Cocoa and Cocoa preparations	1805, 1801, 1802	
	Cocoa beans whole or broken, raw or roasted	1801	**5%**
	Cocoa paste whether or not de-fatted	1803	**5%**
	Cocoa butter, fat and oil	1804	**28%**
	Cocoa powder, not containing added sugar or sweetening matter	1805	**28%**
	Cocoa shells, husks, skins and other cocoa waste	1802	**5%**

4	Natural rubber, balata, gutta-percha, guayulevchicle and similar natural gums, in primary forms or in plates, sheets or strips	4001	**5%**
S. No	**Name of the Commodity** **Handloom Sector**	**HSN/ HSC code**	**Present GST Rate**
1	Handmade Saree	60	**5%**
2	Handmade Dress Material	60	**5%**
3	Handmade Fabric	5407, 5408	Nil on Khadi fabric, sold through Khadi and Village Industries Commission (KVIC) and KVIC certified institutions/ outlets.
4	Handmade Home Furnishings	5809	**12%**
5	Handmade Shawl/Chadar	60	**5%**
6	Handmade Bedsheet	60	**5%**
7	Handmade Dhoti	60	**5%**
8	Handmade Sacks &bags	4202 22 10	**18%**
9	Handmade Coir mats, matting and floor covering	5705	**5%**
10	Natural Tanning or dyeing extracts, tannins and their derivatives	3203	**18%**
11	Natural dyes, pigments and other clouring matter	3212	**18%**
12	Handmade sanitary towels, tampons, sanitary napkins, clinical diapers	9619	**12%**
13	Handmade silk yarn, cotton yarn. khadi yarn, wool, fine or Coarse animal hair, horsehair yarn and woven fabric	5004 to 5006	**Khadi yarn is at NIL**
14	Handmade other vegetable textile fibres; paper yarn. woven fabrics of paper yarn	5305 to 5308	**5%**
15	Handmade Man-made filaments; strip the like of man-made textile materials	5309 to 5311	**5%**
16	Handmade Manmade staple fibres	5509, 5510, 5511	**12%**
17	Handmade Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	5609	**12%**
18	Handmade Carpets and other textile floor coverings	5701 to 5704	Coir mats, matting and floor covering -**5%.**
19	Handmade Hats and other Headgear	6504 00 00	**18%**
20	Handmade special woven fabrics; tufted textile fabrics, lace, tapestries, trimmings embroidery	5805	**12%**

21	Handmade impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable of industrial use	5911	**12%**
22	Handmade Knitted or crocheted fabrics	5804	**12%**
23	Handmade articles of apparel and clothing accessories knitted or crocheted or otherwise	4015	5%/12% [Chapter 61]
24	Handmade Other made up textile articles, sets, worn clothing and worn textile articles rag	63	**12%**
S. No	**Name of the Commodity** **Handicraft Sector**	**HSN/ HSC code**	**Present GST Rate**
1	Handmade Metal Crafts	8306	12%
2	Handmade wood craft	4421	12%
3	Handmade Leather Crafts	4203	Gloves specially designed for use in sports-12%
4	Handmade Jewellery	71	3%
5	Imitation Jewellery	7117	3%
6	precious (Gold and silver)Jewellery	7113	3%
7	Handmade Glass & Ceramics	6904	a) Ceramic (6904)-28% b) Glass (70) 18%/28%
8	Natural Fibre Crafts	44 or any Chapter	18%
9	Handmade Stone Crafts	6815	12% [HS Code 6802]
10	Handmade Terracotta (Pottery)	6912	Earthen pots, clay lamps, idols made of clay at Nil Others at 12%
11	Handmade Dolls, toys and other crafts		12%
12	Hand block printing	8443	Printed fabrics is at 5% [Job work relating to textiles is at 5%]
13	Handmade Printing embroidery craft	5810	Embroidery fabrics is at 5% Embroidery or zari articles, that is imi, zari, kasab, salma, dabka, chumki, gota, sitara, naqsi, kora, glass beads, badla, gizai are also at 5%
14	Handmade musical instruments	93	Nil
15	Handmade Bamboo Crafts	4602	5%
16	Handmade Safety Matches	3605 00 10	5%

17	Handmade Agarbatti & Odoriferous	3307 41 00	5%
18	Handmade Essential oils and resinoids	3301	18%
19	Handmade toilet and washing preparations	3307	28%
20	Handmade Candles and similar articles	5908	12%
21	Handmade Soaps	3401 [except 340130]	18%
22	Handmade Tableware, kitchenware, other household articles and Hygiene or toilet articles	7615	12%
23	Manufactures of straw, Basketware and wickerwork	1401	5%
24	Handmade Paper crafts		18%
25	Handmade Carton boxes	4819	12%
26	Handmade Kites	4823	5%
27	Handmade Boxes, pouches, wallets	4817 [Except 4817 30]	18%
28	Handmade Exercise book, graph book & laboratory note book	4820	12%
29	Handmade Envelopes, letter cards, plain postcards	4817 [Except 4817 30]	Postal items, like envelope, Post card etc., sold by Government Nil
30	Handmade Registers, account books, note books, order books, receipt books, letter pads, memorandum pads, diaries and similar articles	4820	a) Exercise book, graph book, & laboratory note book and notebooks-12% b) Other-18%
31	Handmade Paper	4804	18% 48119011
32	Handmade Umbrellas, sun umbrellas, walking sticks, seat sticks, whips, riding-crops and parts thereof	6601	12%
33	Handmade Prepared feathers and down and articles made of feather or of down artificial flowers, articles of human hair	6702	28%
34	Handmade Hand tools, such as spades, shovels, mattocks, picks, hoes, forks and rakes axes, bill hooks and similar tools, secateurs and pruners of any kind; scythes, sickles, hay knives, hedge shears, timber wedges and other tools of a kind used in agriculture, horticulture or forestry	8201	Nil
35	Handmade Coir products	9404	12%
36	Handmade Hurricane lanterns, Kerosene lamps/ lantern petromax, glass chimney, accessories & components thereof	7020	12%
37	Handmade Broomsticks and Muddhas made of sarkanda, phool bahari jhadoo	9603 10 00	Muddhas made of sarkanda, brooms or brushes, consisting of twigs or other vegetable

			materials, bound together, with or without handles are at Nil
38	Muddhas made of sarkanda, phool bahari jhadoo	9603	Nil
39	Handmade Pencils, crayons, pastels, drawing charcoals, writing or drawing chalks and tailor's chalk	9608, 9609	12%
40	Handmade Footwear gaiters and the like; parts of such articles	6406	a) Footwear having a retail sale price not exceeding Rs.500 per pair, provided that such retail sale price is indelibly marked or embossed on the footwear itself-**5%** b) Other-18%
S. No	**Name of the Commodity** **Service Sector**	**HSN/ HSC code**	**Present GST Rate**
1	Services by way of job work in relation to:		
	1) Printing of newspapers:	998	5%
	2) Textile Yarns (other than of man-made fibres) and textiles fabrics.	5303	5%
	3) Cut and polished diamonds precious and semi-precious stones; or plain and studded jewellery of gold and other precious metals falling under chapter of HSN	7102	5%
	4) Printing of books (Including Braille books). Journals and periodicals;	998	5%
	5) Processing of hides, skins and leather falling under Chapter 41 HSN	4101	5%
2	Services by way of admission to exhibition of cinematograph films where price of admission ticket is one hundred rupees or less	99	18%
3	Job work in relation to manufacture of umbrella	6601	12%
4	Job work in relation to manufacture of clay bricks falling under CTH 69010010	6901 0010	5%
5	Construction of a complex, building. Civil Structure or a part thereof intended for sale to a buyer, wholly or partly	995	12%
6	Supply of food/drinks in restaurant not having facility of air conditioning or central heating at any time during the year and not having licence to serve liquor	99	12%

7	Composite supply of works contract as defined in clause 119 of section 2 of CGST Act.	995	
S. No	**Name of the Commodity** **Cultural Performance Sector**	**HSN/ HSC code**	**Present GST Rate**
1	Services by way of admission or access to circus, Indian classical dance, theatrical performance drama including folk dance	99	Nil
2	Services by an artist by way of a performance in folk or classical art forms of (a) Music or (B) dance, or (c) theatre, if the consideration charged for such performance is not more than one lakh and fifty thousand rupees provided that the exemption shall not apply to service provided by such artist as a brand ambassador.	99	Nil

Agenda Item 9: Changes proposed to be made in the CGST Act, 2017, SGST Acts, the IGST Act, 2017 and the GST (Compensation to States) Act, 2017

The Law Review Committee had been constituted in pursuance of the decisions taken by the GST Council in its 22nd Meeting held on 6 October 2017. The GST Council Secretariat constituted the said Committee vide Office Memorandum F. No. 212/Law Review Committee-8/GST/2017 dated 2nd November, 2017 to propose the changes in the CGST/SGST Act and the IGST Act. Shri. M. Vinod Kumar, Chief Commissioner of Central Tax, Bengaluru Zone and Shri Anurag Goel, CCT, Assam were the Co-Conveners of the Committee.

2. The Committee obtained suggestions/representations from various trade associations including ICAI, PHD Chamber of Commerce and Industry, ASSOCHAM, FICCI, NASSCOM, Federation of Gujarat Industries, Saurashtra Chamber of Commerce & Industry, GTA Association, AITWA, KSCCA, Bhartiya Udyog Vyapar Mandal, Organisation of Pharmaceutical Producers of India, Mumbai etc. The Committee also received suggestions from the field formations of Central Tax and State Taxes. As per the terms of reference, the Committee also examined the recommendations of the 'Advisory Group of Law Review Committee'.

3. The Law Review Committee held 5 sets of meetings lasting 2-3 days in each instance. The Committee also interacted with the Advisory Group of Law Review Committee, Officials of the CBEC and Members of the Law Committee. The Committee submitted its report containing recommendations for changes in the law on 04.01.2018.

4. The GST Policy Wing had also received feedbacks and suggestions from the various stakeholders. These were examined and the proposed changes in the Laws, Rules and Procedures were suggested after consultation with the Law Committee and Law Review Committee.

5. The recommendations of the Law Review Committee and the Law Committee were discussed in the Officers' Meeting held on 11.01.2018.

6. The consolidated recommendations as discussed and agreed in the Officers' Meeting held on 11.01.2018 suggesting amendments in the present provisions of the law, analysis of the same and the proposals for revision are enclosed as **Annexure 1.**

7. The GST Council may consider the proposed amendments/changes. After approval, consequent changes in other sections of the CGST and IGST Acts and similar changes in the SGST Act will be drafted. In addition, certain editorial changes will also be made at that stage. The proposed amendments will, thereafter, be got vetted from the Union Law Ministry.

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Annexure 1

PART I

DEFINITIONS

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
1.	**Definition of local authority** Section 2 (69) refers to only Articles 371 and 371A. Reference may be made to Article 371J (special provision with respect to the State of Karnataka).	Section 2(69)	This change may be incorporated in section 2(69) (f).	2(69) "local authority" means– – (a) "Panchayat" as defined in clause (*d*) of article 243 of the Constitution; …… (f) a Development Board constituted under article 371 **and article 371J** of the Constitution; or (g) Regional Council constituted under article 371A of the Constitution.
2.	**Inward supply** Inward supplies made without consideration are also treated as part of the total inward supplies. Recipient would upload the free supplies in **FORM GSTR-2** which would not be posted by the supplier which would result in reconciliation issues.	Section 2(67)	Section 2 (67) may be amended so as to provide that in the case of supplies without consideration, only those specified in Schedule I would be considered as inward supplies.	2(67) "inward supply" in relation to a person, shall mean receipt of goods or services or both whether by purchase, acquisition or any other means with ~~**or without**~~ consideration **and shall include supplies without consideration as specified in Schedule I.**

PART II

REGISTRATION

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
3.	**Non-operational income:** Income earned from interest, dividend, etc should be excluded from the computation of "aggregate turnover" as in the present scenario, a taxpayer has to take registration compulsorily even if the turnover from taxable supplies is substantially below the threshold limit.	Section 2 (6) Schedule III	As non-operational income may be difficult to identify, define and administer, non-operational income may be specified under Schedule III as not amounting to supply of goods or services or both instead of amending the definition of "aggregate turnover".	SCHEDULE III ACTIVITIES OR TRANSACTIONS WHICH SHALL BE TREATED NEITHER AS A SUPPLY OF GOODS NOR A SUPPLY OF SERVICES 1 …. 6……. **7. interest and dividend received on deposits or debentures or securities except in case of a banking company or a financial institution including a non-banking financial company engaged in supplying services by way of accepting deposits, extending loans or advances.**
4.	**Enabling multiple registration within a State:** It is difficult to obtain multiple registrations as business verticals within a State due to the narrow scope of the definition of business vertical contained in section 2(18). Definition of 'business vertical' may be reviewed or taking multiple registrations within a State may be allowed.	Sections 2 (18) and 25 (2)	Section 25 (2) may be amended so as to provide that a person may obtain as many registrations as required in a State and the definition of "business vertical" in section 2(18) may be omitted. A person having a unit in SEZ or being a SEZ developer and a unit in DTA shall be required to take separate registration compulsorily for each unit. The provisions contained in the	~~2(18) "business vertical" means a distinguishable component of an enterprise that is engaged in the supply of individual goods or services or a group of related goods or services which is subject to risks and returns that are different from those of the other business verticals.~~ ~~Explanation. – For the purposes of this clause, factors that should be considered in determining whether goods or services are related include – –~~ 25(2) A person seeking registration under this Act shall be granted a single registration in a State or Union territory: Provided that a person having multiple **place of business** ~~**business verticals**~~ in a State or Union territory may be granted a separate registration for each **such place** ~~**business vertical**~~, subject to such conditions as may be prescribed: **Provided further that a taxable person in a Special Economic Zone shall be granted**

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
			first proviso to rule 8 of the CGST Rules, 2017 to be mentioned in the CGST Act.	**a separate registration as distinct from his other units located outside the Special Economic Zone in the same State or Union territory.**
5.	**Mandatory registration under section 9 (3) leading to full taxability and compliance burden:** Where a taxable person obtains registration for the purpose of payment of tax under section 9(3), all his outward supplies become leviable to tax even if his turnover is less than Rs.20 Lacs.	Sections 9 (3) and 24(iii)	Notifications issued under section 9(3) of CGST Act and section 5(3) of IGST Act may be amended so as to make payment under reverse charge applicable only to registered recipients. No change is proposed in section 9(3) of CGST Act and section 5(3) of IGST Act. Similarly, no change is proposed in section 24(iii) of CGST Act. [Notifications 04/2017-Central Tax (Rate) dated 28.06.2017; 13/2017-Central Tax (Rate) dated 28.06.2017; 04/2017-Integrated Tax (Rate) dated 28.06.2017; 10/2017-Integrated Tax (Rate) dated 28.06.2017]	**No change in the Act**
6.	**Anomaly in registration provisions:** By virtue of section	Sections 22, 23 and 24	It may be specified in section 24 that it shall be subject to	24. Notwithstanding anything contained in sub-section (1) of section 22, **but subject to the provisions of section 23,** the following

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
	23(1), a person dealing exclusively in exempted goods or services or both is not required to take registration. However, such person may be required to mandatorily obtain registration under section 24.		the provisions of section 23.	categories of persons shall be required to be registered under this Act, —
7.	**E-commerce Operators:** Such operators should be allowed the benefit of threshold limit for registration and it should be made mandatory only in case where there is liability to collect tax at source.	Section 24 (x)	Section 24 (x) may be amended to substitute the words 'every electronic commerce operator" with the words "every electronic commerce operator who is required to collect tax under section 52".	24 (x) every electronic commerce operator **who is required to collect tax at source under Section 52**;
8.	**Inclusion of non-taxable supply turnover:** Inclusion of "non-taxable supply" in "exempt supplies" and that of "exempt supplies" in aggregate turnover results in an effectively lower limit for threshold exemption limit for registration. Non-taxable supplies may be kept outside the ambit of "exempt supplies"	Sections 2 (6) and 22	An explanation may be inserted in section 22 so as to provide that for the purposes of determining the liability for registration, "aggregate turnover" shall not include "non-taxable supply".	22. *Explanation.* —For the purposes of this section, – (i) the expression "aggregate turnover" shall include all supplies made by the taxable person, whether on his own account or made on behalf of all his principals **but shall not include non- taxable supplies**;

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
	as well as "aggregate turnover".			
9.	**Compulsory registration of Casual Taxable Persons (CTP):** Compulsory registration of casual taxable persons and payment of estimated tax liability in advance is cumbersome and difficult for taxpayers and may be done away with.	Sections 22, 24(ii), 27	1. Certain classes of CTP should be exempted from the requirement to register. 2. Such exemption may be considered on filing of prior intimation on the common portal and the submission of the details of supplies made as CTP in that State. 3. In case of movement of goods, not by way of supply, for the purpose of casual business in other States, an enabling provision must be made for movement using delivery challan. Tax should be paid on such goods, if they are not brought back within three months. 4. The amount to be deposited as advance tax at the time of registration by	-- 24. Notwithstanding anything contained in sub-section (1) of section 22, **but subject to the provisions of Section 23,** the following categories of persons shall be required to be registered under this Act, — (i) persons making any inter-State taxable supply; (ii) casual taxable persons making taxable supply; (xii)…. **Provided that the Government, on the recommendations of the Council, may exempt such casual taxable persons, who are registered as taxable persons under this Act or any State Goods and Services Tax Act or Union Territory Goods and Services Tax Act, from obtaining compulsory registration subject to such conditions as may be prescribed.** -- 27(2) A casual taxable person or a non-resident taxable person shall, at the time of submission of application for registration under sub-section (1) of section 25, make an advance deposit of tax in an amount equivalent to the estimated tax liability **payable in cash** by such person for the period for which the registration is sought: **-- The field "PAN of the Authorised signatory" as per Sl. No. (vi) of Part A of FORM REG-09 i.e. application for registration of non resident taxable person should not be a mandatory field.**

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
			the casual taxable person and non resident taxable person should be equivalent to the "tax payable", and not the estimated tax liability. 5. The organiser or owner of the premises may be made responsible for providing the details of the CTP, under section 150 (p), as was provided for in some State VAT laws. 6. In case of non-resident taxable persons, PAN should not be mandatory requirement.	

PART III

INPUT TAX CREDIT

Sl.No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
10.	**ITC on motor vehicles used in the course of business:**	Section 17(5)(a)	ITC should be allowed on: 1. Vehicles like off-road vehicles like dumpers, tippers etc used in construction business; 2. Hire or purchase of vehicles that are used to carry "money" for banks and other financial service agencies; 3. No credit of all incidental services related to vehicles on which credit is blocked.	17 (5) Notwithstanding anything contained in sub-section (*1*) of section 16 and subsection (*1*) of section 18, input tax credit shall not be available in respect of the following, namely: — (*a*) motor vehicles and other conveyances except when they are used— (i) for making the following taxable supplies, namely: — (A) further supply of such vehicles or conveyances; or (B) transportation of passengers; or (C) imparting training on driving, flying, navigating such vehicles or conveyances; (ii) for transportation of goods; (iii) **as dumpers, tippers, dozers, cranes, fork lifts, excavators and similar vehicles;** **Explanation: For the purpose of this clause, the word 'goods' shall include 'money'.** **(ab) supply of service of insurance, servicing, repair and maintenance, in so far as they relate to motor vehicles and conveyances for which credit is not admissible;**
11.	**ITC on supply of goods or services from employer to employee:**	Sch. I (entry 2) and Sch. III	No GST should be levied where the employer supplies goods or services or both to its employees without charging a consideration under the terms of the	SCHEDULE III ACTIVITIES OR TRANSACTIONS WHICH SHALL BE TREATED NEITHER AS A SUPPLY OF GOODS NOR A SUPPLY OF SERVICES 1 …. **8. Supply of goods and services from employer to employee in fulfilment of obligations under employment contract (To re-visit the formulation as**

Sl.No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
			contract of employment.	**this may result in credit on cars becoming available)**
12.	**ITC on obligatory services supplied by employers to employees:** Currently, ITC is available only in case of rent-a-cab, life insurance and health insurance	17(5)(b)(iii)	Credit should be allowed with respect to all services an employer is obligated to provide to his employees under any law in force.	17(5)(b) the following supply of goods or services or both— (i) (i) food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery except where an inward supply of goods or services or both of a particular category is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as an element of a taxable composite or mixed supply; (ii) membership of a club, health and fitness centre; (iii) rent-a-cab, life insurance and health insurance except where- ~~(A) the Government notifies the services which are obligatory for an employer to provide to its employees under any law for the time being in force; or~~ ~~(B)~~ such inward supply of goods or services or both of a particular category is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as part of a taxable composite or mixed supply; and (*iv*) travel benefits extended to employees on vacation such as leave or home travel concession: **Provided that the input tax credit on such services shall not be denied, in case provision of such service(s) is obligatory for the employer to provide the same to its employees, under any law for the time being in force;**

Sl.No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
13.	**ITC on goods received in instalments:** Section 16(2) provides that credit shall be available on receipt of the last lot of instalment, while under section 18 (2), credit is to be availed within one year from the date of invoice.	Sections 16(2) and 18 (2)	The first proviso to section 16 (2) may be amended to insert the words *"notwithstanding anything contained in sub-section (2) of section 18"* to clarify that the registered person shall be entitled to take credit upon the receipt of the last instalment.	16(2) …… (c) Subject to the provisions of section 41, the tax charged in respect of such supply has been actually paid to the Government, either in cash or through utilisation of input tax credit admissible in respect of the said supply; and (*d*) he has furnished the return under section 39: Provided that **notwithstanding anything contained in sub section (2) of section 18**, where the goods against an invoice are received in lots or instalments, the registered person shall be entitled to take credit upon receipt of the last lot or instalment:
14.	**Reversal of ITC in case of non-payment by supplier:** A provision needs to be made in cases where part payment has been made to the Government by the supplier.	Sections 16(2)(c) and 41	An enabling provision may be made to provide for a mechanism to relax the denial of credit under section 16(2)(c), either on 'First in First out' basis or on proportionate basis. Section 41 may be amended accordingly. [Linked with the changes to be made as per Report of Committee on return-filing]	16(2) …… (c) Subject to the provisions of section 41, the tax charged in respect of such supply has been actually paid to the Government, either in cash or through utilisation of input tax credit admissible in respect of the said supply; and (*d*) he has furnished the return under section 39: Provided that -----: Provided further-----: Provided also ------: **Provided also that in cases where the tax charged in respect of supplies has not been paid in full to the Government, the Government, on the recommendations of the Council, may allow the input tax credit in such manner and subject to such conditions and restrictions as prescribed.**
15.	**Recovery of interest in case payment is made**	Section 16(2)	No interest shall be levied on such reversal of ITC. Section 16 (2) may	16(2) …… (c) Subject to the provisions of section 41, the tax charged in respect of such supply has been actually paid to the Government, either in cash or through

Sl.No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
	after 180 days to supplier: Where payment is made after 180 days, the interest paid by the recipient should also be credited back to the cash ledger in addition to the entitlement of ITC. Currently, the provision is silent on interest paid.		be suitably amended.	utilisation of input tax credit admissible in respect of the said supply; and (*d*) he has furnished the return under section 39: Provided that -----: Provided further that where a recipient fails to pay to the supplier of goods or services or both, other than the supplies on which tax is payable on reverse charge basis, the amount towards the value of supply along with tax payable thereon within a period of one hundred and eighty days from the date of issue of invoice by the supplier, an amount equal to the input tax credit availed by the recipient shall be added to his output tax liability~~, along with interest thereon,~~ in such manner as may be prescribed:
16.	**ITC eligibility on persons other than recipients:** In case of services by way of transportation of goods by a vessel, from a place outside India up to the customs station of clearance in India, provided by a person located in a non-taxable territory to a person located in a non-taxable territory, the person liable to pay GST is the importer of goods. Since the services have not been received by the importer, it is not clear whether he is	Sections 16 (1) and 16 (2)	Clause (10) of Notification No. 10/2017 – IGST (Rate) may be omitted.	**No change in the Act**

Sl.No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
	eligible to avail credit.			

PART IV

LEVY AND COLLECTION OF TAX

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
17.	**Payment on reverse charge basis:** Payment on reverse charge basis on account of purchase from unregistered supplier under section 9 (4) of the CGST Act and 5 (4) of the IGST Act should be omitted	Sections 9(4) of CGST Act and 5(4) of IGST Act	Section 9(4) and 5 (4) may be modified as follows: • Enabling power to be given to the Government to impose RCM on class of persons as recommended by the Council; • Compulsory RCM for composition dealers; • Details of supplies received from unregistered persons to be captured on the basis of PAN /Aadhaar in the return.	Sub-section (4) of section 9 may be substituted as under: **(4) (a) The central tax in respect of the supply of taxable goods or services or both by an unregistered supplier, to a registered person availing benefit under the provisions of Section 10 shall be paid by such person on reverse charge basis as the recipient and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.** **(b) The Government may, on the recommendations of the Council, by notification, specify classes of taxpayers, who shall pay the tax on reverse charge basis as recipient in respect of supply of taxable goods or services or both by a supplier, who is not registered and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.** **(c) A registered person who receives taxable supplies of goods or services or both from a supplier, who is not registered, shall furnish such information in respect of such supplies as may be prescribed by the Government, on the recommendations of the Council, in such form and manner as may be prescribed.**
18.	**Scope of Supply:**	Schedule II Section 7(1)	Schedule II merely classifies the activities as a supply of goods or	**7.** (*1*) For the purposes of this Act, the expression "supply" includes—

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
	Clauses (a) to (d) of section 7(1) appear to have an independent standing and therefore, it may appear that entries in schedule II (referred to by clause of section 7 (1) (d)) would automatically fall within the scope of supply even when performed without consideration or when not in furtherance of business.		supply of services; and in the absence of the essential ingredients of consideration and furtherance of business, the transactions listed therein cannot be deemed to be a supply. As a general principle of taxability, transfer or disposal of business assets, which is not in furtherance of business, should be rendered as a supply only in those cases where credit has been availed. Section 7(1)(d) should be renumbered rendering its purpose to only categorise activities as only supply of goods or services and not to deem them as supply. Schedules of CGST Act need to be redrafted to delineate schedules on the following lines: (1) Deemed supply; (2) Classification as supply of goods or services, and (3) No supply. Certain changes (detailed at Serial No. 11 of report of Law Review Committee) may be made to remove ambiguities in the schedule.	(a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business; (b) import of services for a consideration whether or not in the course or furtherance of business; (c) the activities specified in Schedule I, made or agreed to be made: (i) without a consideration, or (ii) **with or without a consideration and whether or not in the course or furtherance of business.** (d) ***Omitted*** **7(1A) Certain activities, when constituting a supply, in terms of sub-section (1), shall be treated either as supply of goods or supply of services as referred to in Schedule II.** **SCHEDULE I** A. ACTIVITIES TO BE TREATED AS SUPPLY EVEN IF MADE WITHOUT CONSIDERATION ~~1.Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.~~ (shifted to part B below) 1. ~~2.~~ Supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business: Provided that gifts ~~not exceeding fifty thousand rupees in value in a financial year~~ by an employer to an employee shall not be treated as supply of goods or services or both. 2. ~~3.~~ Supply of goods

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
				(a) by a principal to his agent where the agent undertakes to **further** supply such goods on behalf of the principal; or (b) by an agent to his principal where the agent undertakes to receive **from a supplier** such goods on behalf of the principal. 3. ~~4.~~ Import of services by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business. **B. ACTIVITIES TO BE TREATED AS SUPPLY MADE WITH OR WITHOUT CONSIDERATION AND WHETHER OR NOT IN FURTHERANCE OF BUSINESS** 1. Permanent transfer or disposal of business assets (shifted from Part A above) 2. Transfer of business assets (copied from Schedule II) (a) where goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets; (b) where, by or under the direction of a person carrying on a business, goods held or used for the purposes of the business are put to any private use or are used, or made available to any person for use, for any purpose other than a purpose of the business; (c) where any person ceases to be a taxable person, any goods forming part of the assets of any business carried on by him where any person ceases to be a

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
				taxable person, immediately before he ceases to be a taxable person, unless— (i) the business is transferred as a going concern to another person; or (ii) the business is carried on by a personal representative who is deemed to be a taxable person. Provided that transactions mentioned at 1 and 2 above shall not be deemed to be supply in case no consideration is received and no credit of input tax has been availed by such person. SCHEDULE II SUPPLIES TO BE TREATED AS SUPPLY OF GOODS OR SUPPLY OF SERVICES 1. 2…. 3……. 4. Supply by way of transfer of business assets (a) where goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets, such transfer or disposal is a supply of goods by the person; (b) where, by or under the direction of a person carrying on a business, goods held or used for the purposes of the business are put to any private use or are used, or made available to any person for use, for any purpose other than a purpose of the business, the usage or making available of such goods is a supply of services; ~~(c) where any person ceases to be a taxable person, any goods forming part of the assets of any business carried on by him where any person~~

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
				~~ceases to be a taxable person, immediately before he ceases to be a taxable person, unless –~~ (i) ~~the business is transferred as a going concern to another person; or~~ (ii) ~~the business is carried on by a personal representative who is deemed to be a taxable person.~~ 5(a)…. **5(g). Facilitating or arranging transactions in securities.** SCHEDULE III ACTIVITIES OR TRANSACTIONS WHICH SHALL BE TREATED NEITHER AS A SUPPLY OF GOODS NOR A SUPPLY OF SERVICES 1 …. 5. Sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of **complex,** building**,** **civil structure or a part thereof.** 6……. **7. interest and dividend received on deposits or debentures or securities except in case of a banking company or a financial institution including a non-banking financial company enagaged in supplying services by way of accepting deposits, extending loans or advances** **8. Supply of goods and services from employer to employee in fulfilment of obligations under employment contract (Law Committee may like to suggest formulation- may result in credit on cars becoming available)** **9. Supply of goods from a place in the non-taxable territory to another place in non-taxable territory without such goods entering the taxable territory.**

PART V

TIME AND VALUE OF SUPPLY

Sl.No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
19.	**Section 12(2) of CGST Act:** The said section refers only to section 31(1) from which it appears that its provisions would not apply in the case of continuous supply of services.	Sections 12 and 31(1)	Section 12 and 13 may be amended so as to refer to section 31 instead of section 31(1).	Combined in proposal at S. No. 2 below.
20.	No tax to be levied on advances and payment of tax on receipt basis by small taxpayers	Sections 12, 13 and 14	a. GST should not be levied on receipt of advances in case of goods; b. GST should continue to be levied on receipt of advances in case of services; and c. Enabling power to be given to the Government to determine time of supply in specified cases on recommendation of Council.	12(2) The time of supply of goods shall be the earlier of the following dates, namely: — (a) the date of issue of invoice by the supplier or the last date on which he is required, under ~~sub-section (1) of~~ section 31, to issue the invoice with respect to the supply; or (b) **to be omitted** (c) **any other date as may be prescribed by the Government on the recommendations of the Council** ***Proviso to be omitted*** *Explanation* 1. – For the purposes of clauses (*a*), "supply" shall be deemed to have been made to the extent it is covered by the invoice. *Explanation 2.-* ***to be omitted*** 13 (*2*) The time of supply of services shall be the earliest of the following dates, namely: — (*a*) the date of issue of invoice by the supplier, if the invoice is issued within the period prescribed under ~~sub-section (2) of~~ section 31 or the date of receipt of payment, whichever is earlier;

Sl.No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
21.	Clarify the phrase 'identifiable supply' in case of vouchers in sections 12 and 13 of the CGST Act	Sections 12 and 13	It is proposed to insert an Explanation in section 13 to clarify the term 'identifiable supply'. **[Note: This is a new issue, and was not discussed in the Officers' meeting held on 11.01.2018]**	**Explanation: For the purpose of this section and section 12, the phrase 'supply is identifiable' means 'the place of supply of goods or services to which the voucher relates, and the tax due on such goods or services, is known at the time of issue of the voucher'.**

PART VI

TAX INVOICE, CREDIT AND DEBIT NOTES

Sl.No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
22.	**Delinking credit notes and debit notes from invoices**	Section 34	In case of goods, credit notes and debit notes may be permitted to be issued on a consolidated basis in respect of multiple invoices and not linking the same to individual invoices.	34(1) Where ~~an invoice has~~ **one or more tax invoices have** been issued for supply of any goods or services or both and the taxable value or tax charged in the said tax invoices is found to exceed the taxable value or tax payable in respect of such supply, or where the goods supplied are returned by the recipient, or where goods or services or both supplied are found to be deficient, the registered person, who has supplied such goods or services or both, may issue to the recipient ~~**a credit note**~~ **one or more credit notes for each month corresponding to such supplies made in the said month** containing such particulars as may be prescribed. (2) Any registered person who issues ~~**a credit note**~~ **any credit notes** in relation to a supply of goods or services or both shall declare the details of such credit ~~**note**~~ **notes** in the return for the month during which such credit ~~**note has**~~ **notes have** been issued, and the tax liability shall be adjusted in such manner as may be prescribed: Provided that no reduction in output tax liability of the supplier shall be permitted, if the incidence of tax and interest on such supply has been passed on to any other person. (3) Where ~~**a tax invoice has**~~ **one or more tax invoices have** been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to be less than the taxable value or tax payable in respect of such supply, the registered person, who has supplied such goods or services or both, shall issue to the recipient ~~**a debit note**~~ **one or more debit notes for each month corresponding to**

Sl.No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
				such supplies made in the said month containing such particulars as may be prescribed. (4) Any registered person who issues ~~**a debit note**~~ **any debit notes** in relation to supply of goods or services or both shall declare the details of such debit notes in the return for the month during which such debit ~~**note has**~~ **notes have** been issued and the tax liability shall be adjusted in such manner as may be prescribed.

PART VII

COMPOSITION

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
23.	**Composition Scheme to be more attractive:**	Section 10	1. Limit may be increased to Rs. 2 crores, but the threshold may be fixed at Rs. 1.5 crore. 2. The scheme should not be extended to persons making inter-State supplies (including supplies made to SEZs by composition dealers located in DTA). 3. The scheme should not be extended to any other category of service provider except restaurant services. 4. Extent of services supplied by a composition dealer may be limited to 10% of the taxable turnover or five lakh rupees, whichever is higher. This would also include services supplied by way of job work. In such cases, for these services, a composition rate may be notified by Govt on the recommendations of the Council but not exceeding 18% (9+ 9). 5. Credit of amount paid by the composition dealer should not be allowed to the recipient in view of the nature of the composition scheme, which is a simple scheme without a high compliance burden. 6. Restaurant services to be defined. 7. Manufacturer of aerated water to be kept out. **(may be done through notification)**	10(1) Notwithstanding anything to the contrary contained in this Act but subject to the provisions of sub-sections (3) and (4) of section 9, a registered person, whose aggregate turnover in the preceding financial year did not exceed ~~**fifty lakh rupees**~~ **an amount specified by the Government, on the recommendations of the Council, but not exceeding an amount of two crore rupees,** may opt to pay, in lieu of the tax payable by him, an amount calculated at such rate or rates as may be prescribed, but not exceeding, **(three different rates prescribed propsoed to be omitted)** two and a half per cent. of the turnover **of the taxable supply** of goods in a State or a Union Territory subject to such conditions and restrictions as may be prescribed: **Provided that for supply of services, he shall pay an amount calculated at such rate or rates as may be specified by the Government on the recommendations of the Council but not exceeding nine percent of the turnover of the taxable supply of services in a State or a Union Territory.** (2) **The registered person shall be eligible to opt under sub-section (*1*), if: —** **(a)** ~~**he is not engaged in the supply of services other than supplies referred to in clause (b) of paragraph 6 of Schedule II**~~ **he is not engaged in taxable supply of services except in case of supply of-**

				(i) services by way of supply of goods, being food or any other article for human consumption or drink, provided by a restaurant or eating joint including mess or canteen; or **(ii) services of value not exceeding ten percent of turnover of taxable supplies in the preceding financial year in a State or a Union Territory or five lakh rupees, whichever is higher.** (b) …….
24.	**Levy of interest under section 10 (5):** Charging of interest is not specified in section 10 (5) of the CGST Act and the same may be specified as a matter of abundant caution.	Section 10 (5)	Charging of interest may be specified in section 10 (5) of the CGST Act.	**10(5) If the proper officer has reasons to believe that a taxable person has paid tax under sub-section (1) despite not being eligible, such person shall, in addition to any tax that may be payable by him under any other provisions of this Act, be liable to a penalty and** interest **and the provisions of section 73 or section 74 shall, *mutatis mutandis*, apply for determination of tax**, interest **and penalty.**

PART VIII

PAYMENT OF TAX

Sl.No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
25.	**One cash ledger:** There should be one cash ledger under each tax head and interest should not be charged if money is deposited in time by the taxpayer but there is a delay in offsetting the tax liability by way of debit to electronic cash or credit ledger		1. Minor heads should be merged. 2. The feasibility of cross-utilisation between CGST, SGST or IGST lying in electronic cash ledger may be explored in consultation with CGA and GSTN.	**No change in Act**
26.	**Order of utilisation of credit** for payment of IGST may be laid down	Clauses (b) (c) and (d) of section 49(5)	Section 49(5) maybe suitably amended to bring clarity about the order of priority between clauses (b), (c) and (d) so as to provide that for payment of IGST, first IGST credit must be utilised, thereafter, CGST credit and only then, SGST and UTGST credit may be utilized.	49 (5) The amount of input tax credit available in the electronic credit ledger of the registered person on account of — (a) integrated tax shall first be utilised towards payment of integrated tax and the amount remaining, if any, may be utilised towards the payment of central tax and State tax, or as the case may be, Union territory tax, in that order; (b) the central tax shall first be utilised towards payment of central tax and the amount remaining, if any, may be utilised towards the payment of integrated tax; (c) the State tax shall first be utilized towards payment of State tax and the amount remaining, if any, may be utilized towards payment of integrated tax; (d) the Union territory tax shall first be utilized towards payment of Union territory tax and the amount remaining, if any, may be utilized towards payment of integrated tax;

Sl.No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
				(e) the central tax shall not be utilised towards payment of State tax or Union territory tax; and (f) the State tax or Union territory tax shall not be utilized towards payment of central tax: **Provided that for payment of integrated tax, the integrated tax credit shall be utilised first, then the central tax credit, followed by the state tax or Union territory tax credit;**
27.	**TDS AND TCS:**	Sections 51 and 52	The provisions pertaining to TDS and TCS be kept in abeyance for at least six more months or such further period as may be decided by the Council.	**No change in Act**

PART IX

ACCOUNTS AND RECORDS

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
28.	**Simplification of Accounts and Records:** Procedure for keeping accounts and records under section 35 should be simplified in the case of SMEs having turnover up to Rs. 10 Crores and suppliers of OIDAR services.	Section 35 (4)	Section 35(4) may be amended so as to empower the Commissioner, on the recommendations of the Council, to notify cases where simplified accounts and records may be maintained by certain class of taxpayers.	**Proposal combined in S. No. 2 below**
29.	**Mandatory maintenance of accounts at only the principal place of business:** Maintenance of records at principal place and not at all other additional places of business.	Section 35	The first proviso of section 35 may be amended to replace the word "shall" with "may".	35 (*1*) Every registered person shall keep and maintain, at his principal place of business, as mentioned in the certificate of registration, a true and correct account of— (*a*) production or manufacture of goods; (*b*) …… (*c*) …… (*d*) ……. (*e*) …….; and (*f*) …….: Provided that where more than one place of business is specified in the certificate of registration, the accounts relating to each place of business ~~shall~~ may be kept at ~~such place of business~~ principal place of business or at one or more other places of business: Provided further that the registered person may keep and maintain such accounts and other particulars in

				electronic form in such manner as may be prescribed. (2) …….. (3) ……... ~~**(4) Where the Commissioner considers that any class of taxable person is not in a position to keep and maintain accounts in accordance with the provisions of this section, he may, for reasons to be recorded in writing, permit such class of taxable persons to maintain accounts in such manner as may be prescribed.**~~ **(4) The Government on the recommendations of the Council may permit a class of taxable persons to maintain accounts in such simplified manner as maybe prescribed.** (*5*) …….. (*6*) ……...

PART X

REFUND

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
30.	**Refund on supply from DTA to SEZ:** SEZ units are required to pay IGST in case of supplies notified under section 9(3) if procured from DTA units. They are eligible for refund but such situation has not been specified in the law.	Sections 54, 9(3) of CGST Act and 16 of the IGST Act	Section 16 of IGST Act may be amended or the notifications issued under section 9(3) may be amended accordingly so that SEZ units do not suffer the tax liability and they either get duty free supplies or are able to get refund.	**To be formulated, as per the GST Council's decision**
31.	**Clarification with respect to relevant date as specified in Section 54**	Section 54	Section 54(1) may be re-worded appropriately to clarify the term "relevant date".	54. (1) Any person claiming refund of any tax and interest, if any, paid on such tax or any other amount paid by him, may make an application ~~before the expiry~~ any time after the relevant date, but within a period of two years from the relevant date, in such form and manner as may be prescribed:
32.	**Refund to specialised agency to be given in three months:** As six months is quite a long period and there are no hurdles or operational difficulty in reducing it to three months.	Section 54	Section 54 may be amended to specify that time period for filing refund claims may be prescribed under the rules.	54(2) A specialised agency of the United Nations Organisation or any Multilateral Financial Institution and Organisation notified under the United Nations (Privileges and Immunities) Act, 1947, Consulate or Embassy of foreign countries or any other person or class of persons, as notified under section 55, entitled to a refund of tax paid by it on inward supplies of goods or services or both, may make an application for such refund, **within such period and** in such form and manner as may be prescribed. ~~**before the expiry of six months from the last day of the quarter in which such supply was received**~~.
33.	**Refunds under Section 54(3) to be**	Section 54 (3)	Section 54(3) may be amended to specify that the time period for filing	54 (3) Subject to the provisions of sub-section (10), a registered person may claim refund of any unutilised

	given on quarterly basis: The words "at the end of tax period" should be replaced with the word “quarterly”, to bring more clarity.		refund claims may be prescribed under the rules, which shall be a quarter or consecutive quarters.	input tax credit at the end of ~~any tax period~~ **such period as may be prescribed**: Provided that no refund of unutilised input tax credit shall be allowed in cases other than— ……..

PART XI

DEMAND AND RECOVERY

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
34.	**Definition of term Collector:** The term 'Collector' needs to be clarified to include Deputy Commissioner of a district and other similar designations in Section 79.	Section 79	An explanation may be added to section 79 (1)(e) to clarify the term "Collector". Reference may be made to the definition of the term in the Land Acquisition, Rehabilitation and Resettlement Act, 2013 (LARR Act, 2013).	Combined with S. No. 2 below.
35.	**Recovery from a registered person:** Recovery from a registered person in one State should be affected from a distinct person located in another State even though in common law, they are one entity.	Sections 25(4), 25(5) and 79 to 84. Chapter XVI (Liability to pay in certain cases)	The tax dues should be recoverable from all the persons having the same PAN.	79(1) **Notwithstanding anything contained in section 25,** where any amount payable by a person to the Government under any of the provisions of this Act or the rules made there under is not paid, the proper officer shall, proceed to recover the amount by one or more of the following modes … (e) the proper officer may prepare a certificate signed by him specifying the amount due from such person and send it to the Collector of the district in which such person owns any property or resides or carries on his business or to any officer authorised by the Government and the said Collector or the said officer, on receipt of such certificate, shall proceed to recover from such person the amount specified thereunder as if it were an arrear of land revenue; **Explanation: For the purposes of this clause the term Collector means the Collector of a revenue district and includes a Deputy Commissioner or a district magistrate or head of the revenue**

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
				administration in a revenue district.
36.	**Section 84 (b) (i):** As per the section 84 (b) (i), where the Government dues are reduced in appeal, revision or in other proceedings, it shall not be necessary for the Commissioner to serve upon the taxable person a fresh notice of demand. It is felt that the words 'or any other person' may be inserted after the word 'taxable person'.	Section 84(b)(i)	In section 84 (b) (i), the words 'or any other person' may be inserted after the word 'taxable person'.	84 (b) Where such Government dues are reduced in such appeal, revision or in other proceedings— (i) it shall not be necessary for the Commissioner to serve upon the taxable **or any other person** a fresh notice of demand; (ii)-------

PART XII

APPEALS AND REVISION

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
37.	**Fixation of upper limit:** There should be an upper limit of the amount payable on pre-deposit for filing an appeal before the Appellate authority and the Appellate Tribunal which is 10% and 20% of the disputed amount respectively.	Sections 107 and 112	An upper limit of Rs 50 crores in appeal before the Appellate Authority and Rs. 100 Crore before the Appellate Tribunal may be fixed by amending sections 107 and 112 respectively.	- **107(6)** No appeal shall be filed under sub-section (*1*), unless the appellant has paid— (a) in full, such part of the amount of tax, interest, fine, fee and penalty arising from the impugned order, as is admitted by him; and (b) a sum equal to ten per cent. of the remaining amount of tax in dispute arising from the said order **subject to a maximum of fifty crore rupees**, in relation to which the appeal has been filed. - **112(8)** No appeal shall be filed under sub-section (*1*), unless the appellant has paid— (*a*) in full, such part of the amount of tax, interest, fine, fee and penalty arising from the impugned order, as is admitted by him, and (*b*) a sum equal to twenty per cent. of the remaining amount of tax in dispute, in addition to the amount paid under sub-section (*6*) of section 107, arising from the said order, **subject to a maximum of one hundred crore rupees** in relation to which the appeal has been filed

PART XIII

AUDIT

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
38.	**Extension of period for Special Audit:** Proviso to 66 (2) provides for extension of period by a further period of 90 days by only the Assistant Commissioner. This leads to complication in cases where special audit was directed by an officer superior to an Assistant Commissioner.	Section 66	In the proviso to sub-section (2) of section 66, the words "Assistant Commissioner" shall be substituted by the phrase "the officer who has directed to get the records audited under sub-section (1)".	66 (2) The chartered accountant or cost accountant so nominated shall, within the period of ninety days, submit a report of such audit duly signed and certified by him to the said **officer not below the rank of** Assistant Commissioner mentioning therein such other particulars as may be specified: Provided that the **said officer** ~~**Assistant Commissioner**~~ may, on an application made to him in this behalf by the registered person or the chartered accountant or cost accountant or for any material and sufficient reason, extend the said period by a further period of ninety days.

PART XIV

MISCELLANEOUS

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
39.	**Power to be given to Commissioner to extend due dates:** This may be provided in order to meet administrative or other exigencies.	All relevant sections	Suitable amendments may be made in all the relevant provisions of the Act and Rules to allow the Commissioner to extend the dates.	**Power to extend due dates to be inserted in all relevant sections and rules**
40.	**To bring clarity in sections 122(1) and 132(1)(d):**	Section 122 and 132	In clauses (iii) and (iv) of section 122 (1) and 132(1)(d), the word 'beyond' may be replaced with word 'within'.	- 122(1) Where a taxable person who— (i)----- (ii)---- (iii) collects any amount as tax but fails to pay the same to the Government ~~**beyond**~~ **within** a period of three months from the date on which such payment becomes due; (iv) collects any tax in contravention of the provisions of this Act but fails to pay the same to the Government ~~**beyond**~~ **within** a period of three months from the date on which such payment becomes due; - 132(1) Whoever commits any of the following offences, namely: — (a) to (c)---- (d) collects any amount as tax but fails to pay the same to the Government—~~beyond~~ **within** a period of three months from the

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
				date on which such payment becomes due;
41.	There is no provision to issue exemption notifications with retrospective effect.	New Section	It is proposed to make an enabling provision to issue exemption notifications with retrospective effect for a period of 3 years from appointed day.	**142A. Transitional Provisions in relation to Rate of Tax** **(1) Notwithstanding anything contained in the Act, the Central Government, on the recommendations of the Council, in relation to a notification issued under sub section (1) of section 9, sub section (1) of section 11, sub section (5) of section 15 or sub section (1) of section 16 of the Act may notify the effective date of coming into force of the said notifications from a retrospective date but not earlier to the first day of July 2017:** **Provided that no such notification shall be issued after a period of three years from the date of commencement of this Act.** **(2) Every notification issued under this section shall be laid, as soon as may be, after it is made, before each House of Parliament.**

PART XV

IGST ACT

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
42.	**Place of supply in B2B supply of accommodation services**: POS in relation to renting and accommodation, organisation of events, conferences etc may be the location of the immovable property. However, being an intra-State supply, recipient not registered in the State is not able to utilise credit.	Sections 12(3)(b) and 13 of IGST Act	To be discussed in the meeting of GST Council after taking views of States of Goa, Kerala and Rajasthan.	12 (1) The provisions of this section shall apply to determine the place of supply of services where the location of supplier of services and the location of the recipient of services is in India. (2) The place of supply of services, except the services specified in sub sections (3) to (14) - (*a*) made to a registered person shall be the location of such person; (*b*) made to any person other than a registered person, shall be, — *(i)* the location of the recipient where the address on record exists; and (*ii*) the location of the supplier of services in other cases. (3) The place of supply of services, — (*a*) directly in relation to an immovable property, including services provided by architects, interior decorators, surveyors, engineers and other related experts or estate agents, any service provided by way of grant of rights to use immovable property or for

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
				carrying out or co-ordination of construction work; or ~~*(b)* by way of lodging accommodation by a hotel, inn, guest house, home stay, club or campsite, by whatever name called, and including a house boat or any other vessel;~~ or **(b)** by way of accommodation in any immovable property for organising any marriage or reception or matters related thereto, ~~**official,**~~ social, cultural **or** religious ~~or business~~ function including services provided in relation to such function at such property; or **(*c*)** any services ancillary to the services referred to in clauses (*a*) **and** (*b*) ~~**and (*c*),**~~ shall be the location at which the immovable property ~~**or boat or vessel, as the case may be,**~~ is located or intended to be located: Provided that if the location of the immovable property or boat or vessel is located or intended to be located outside India, the place of supply shall be the location of the recipient. *Explanation.* —Where the immovable property ~~**or boat or vessel**~~ is located in more than one State or Union

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
				territory, the supply of services shall be treated as made in each of the respective States or Union territories, in proportion to the value for services separately collected or determined in terms of the contract or agreement entered into in this regard or, in the absence of such contract or agreement, on such other basis as may be prescribed.
43.	**Dual Levy on export of services:** Presently GST is levied and export benefit is not extended where foreign exchange is not received.	Section 2(6) (clause iv) of the IGST Act	Section 2(6) (iv) of the IGST Act can be amended to exclude any country from which export proceeds can be received in Indian rupees as per RBI guidelines.	2(6) "export of services" means the supply of any service when, — (*i*) the supplier of service is located in India; (*ii*) the recipient of service is located outside India; (*iii*) the place of supply of service is outside India; (*iv*) the payment for such service has been received by the supplier of service in convertible foreign exchange **or where permitted to be received in Indian Rupees as per Reserve Bank of India guidelines**; and (*v*) the supplier of service and the recipient of service are not merely establishments of a distinct person in accordance with *Explanation* 1 in section 8.

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
44.	**PoS in case of supply of services relating to R&D, technical testing etc. to a person located outside India:** POS should be the location of the recipient	Section 13 of the IGST Act	In such cases, the PoS should be the location of the recipient of services.	13(3) The place of supply of the following services shall be the location where the services are actually performed, namely: — (*a*) services supplied in respect of goods which are required to be made physically available by the recipient of services to the supplier of services, or to a person acting on behalf of the supplier of services in order to provide the services: **Provided that nothing contained in this sub section shall apply in case of services supplied in respect of testing, analysis, research and development of such goods:** Provided **further** that when such services are provided from a remote location by way of electronic means, the place of supply shall be the location where goods are situated at the time of supply of services: Provided ~~**further**~~ **also** that nothing contained in this clause shall apply in the case of services supplied in respect of goods which are temporarily imported into India for repairs and are exported after repairs without being put to any other use in India, than that

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
				which is required for such repairs; (*b*) services supplied to an individual, represented either as the recipient of services or a person acting on behalf of the recipient, which require the physical presence of the recipient or the person acting on his behalf, with the supplier for the supply of services.
45.	**Zero Rated Supplies:** There are certain cases which may need to be zero rated such as in the case of transportation of goods for exports where the place of supply is India and not the place to which the goods are destined. Such services of transportation of goods to a location outside India may need to be notified to be a zero-rated supply to remove any disadvantage faced by Indian shipping companies vis-à-vis foreign shipping companies.	Section 16 of the IGST Act	Changes may be made in the place of supply of services in case of export of goods in section 12.	**To be handled through notification as it cannot be handled through Act**

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
46.	Explanation to the definition of "continuous journey" does not consider single ticket flights with stopovers as continuous journey.	Section 2 (3) of the IGST Act	The Explanation to the definition of 'continuous journey' to be amended. **[Note: This is a new issue, and was not discussed in the Officers' meeting held on 11.01.2018]**	Explanation. – For the purposes of this clause, the term "stopover" means a place where a passenger can disembark either to transfer to another conveyance or break his journey for a certain period in order to resume it at a later point of time**. All stopovers do not cause a break in continuous journey. Only such stopovers will be relevant, for which one or more separate tickets are issued;**

PART XVI

COMPENSATION CESS

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
47.	**Compensation Cess**	New Section	An enabling provision may be made in the GST Compensation Cess Act to provide for levy of cess at the manufacturing stage on parameters such as production capacity for certain categories of supplies such as pan masala and other evasion prone commodities. In such cases, there would not be any requirement of payment of cess at subsequent stages.	**Section 8A. Levy and collection of cess on specified goods** **(1) Notwithstanding anything contained in section 8, the Central government, on the recommendation of the Council, having regard to the extent of evasion of cess on supplies of taxable goods of any specified description or such other factors as may be relevant, is of the opinion that is necessary to safeguard the interest of revenue, specify, such goods as notified goods and there shall be levied and collected cess on such goods based on the capacity of manufacture or production in accordance with the provisions of this section.** **(2) Where a notification is issued under sub-section (1), the Central Government on the recommendation of the Council may, by rules,-** **(a) provide the manner for determination of the annual value of supplies based on the capacity of production of all the factories or manufacturing facilities of such supplier in a State or a Union Territory, in which such goods are produced, by an officer not below the rank of Assistant Commissioner and the value of annual capacity of production so determined shall be deemed to be the annual value of supplies of such goods by such supplier; or** **(b) (i) specify the factor relevant to the production of such goods**

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
				and the quantity that is deemed to be supplied by use of a unit of such factor; and **(ii) provide for the determination of the annual value of supplies based on capacity of production of the factory in which such goods are produced on the basis of such factor by an officer not below the rank of Assistant Commissioner and such annual capacity of production shall be deemed to be the annual production of such goods by such factory:** **Provided that where a factory producing notified goods is in operation only during a part of the year only, the annual production thereof shall be calculated on proportionate basis of the annual capacity of production:** **Provided further that in a case where the factor relevant to the production is altered or modified at any time during the year, the annual production shall be redetermined on a proportionate basis having regard to such alteration or modification.** **(3) Notwithstanding anything contained in this Act, CGST Act, SGST Act or UTGST Act, the annual value of supplies of specified goods by such a taxable person determined in accordance with the provisions of sub section (2) shall be deemed to be supply.** **(4) The cess on notified goods shall be levied, at such rate, on the unit of production or, as the case may be, on such factors relevant to the production, as the Central Government on the recommendations of the council**

Sl. No.	Gist of issue	Section/Rules	Proposal	Suggested formulation
				may specify, and will be collected in such manner as may be prescribed: **Provided that, where a factory producing notified goods did not produce the notified goods during any continuous period of fifteen days or more, cess calculated on a proportionate basis shall be abated in respect of such period if the supplier of such goods fulfils such conditions as may be prescribed.** **(5) Where the cess under this section has been paid on the specified goods, no cess shall be levied on further supplies of these goods** **(6) Notwithstanding anything contained in the provisions of section 11 of this Act no input tax credit in respect of cess on supply of specified goods shall be available to the recipient of the said goods.**

Agenda Item 10: Issues recommended by the Fitment Committee for the Consideration of the GST Council

Agenda Item 10(i): Recommendations on Goods

The GST Council, while considering the recommendations of the Fitment Committee, in its 23rd Meeting held on 10 November 2017 had referred GST rates on certain goods for re-examination by the Fitment Committee.

2. Moreover, both the Centre and States have received a number of representations from various stakeholders, which were examined and broad-sheeted for discussion by Centre and certain States, like, Tamil Nadu, Uttar Pradesh, Maharashtra and Gujarat.

3. The issues referred back by the GST Council as well those forwarded by the Centre and States were examined by the Fitment Committee during its meetings on 10th and 13th January, 2018. Based on the deliberations, the Fitment Committee has made certain recommendations for change in the GST rates of certain goods or has suggested issuance of clarifications in certain other cases relating to classification and rate of goods.

4. **Annexure 1** appended to this agenda note lists out the goods where the Fitment Committee has recommended change in the GST rates of certain goods or has suggested issuance of clarifications in certain other cases relating to classification and rate of goods**. Annexure 2** appended to this agenda note lists out the goods, where the Fitment Committee has not recommended any change in the GST rates.

5. This is placed before the GST Council for consideration and approval.

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ANNEXURE 1

LIST OF GOODS FOR CHANGE IN GST RATE

S. No.	Description	HSN	Present GST Rate	Recommended GST rate	Comments of the Fitment Committee
1.	Renewable fuel based buses	8702	28%	18%	1. Buses attract 28% GST. As against that, other motor vehicles attract 28% GST plus Compensation cess. 2. Karnataka informed that in their State a unit manufactures renewable fuel based buses. 3. In view of the positive impact of such buses on the environment, Fitment Committee recommends 18% GST rate on buses, for use in public transport, which exclusively run on bio fuels.
2.	Gibberellic Acid	3808 93	18%	12% [under S. No. 59 of Schedule II of notification No. 1/2017-CT(Rate)]	1. S. No. 59 of Schedule II of notification No. 1/2017-CT (Rate)] prescribes 12% GST rate for gibberellic acid falling under chapter 29. 2. As per HSN Explanatory Notes, Gibberellic Acid falls under sub-heading 3808 93. 3. Fitment Committee recommends to include sub-heading 3808 93 and an explanation [under sub-section 3 of section 11 of the CGST/SGST Act] that such rate was available for Gibberellic Acid falling under sub-heading 3808 93 with effect from 1st July, 2017.
3.	10-13 seater buses and ambulances	8702	28% GST +15% Compensation Cess	28% + Nil Compensation Cess for 10-13 seater vehicles falling under heading 8702 cleared as ambulances, duly fitted with all fitments, furniture and accessories necessary for an ambulance from the factory manufacturing such vehicles	1. In central excise, for vehicles falling under headings 8702 or 8703, cleared as ambulances, duly fitted with all fitments, furniture and accessories necessary for an ambulance from the factory manufacturing such vehicles attracted a concessional excise duty of 12.5%. 2. In GST, the aforesaid concession has been carried forward, in form of exemption from Compensation Cess, for motor vehicles [falling under heading 8703] cleared as ambulances, duly fitted with all fitments, furniture and accessories necessary for an ambulance from the factory manufacturing such vehicles. 3. Fitment Committee recommended that following the same rationale, exemption from Compensation Cess may be extended to motor vehicles [falling under heading 8702, as it was in excise duty regime] cleared as ambulances, duly fitted with all fitments, furniture and accessories necessary for an ambulance from the factory manufacturing such vehicles.
4.	LPG supplied for supply	2711	18%	5%	1. The 5% GST is levied on domestic LPG supplied by the three public sector firms- Indian Oil Corporation Ltd, Bharat Petroleum

<table>
<tr><th>S. No.</th><th>Description</th><th>HSN</th><th>Present GST Rate</th><th>Recommended GST rate</th><th>Comments of the Fitment Committee</th></tr>
<tr><td></td><td>to household domestic consumers by Private LPG distributors</td><td></td><td></td><td></td><td>Corporation Ltd and Hindustan Petroleum Corporation Ltd.
2. This exemption entry is in line with S.No. 81 of notification No. 12/2012-Central Excise, which read as:<table><tr><th>Sl. No.</th><th>Tariff</th><th>Description</th><th>Rate</th></tr><tr><td>81</td><td>2711 12 00, 2711 13 00, 2711 19 00</td><td>Liquefied Propane and Butane mixture, Liquefied Propane, Liquefied Butane and Liquefied Petroleum Gases (LPG) for supply to household domestic consumers or to non-domestic exempted category (NEDC) customers by the Indian Oil Corporation Ltd.(IOCL), Hindustan Petroleum Corporation Ltd.(HPCL), Bharat Petroleum Corporation Ltd.(HPCL)</td><td>Nil</td></tr></table>3. Karnataka informed that there are at least 10 Private Distributors of LPG, in their Sates, engaged in domestic LPG supply.
4. Fitment Committee recommends extending 5% GST rate LPG supplied for supply to household domestic consumers by Private LPG distributors</td></tr>
<tr><td>5.</td><td>Poly Butylene Feed Stock & Liquefied Petroleum Gas</td><td>18%</td><td>18%</td><td>GST to apply only on net quantity of Poly Butylene Feed Stock or Liquefied Petroleum Gas consumed for the</td><td>1. In case of kerosene [return stream], with the approval of the GST Council it has been clarified that 18% GST will apply only on the net quantity of superior kerosene oil [SKO] retained for the manufacture of LAB.
2. On the same rationale, the Fitment Committee recommends to extend same benefit of charging GST on the net quantity of Poly Butylene Feed</td></tr>
</table>

S. No.	Description	HSN	Present GST Rate	Recommended GST rate	Comments of the Fitment Committee
				manufacture of the final products manufactured by the downstream units, as has been clarified in case of SKO for manufacture of LAB	Stock & Liquefied Petroleum Gases retained for the manufacture of Poly Iso Butylene or Propylene or di-butyl para cresol respectively.
6.	Cigarette Filter Rods	5601 22 00	12%	18%	1. Cigarettes attract 28% GST. 2. 18% GST rate on filters, therefore, will not cause any ITC overflow issues. 3. However, 12% GST rate on cigarettes filter rods results in duty inversion for their manufacturers. 4. Fitment Committee recommends 18% GST rate Cigarette filter rods (5601 22 00) to 18%.
7.	Bio diesel	29 or 38	18%	12%	1. Pre-GST bio-diesel attracted 6% excise duty. 2. During the meeting, members of the Fitment Committee informed that in many States, bio-diesel attracted 5% VAT. 3. Domestic bio-diesel manufacturers are complaining that 18% GST on it is making them economically unviable. 4. Considering the positive impact of bio diesel on the environment, the Fitment Committee recommends 12% GST for Bio Diesel.
8.	Velvet fabric	5801 37 20	12%	5%	1. Fabrics in general attract 5% GST rate with no refund of unutilised ITC. 2. GST rate on corduroy fabrics and specified narrow woven fabrics has been reduced to 5% with no refund of unutilised ITC. 3. On similar lines, the Fitment Committee recommends 5% GST rate with no refund of unutilised ITC for Velvet fabrics falling under heading 5801 37 20.
9.	Used motor vehicles	87	28% plus applicable Compensation Cess	The following rates on all used motor vehicle sold by a person who has not availed input tax credit on such motor vehicle a) 12% GST + Nil Compensation	1. Supply of old motor vehicles attract applicable GST rate and applicable Compensation cess rate. 2. Presently the GST Rate applicable on used motor vehicles is also 28% + applicable Compensation Cess 3. Though, no GST is applicable on supply of used cars: a) by an unregistered person to another unregistered person or b) by an unregistered person to a person availing margin scheme.

<table>
<tr><th>S. No.</th><th>Description</th><th>HSN</th><th>Present GST Rate</th><th>Recommended GST rate</th><th>Comments of the Fitment Committee</th></tr>
<tr><td></td><td></td><td></td><td></td><td>Cess on all motor vehicles, including all motor vehicles falling under 8702 [other than medium and large cars and SUVs];
b) 18% GST + Nil Compensation Cess on medium and large cars and SUVs.
The tax shall be levied on the margins of the supplier on such motor vehicle.</td><td>4. Pre-GST, applicable VAT rates on sale of used vehicles [cars], as informed by the Fitment Committee members, were as under;
<table><tr><th>S. No.</th><th>STATE</th><th>GST Rate</th></tr><tr><td>1.</td><td>Maharashtra</td><td>12.5% on 15% of sale value</td></tr><tr><td>2.</td><td>UP</td><td>5% of sale value</td></tr><tr><td>3.</td><td>Karnataka</td><td>5.5% of margin</td></tr><tr><td>4.</td><td>West Bengal</td><td>2.5% of sale value</td></tr><tr><td>5.</td><td>Bihar</td><td>Rs. 3000 less than 1000cc, others Rs.4500</td></tr><tr><td>6.</td><td>Jharkhand</td><td>5% of sale value</td></tr><tr><td>7.</td><td>Kerala</td><td>0.5% of sale value</td></tr><tr><td>8.</td><td>Haryana</td><td>Rs. 3000 less than 1000cc, others Rs. 5000</td></tr><tr><td>9.</td><td>Telangana</td><td>14.5% on margin</td></tr><tr><td>10.</td><td>Punjab</td><td>Rs. 3000 less than 1000cc, others Rs. 5000</td></tr></table>
5. Exemption of Compensation Cess on supply of used motor vehicles will be iniquitous, as it will largely be applicable for bigger cars and SUVs.
6. Fitment Committee recommends the following rate on the supply of used motor vehicle by a person who has not availed input tax credit on such motor vehicle:
a) 12% GST + Nil Compensation Cess on all motor vehicles, including all motor vehicles falling under 8702 [other than medium and large cars and SUVs];
b) 18% GST + Nil Compensation Cess on medium and large cars and SUVs,
on the margin of the supplier of such motor vehicle.

7. In all such cases where the supplier has claimed depreciation on such vehicles in his books of account, the margin of supplier shall be computed as the difference between the considerations for supply and the depreciated value of such vehicle. In all other cases, the margin shall be the difference between the consideration for supply and the purchase price for such vehicle. Negative margin amount shall be ignored.</td></tr>
<tr><td>10.</td><td>Diamonds (all type),</td><td>7102
7103</td><td>o 0.25% on</td><td>0.25% GST rate on all types of</td><td>1. Rough diamonds attract 0.25% GST, while other than rough diamonds attract 3% GST.</td></tr>
</table>

S. No.	Description	HSN	Present GST Rate	Recommended GST rate	Comments of the Fitment Committee
	precious stones		rough diamonds o 3% on other diamonds, including cut and polished diamonds	diamonds and precious stones, including cut and polished diamonds and cut and polished precious stones.	2. As per industry, 3% GST puts huge financial burden of the sector, which will in turn affect their export competitiveness, adversely affect the employment in the sector. 3. A major portion of cut and polished diamonds are exported. The sector employs a large number of persons. 4. Tax on the intermediate stages results in blockage of funds adversely affecting the competitiveness of the sector. 5. Fitment Committee recommends a uniform 0.25% GST rate on all types of diamonds and precious stones, including cut and polished diamonds and cut and polished precious stones. 6. Fitment Committee also recommends that possibility of procurement of gold by jewellery manufacturers, exclusively for export of jewellery, from specified banks and PSUs, may be explored in consultations with the Director General of Foreign Trade.
11.	Micro irrigationincluding drip irrigation system, including laterals	8424	18%/12%	12%	1. Micro-irrigation, sometimes called localized irrigation, low volume irrigation, or trickle irrigation is a system where water is distributed under low pressure through a piped network, in a pre-determined pattern, and applied as a small discharge to each plant or adjacent to it. 2. Traditional drip irrigation using individual emitters, subsurface drip irrigation (SDI), micro-spray or micro-sprinkler irrigation, and mini-bubbler irrigation all belong to this category of irrigation methods. It helps in saving water. 3. 5% GST rate will result in acute inversion, accumulation of ITC and consequent refunds, adding to financial, administrative and compliance cost for domestic industry putting them at disadvantage vis-à-vis imports. 4. Fitment Committee recommends concessional 12% GST for micro irrigation systems, namely, sprinklers, drip irrigation system, including laterals.
12.	Mechanical Sprayer	8424	18%	12%	1. Mechanical sprayers are classifiable under heading 8424, and attract GST rate of 18%. 2. Mechanical sprayer, besides in agriculture, are also used for spraying in industries, spraying paint and waterproof coating, etc. 3. 5% GST rate will result in acute inversion, accumulation of ITC and consequent refunds, adding to financial, administrative and compliance cost for domestic industry putting them at disadvantage vis-à-vis imports. 4. Fitment Committee recommends concessional 12% GST for Mechanical Sprayer.

<table>
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<tr><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>13.</td><td>Mehndi paste in cones</td><td>3305/ 1404</td><td>18%</td><td>5%</td><td>1. Henna powder falling under heading 1404 attracts 5% GST.
2. Henna used as preparation for hair is classified under heading 3305 and attracts GST at the rate of 18%.
3. To avoid disputes, fitment Committee recommends 5% GST rate for mehndi paste in cones.</td></tr>
<tr><td>14</td><td>Fertilizer grade Phosphoric Acid</td><td>2809</td><td>18%</td><td>12%</td><td>1. Fertilizers, including di-ammonium phosphate [DAP] attract 5% GST.
2. However, phosphoric acid, used for manufacture of DAP attracts 18% GST.
3. Though GST law provides for refund of unutilized ITC, it results in blockage of funds and associated costs.
4. However, phosphoric acid has other usage also. Domestic production and imports of phosphoric acid during 2016-17 were as under:
Rs. crore<table><tr><td>Year</td><td>Import</td><td>Domestic Production</td></tr><tr><td>2015-16</td><td>9851</td><td>4319</td></tr><tr><td>2016-17</td><td>8946</td><td>4416</td></tr></table>5. Fitment Committee recommends concessional 12% GST on fertilizer grade Phosphoric Acid.</td></tr>
<tr><td>15</td><td>Packaged Drinking Water</td><td>2201</td><td>18%</td><td>12%</td><td>1. Fitment Committee representative from Tamil Nadu stated that drinking water packed in 20 litre bottles is consumed even by the poorer sections of the society, and 18% GST rate puts additional financial burden on them.
2. If the GST rate is reduced only on drinking water packed in 20 liters bottles, it will check any possible misuse.
3. Fitment Committee recommends 12% GST rate on drinking water packed in 20 litres bottles.</td></tr>
<tr><td>16</td><td>Sugar boiled confectionery</td><td>1704</td><td>18%</td><td>12%</td><td>1. Sugar boiled confectionery falls under heading 1704 and attracts 18% GST.
2. However, a number of items under the same heading 1704, bura, batasha, gatta, kulia, chikki, tilpatti,revdi, gajaketc etc. attract 5% GST.
3. Fitment Committee recommends 12% GST rate on Sugar boiled confectionery.</td></tr>
</table>

S. No.	Description	HSN	Present GST Rate	Recommended GST rate	Comments of the Fitment Committee
17	Bamboo wood building joinery	4418	18%	12%	1. Bamboo wood building joinery fall under heading 4418 and attract 18% GST. 2. Bamboo wood building joinery is used for building eco-friendly bamboo cottages, huts and similar structures. 3. These are mostly constructed by Tribals in forests or as green house by conservators of forests. 4. Fitment Committee recommends 12% GST rate on Bamboo wood building joinery.
18	All goods	4601, 4602	12%/5%	5%	1. Plaits and similar products of plaiting materials, whether or not assembled into strips; plaiting materials, plaits and similar products of plaiting materials, bound together in parallel strands or woven, in sheet form, whether or not being finished articles (for example, mats matting, screens) falling under heading 4601, in general attract 12% GST. 2. Basketwork, wickerwork and other articles, made directly to shape from plaiting materials or made up from goods of heading 4601; articles of loofah, falling under heading 4602, in general attract 12% GST. 3. Grass, leaf or reed or fibre products, including mats, pouches, wallets, falling under headings 4601 or 4602 attract 5% GST. 4. Fitment Committee recommends rationalization of GST rate on all goods falling under headings 4601 or 4602 at 5%.
19	Micronutrients	28, 38	12%/18%	12%	1. Micronutrients which are covered under S. No. 1(g) of the Schedule 1 of Part A of the Fertilizer Control Order, 1985 manufactured by the manufacturers which are registered under the said Order, falling under chapter 28, attract 12% GST {S. No. 56 of Schedule II of notification No. 1/2017-Central Tax [Rate]}. 2. In excise duty regime, a similar concession was for such goods falling under chapter 28 as well as chapter 38. 3. Fitment Committee recommends including chapter 38 in the classification column against S. No. 56 of Schedule II of notification No. 1/2017-Central Tax [Rate].

S. No.	Description	HSN	Present GST Rate	Recommended GST rate	Comments of the Fitment Committee
20	Tamarind Kernel Powder	1302	18%	5%	1. As per circular No. 116/17/2016-CX.3 dated 19.07.2016, tamarind kernel powder is classifiable under 1302 and attracts 18% GST 2. Ahmedabad Bench of CESTAT vide its order dated 25.01.2017 in case of Commissioner of Central Excise & Cus, Ahmedabad-II Vs Hindustan Gum & Chemicals Ltd, had decided that Tamarind Kernel Powder falls under heading 1301. 3. Applicable GST rate for goods falling under heading 1301 is 5% [other than lac and shellac]. 4. To avoid classification disputes, Fitment Committee recommends 5% GST rate on Tamarind Kernel Powder.
21	Parts and accessories specifically used for manufacture of Hearing aid	Any chapter	28%/18%	Nil	a) Hearing aids are exempt from GST, their components/parts/accessories attract applicable GST rate. b) Imported hearing aids thus attract Nil IGST, while domestically manufactured hearing aids have input taxes embedded in their cost. c) After detailed deliberations, Fitment Committee recommends either of the following two options to address this problem: a) To Provide an End use based exemption for parts for manufacture of hearing aids. OR b) To impose nominal 5% GST on hearing aids.
22	a) Rice Bran for use as aquatic, shrimp feed, prawn feed, poultry feed and cattle feed b) Rice bran for other uses	2302 2302	Nil 5%	Rice bran 5% De-oiled rice bran Nil	1. Rice bran is basic raw material for rice bran oil. 2. Oil seeds and vegetable oils attract 5% GST. 3. Differential rates on rice bran, depending on intended use, is prone to misuse. 4. Fitment Committee recommends: a) 5% GST on rice bran. and b) Nil GST on de-oiled rice bran. 5. Tamil Nadu and Telangana, however, are in favour of maintaining the status quo.

S. No.	Description	HSN	Present GST Rate	Recommended GST rate	Comments of the Fitment Committee
23	Ghamella, tasla	7323	18%	18%	1. Heading 7323 includes Iron or steel wool; pot scourers and scouring or polishing pads, gloves and the like, of iron or steel and attract 18% GST. 2. Heading 8201 covers Agricultural implements manually operated or animal driven i.e. Hand tools, such as spades, shovels, mattocks, picks, hoes, forks and rakes; axes, bill hooks and similar hewing tools; secateurs and pruners of any kind; scythes, sickles, hay knives, hedge shears, timber wedges and other tools of a kind used in agriculture, horticulture or forestry attract Nil GST. 3. Hon'ble High Court of Gujarat has directed to clarify the classification and applicable GST rate on Ghamella / tasla. 4. There is specific tariff item 76329410 for Ghamella. 5. Fitment Committee is of the view that Ghamella/tasla is correctly classifiable under heading 7323 and attracts 18% GST. 6. Fitment Committee recommended that in order to make the issue beyond any doubt the exemption to the heading 8201 may specifically exclude ghamella from its ambit. Consequently, irrespective of the classification under heading 7323 or 8201, ghamella would attract 18% GST.
24	Specialized metal supplies for launch vehicles and satellites and payloads	72-75/81-85	18%	5%	1. Sl. No. 539 of notification No. 50/2017 dated 30.06.2017 *interalia* exempts BCD, Cess and IGST on import of Scientific and technical instruments, apparatus, equipment, accessories, parts, components, spares, tools, mock ups and modules, raw material and consumables required for launch vehicles and satellites and payloads. 2. However, there is no exemption from CGST/SGST on such goods. 3. There is a domestic manufacturer, who manufactures specialised material, falling under HSNs 72-75 and 81-85, required for launch vehicles and satellites and payloads. Supplies made by it attracts 18% GST while imports of similar supplies are exempt from IGST. 4. To bring the domestic suppliers at par with imports, fitment committee has recommended to impose a uniform rate of 5% IGST on imports of Satellites and payloads and 5% GST on import of Scientific and technical instruments,

S. No.	Description	HSN	Present GST Rate	Recommended GST rate	Comments of the Fitment Committee
					apparatus, equipment, accessories, parts, components, spares, tools, mock ups and modules, raw material and consumables required for launch vehicles and satellites and payloads [goods covered in clause (b) of S. No. 539 of notification No. 50/17-Cus];
25	Goods and services required for FIFA U-20		Applicable rate	Nil	1. Department of Sports has sought **Guarantee** for exemption from (a) BCD and IGST on goods imported **and (b) GST on supply of services** for organizing **FIFA under 20 Football World Cup.** 2. We had given exemption from BCD and IGST on goods imported for organizing **FIFA under 17 Football World Cup and** in general goods imported were of following category. a. All sports goods, sports equipment and sports requisites; fitness equipments; team uniform / clothing; spares, accessories and consumables of the same imported by FIFA or its subsidiaries or affiliates or by the players or the teams b. Broadcast equipments and supplies used in organizing and during the event. c. Doping control equipment will also be used during the event. d. Satellite phones / GPS, paging communication systems and other communication equipments; video/plasma screen, electronic score board for display; time control devices, stop watches; timing, scoring and result management systems, marquees, tents and other IT equipment such as projectors, smart phones, routers etc. e. Food stuff, energy drinks, isotonic, tonic water which may be carried by the players and teams. 3. India has participated in bidding for organizing **FIFA under 20 Football World Cup and it is expected that bid will be finalized in March 2018.** 4. **If India wins bid for** organizing **FIFA under 20 Football World Cup,** Guarantee has to be provided by Central Government to provide exemptions from import/customs duty/IGST/GST on supply of goods and service to FIFA, FIFA subsidiaries, FIFA Confederations, Participating Member Associations (which are the participating teams), FIFA contractors, FIFA staff and others. Thereafter exemption would be issued

S. No.	Description	HSN	Present GST Rate	Recommended GST rate	Comments of the Fitment Committee
					5. Fitment Committee recommends exemption from all GST levied on importation or exportation or transportation of goods, services or rights related to events by entities or individuals related to the FIFA U-20 World Cup promotion of sports in the country. 6. This will enable Central Government to give Guarantee so as to provide exemptions from IGST/GST on supply of goods and service to FIFA, FIFA subsidiaries, FIFA Confederations, Participating Member Associations (which are the participating teams), FIFA contractors, FIFA staff and others
26	Vibhuti		Nil	Nil	1. At present vibhuti sold by the religious institutions is exempt from GST. 2. Fitment Committee recommended unconditional Nil GST rate for vibhuti
27	Rags	6310	5%	5%	1. Rags are classified in heading 6310 while entry no. 224A of schedule I of notification 1/2017-Central Rate (Tax) classifies it in heading 6309 and attracts a GST rate of 5%. 2. Technical correction
28	Bio-pesticides	3808	18%	12%	1. Biological pesticides, or "Bio pesticides" are naturally occurring substances that biologically control harmful pests, especially among field crops. 2. These are naturally produced bio chemical materials basically non-toxic to the environment that can be employed in pest control. 3. Origin of Bio pesticides can be microbial (bacteria, fungi or virus), herbal (plant extracts) or genetically modified plants (GM). a) **Microbial pesticides:** These originate from micro-organisms such as bacteria, fungi or other protozoan groups. These are mostly target-specific organisms that are aimed at killing one or a group of pests. b) **Biochemical pesticides:** These herbal-based substances are naturally produced by a plant or an organism. They are non-toxic and biodegradable. They help the plant in counter-attacking its pests or producing chemicals that would prevent pest attack on the plant. Examples are fatty acids, pheromones. c) **Plant incorporated protectants:** These are genetically

<table>
<tr><th>S. No.</th><th>Description</th><th>HSN</th><th>Present GST Rate</th><th>Recommended GST rate</th><th>Comments of the Fitment Committee</th></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td>modified materials produced by scientists by modifying a protein and introduced into the plant so that it produces its own pesticide.
4. As per information available on web, in 2005 bio pesticides accounted for just 2.89% of total pesticides, which was expected to increase by 2.3%.
5. As per ICAR National Research Centre for Integrated Pest Management [NCIPM] website, the following 12 different types of bio pesticides registered in India under the Insecticides Act, 1968:
<table><tr><td>S. No.</td><td>Name of the bio pesticide</td></tr><tr><td>1</td><td>Bacillus thu10ringiensis var. israelensis</td></tr><tr><td>2</td><td>Bacillus thuringiensis var. kurstaki</td></tr><tr><td>3</td><td>Bacillus thuringiensis var. galleriae</td></tr><tr><td>4</td><td>Bacillus sphaericus</td></tr><tr><td>5</td><td>Trichoderma viride</td></tr><tr><td>6</td><td>Trichoderma harzianum</td></tr><tr><td>7</td><td>Pseudomonas fluoresens</td></tr><tr><td>8</td><td>Beauveriabassiana</td></tr><tr><td>9</td><td>NPV of Helicoverpaarmigera</td></tr><tr><td>10</td><td>NPV of Spodopteralitura</td></tr><tr><td>11</td><td>Neem based pesticides</td></tr><tr><td>12</td><td>Cymbopogan</td></tr></table>
7. Fitment Committee recommends 12% GST rate on above mentioned bio-pesticides.</td></tr>
<tr><td>28.</td><td>Rail coach industry</td><td>Any chapter</td><td>Applicable rate</td><td>Applicable GST rate</td><td>1. Prior to 1.7.2017, goods of chapter 86 attracted 2% excise duty [without ITC] or 6% excise duty [with ITC].
2. In Central Excise regime, there was no provision for refund of accumulated credit.
3. Lowest possible rate of 5% GST was extended to goods, falling under chapter 86, to ensure that the value addition in manufacturing these products is not subjected to 18% GST rate.
4. Providing for refund of unutilised ITC will result in refund of input taxes, which has not</td></tr>
</table>

S. No.	Description	HSN	Present GST Rate	Recommended GST rate	Comments of the Fitment Committee
					been the intent behind present rate of 5% GST with no refund of unutilised ITC. 5. The Fitment Committee recommends that a clarification may be issued stating that only the goods falling under chapter 86 attract 5% GST rate with no refund of unutilised ITC, and goods [falling in any other chapter] will attract applicable GST rate under the respective chapters.
29.	Coal Rejects Double levy of Compensation Cess		Rs. 400 per tonne	Nil Compensation Cess on coal rejects [Similar to exemption under erstwhile notification No. 48/2010-Clean Energy Cess date 22.06.2010] Or To classify the coal rejects as a by-product under heading 2704/2706, which does not attract Compensation cess.	1. The Clean Environment Cess (CEC)was a duty of excise, applicable on production or manufacture. It was collected at the first point, and for subsequent processes which could have been treated as amounted to manufacture. Further, no credit of CEC was allowed. 2. Unlike the CEC, credit of Compensation Cess paid on inward supplies is allowed, which can be used for paying Compensation Cess on outward supplies. 3. Washery rejects can be used by washery reject based power plants. Coal rejects will not be classifiable under heading 2704. Representation itself mentions that coal reject, a bye product generated during coal washing is generally considered under heading 2701. 4. Normally ITC should take care. 5. Fitment Committee recommends: a) Issuance of a clarification that Coal rejects fall under heading 2701 and attract Compensation Cess @Rs. 400 PMT. b) Representatives from Bihar and Gujarat may conduct a detailed study of the issue of possible double taxation and come up with a report including possible solution to the problem, if any.

ANNEXURE 2

LIST OF ISSUES DISCUSSED BY FITMENT COMMITTEE

Sl.No	HS Code	Goods	Present Rate	Requested Rate	Comments of the Fitment Committee
1.	50-63	Textiles	Yarn - 12% Fabrics – 5%	Refund of Accumulated credit at the fabric stage	1. 5% GST rate on fabrics has been kept keeping in view the consumers interest, despite higher pre-GST tax incidence. 2. To ensure that such lower rate of 5% does not result in refund of tax paid at previous stages, refund of unutilised ITC was blocked. 3. Post introduction of GST, GST rate on manmade filaments and yarns has been reduced from 18% to 12%. This will reduce the extent of ITC accumulation at fabrics stage. 4. Further, keeping these factors in view the advalorem component of BCD on manmade fabrics has been increased from 10% to 20%. 5. In view of the above the Fitment Committee did not accept the proposal.
2.	Any Chapter	Machinery used by silk and handicraft	18%	Place the issue in the next GST council meeting for favourable consideration.	1. Reduction in GST on machinery will result in tax inversion for their domestic manufacturers, putting them at a disadvantage vis-à-vis imports, on account of financial and administrative cost of refund of unutilised ITC. 2. Credit of GST on machinery can be availed by the user industry. 3. In view of the above the Fitment Committee did not accept the proposal.
3.			Changes in rates come into effect from the date of issue of notification or any prospective date therefrom.	Notification to be made effective from the date of decision [recommendations by the GST Council]	1. GST Council is a recommendatory body. 2. Changes in rates come into effect from the date of issue of notification or any prospective date therefrom. 3. In view of the above the Fitment Committee did not accept the proposal.
4.	12	Oilseeds under Price Support Scheme (PSS)	Purchase and sale of all oilseeds@5% (other than seeds quality)	Exempting the imposition of 5% of GST on purchase and sale of oilseeds under PSS in the interest of farmers in the country.	1. Both oil seeds and edible vegetable oils attract 5% GST. 2. 5% nominal GST on oil seeds enables flow of ITC of GST paid on other inputs to the trade, mainly, services, like transportation, storage and warehousing etc. 3. Nil GST oil seeds will thus increase cost of oil seeds and edible oils.

Sl.No	HS Code	Goods	Present Rate	Requested Rate	Comments of the Fitment Committee
					4. In view of the above the Fitment Committee did not accept the proposal.
5.		Independent twisters / crape process		Consider the Independent twisting/ crape unit as part of weaving process and keep them under weaving chapter	1. The representation is not clear. 2. It seems to seek 5% GST on twisting and crape process. 3. Such processes done in house by composite units not involving any supply will anyway not attract GST. 4. Gujarat will provide more facts for examination by Fitment Committee.
6.	2106	Pickle	12		1. GST rate on pickles is as per the pre-GST tax incidence. 2. General GST rate for processed foods is 12%, with a few exceptions, like unbranded namkeens, Chikki etc. 3. Already attracts 12%. No change. 4. No consensus in fitment committee for reduction to 5%. (Tamil Nadu Proposal) 5. GST Council may take a view.
7.	21	Ready to eat/Ready to cook products, papad	12%	5%	1. General GST rate for processed foods is 12%, with a few exceptions, like unbranded namkeens, Chikki etc. 2. Wheat flour [other than those put up in unit container and bearing a registered brand name] is at nil GST, and that in unit container and bearing a brand name is at 5% GST. Masalas in Chapter 9 are at 5% GST. 3. GST does not envisage end use based exemptions, as they are difficult to administer and extremely prone to misuse, particularly in a multi stage levy. 4. Exemptions break ITC chain and add to cost, and thus not advisable. 5. In view of the above the Fitment Committee did not accept the proposal.
8.	2401	Raw Tobacco	There are two rates specified 5% / 28%	1. Due to two rates department officers not able to clarify the correct rate. 2. Clarify the rate	1. Only tobacco leaves are at 5%. 2. Other forms of tobacco are at 28% or more. 3. All tobacco products being demerit goods are at 28% or more. 4. It would be advisable to capture tax at an early stage, for such an evasion prone sector. 5. In view of the above the Fitment Committee did not accept the proposal.

Sl.No	HS Code	Goods	Present Rate	Requested Rate	Comments of the Fitment Committee
9.	Any Chapter	Central Police canteen (CPC) for CAPF personnel		Exemption	1. Concessions [from VAT] in pre-GST regime may be basis for recommending such a concession, if the Fitment Committee so decides. 2. While some States used to give some concession from VAT, others did not. 3. No unanimous view emerged in the Committee. 4. Fitment Committee does not recommend any concession.
10.		Solar Power		Keep the cost of Solar Power low and incentivize renewable energy deployment.	1. Inter-State procurements at 2% CST will not be the correct representation of the pre-GST state taxes incidence. 2. Further, 5% GST on solar power generating system is in fact less than the pre-GST embedded taxes, 3. 5% GST also ensures that domestic manufacturers of these goods are able to avail ITC. 4. Further, suppliers of such systems will be eligible for refund of unutilised ITC, providing somewhat level playing field to them vis-à-vis imports. 5. Nil GST will put domestic manufacturers at a disadvantage vis-à-vis imports and would not be advisable. 6. No change.
11.		Security Equipment's for SPG		Issue a specific notification in terms of CGST Act, 2017 exempting SPG from payment of basic Custom duty, IGST and compensation Cess on import of all goods for its operational use in protection & related functions.	1. In pre-GST regime all imports for SPG were exempt from customs duty, CVD and SAD. 2. Due to inherent problems related to end based exemptions as a general matter of policy, end used based exemptions are not resorted to in GST. 3. Fitment Committee did not agree.
12.		Tamarind	1. Tamarind @0% 2. Dried Tamarind (0813) @ 12%	Exempt	1. GST on dry tamarind has been re-examined by the GST Council and it recommended 5% GST on it. 2. 5% GST is also at par with many ingredients, like spices, used in making of food. 3. Threshold exemption and composition scheme should help small dealers. 4. Fitment Committee did not agree.

Sl.No	HS Code	Goods	Present Rate	Requested Rate	Comments of the Fitment Committee
13.		1. Honey, 2. Coffee, 3. Turmeric Soaps, 4. Sheekakai shampoos, 5. Tamarind Soap nuts.		1. Exempt 2. Girijan cooperative corporation ltd, Visakhapatnam and its affiliated Girijan Primary Marketing Cooperative Societies may be exempted form registrations under section 23(2) of GST Act.	1. Only packed and branded honey attracts 5% GST. Loose honey is exempt from GST. 2. Coffee beans, not roasted attract Nil GST. Further, coffee roasted, whether or not decaffeinated; coffee husks and skins; coffee substitutes containing coffee in any proportion [other than coffee beans not roasted] attract 5% GST. Instant coffee attracts 18% GST. 3. Soaps and shampoos in general attract 18% GST. Having different rate for same product, based on who manufactured it or some specific ingredients, will be difficult to administer in a multi stage tax. 4. Fitment Committee did not agree.
14.	Chapter 3	Dry fish	5%	Exempt	1. Loose dry fish has been exempted from GST. 2. Fitment Committee did not agree.
15.	5608	Fishnets and fishnet fabrics	12%	Exempt	1. GST on fishnets has been reduced to 5%. 2. Fitment Committee did not agree.
16.	6802	Granite Slabs	18%	-	1. GST on granite slabs and tiles has been reduced to 18%. 2. Fitment Committee did not agree.
17.		Napa Tiles	Napa slabs are categorized under the 5% slab the Napa tiles are still kept under 18% slab	Napa tiles should also be reduced to 5%	1. 18% GST is applicable on types of flooring materials. 2. Advalorem rate will ensure lower tax in absolute terms on low priced items. Fitment Committee did not agree.
18.	5205-5207	Cotton Yarn in Hanks	5%	Exempt	1. All types of fabrics attract 5% GST. Credit of ITC paid on hank yarn may be availed by the user. 2. Nil GST will break ITC chain and increase cost. Fitment Committee did not agree.
19.	50-63	Textiles	5%	Exempt	1. All types of fabrics attract 5% GST. 2. Nil GST will break ITC chain and increase cost and put domestic

Sl.No	HS Code	Goods	Present Rate	Requested Rate	Comments of the Fitment Committee
					manufacturers at a dis-advantage vis-à-vis imports. Fitment Committee did not agree.
20.		Natu Tobacco Cheroot	Cigar which cost Rs 50 and the cheroot which cost Rs 1 are levied tax at same rate.	1. Natu Tobacco Cherrot may be exempted from cess 2. GST tax rate of Cheroot may be reduced from 28%	1. All tobacco products are demerit goods. 2. Fitment Committee did not agree.
21.	8701	Tractors	12%	5%	1. 5% GST on tractors will result in acute inversion in GST rate structure. 2. Even with 12% rate on tractors, GST rate on specified parts was to be reduced to 18%. Fitment Committee did not agree.
22.	2106	Fried Grams	Clarification	Whether fried grams are treated as Roasted grams for the purpose of levying tax or to be exempted from tax as contended by the traders require urgent clarification.	1. Fried grams as such are different from roasted grams. 2. Roasted grams are at 5% GST. 3. May be for sake of uniformity same rate may be considered on both fried and roasted grams. 4. Fitment Committee decided that before proceeding further, Maharashtra will send a draft Circular on the matter
23.	87	Hybrid Cars	28% + 15%	Cess may be reduced to 3%	1. The issue of Compensation cess rate on hybrid cars has been examined in great detail and requests for reduction in the same have not been acceded to 2. Compensation cess on small hybrid cars is nil. 3. Further, when the Compensation cess rates on cars were last revised upward, no increase was made in Compensation cess rates for hybrid cars. 4. As a result, hybrid cars already attract lower total GST vis-à-vis similar engine capacity IC engine cars. 5. Fitment committee did not agree.
24.		Fish Feed supplements	Fish feed or fish feed supplements are exempted only when obtained from	To encourage the fish farmers, the fish feed and feed supplements obtained from inorganic sources	1. Fish feed supplements are already at Nil GST.

Sl.No	HS Code	Goods	Present Rate	Requested Rate	Comments of the Fitment Committee
			residues and waste from food industries		
25.	3926	Variety of plastic articles	Many of these items are presently @ 18%	12%	1. Plastic articles, in general, attract 18% GST, which is also the rate on plastics. 2. MSME can avail composition scheme, the limit for which is proposed to be creased further from Rs. 1 crore to Rs. 1.5 crore. 3. General reduction in rate, may actually hurt the interest of MSME. 4. Fitment committee did not agree.
26.	3604	Crackers	28%	18%	Crackers are already at 18%.
27.	3605	Matches	18%	5%	1. 18% is the general GST rate for manufactured items, which is also the rate for various inputs of matches. 2. Handmade matches attract a concessional rate of 5% GST. 3. Reduction in GST rate on other matches, will take away the tax advantage presently available to handmade matches. 4. Fitment Committee did not agree.
28.	5608	Fishing twine, ropes and fishnets	12%	5%	1. Fishnets are already at 5% GST, *vide* S.No. 218C of notification No. 1/2017-Central Rate dated 30.06.2017. 2. GST rate of Fishing twine and ropes is at 12% at par with pre GST tax incidence. 3. No change.
29.	9404	Unbranded Cotton and coir mattresses	18%	12%	1. Branded– unbranded distinction for taxation results in various compliance issues. 2. Its proliferation therefore be generally resisted, more so, when the distinction is sought to be created for rate reduction below 18%/12%. 4. No change.
30.	5402, 5403, 5404, 5405, 5406	Synthetic and artificial filament yarn, yarn of manmade staple fibre	12%	5%	1. GST rate on Synthetic and artificial filament yarn, yarn of manmade staple fibre is at 12% as per pre GST incidence. 2. Rate on Synthetic and artificial filament yarn was examined and reduced from 18% to 12 %.

Sl.No	HS Code	Goods	Present Rate	Requested Rate	Comments of the Fitment Committee
					3. Further, 12% rate has been prescribed without blocking of refund of unutilised ITC. 4. Any further reduction in rate will thus result in huge refunds of tax paid up-streams. 5. In view of the above Fitment Committee did not agree to the proposal.
31.	8507 60 00	Lithium-ion (Mobile Phone Battery	28%	12%	1. All batteries falling under 8507 attract 28% GST. 2. Requests for reduction on lithium ion battery may be considered at the time of next review of 28% rated items. 3. Fitment Committee did not agree.
32.	92	Musical Instruments 92	1. Indigenous handmade musical instruments – 0% 2. Other musical instruments -18%	1. GST rate not higher than 5% on all other musical instruments falling under Chapter 92 and its parts and accessories 2. Nil rate of GST on parts and accessories of indigenous handmade musical instruments 3. Nil rate of GST on music books classified under Chapter 49	1. GST rate on Indigenous handmade musical instruments is Nil. 2. Small manufacturers of other musical Instruments can avail benefit of threshold exemption/ composition scheme. 3. In view of the above Fitment Committee did not agree to the proposal.
33.	8705	Mechanized Machines integrated to Chassis	1. Special Purpose Vehicle -28%	Nil	1. These vehicles besides being used in garbage collection and road sweeping, also include breakdown lorries, crane lorries, spraying lorries, mobile workshops, mobile radiological units, used in other industrial uses. 2. Due to inherent problems related to end based exemptions as a general matter of policy, end used based exemptions are not resorted to in GST. 3. Fitment Committee did not agree.
34.	Any Chapter	Supplementary nutrition		Kindly consider the matter and issue revised	1. Having extended a lower rate for food preparations put up in unit containers and intended for free distribution to

<table>
<tr><th>Sl.No</th><th>HS Code</th><th>Goods</th><th>Present Rate</th><th>Requested Rate</th><th>Comments of the Fitment Committee</th></tr>
<tr><td></td><td></td><td></td><td></td><td>notification deleting the condition related to economic status of the beneficiaries for availing of lower central tax rate on THR component of Supplementary Nutrition Program under Anganwadi Services Scheme for the Children (6months – 3 years), pregnant women & Lactating Mothers and Adolescent Girls as well for the components used for serving / preparing Morning Snacks and Hot Cooked Meals.</td><td>economically weaker sections of the society under a programme duly approved by the Central Government or any State Government, Fitment Committee may consider extending similar concession for Take Home Ration (THR) component of Supplementary Nutrition Program under Anganwadi Services Scheme for the Children (6months – 3 years), pregnant women & Lactating Mothers and Adolescent Girls, keeping in view the implementation issues and possibility of misuse.
2. Fitment Committee was of the view that further details are required to examine the issue.</td></tr>
<tr><td>35.</td><td>Secretary Ministry of Petroleum & Natural Gas.</td><td>LPG (Domestic and Commercial</td><td>Different GST rate on Domestic & Commercial LPG</td><td>Request to consider levying a uniform GST rate of 5% on both types of LPG (Domestic and Commercial) without any distinction.</td><td>1. The 5% GST levied on domestic LPG is a s per pre-GST tax incidence of about 3.5% on t.
2. The exemption entry is in line with S.No. 81 of notification no. 12/2012-Central Excise, dated 17.03.2012, which read as:
<table>
<tr><th>S. No.</th><th>Tariff</th><th>Description</th><th>R e</th></tr>
<tr><td>81</td><td>2711 12 00, 2711 13 00, 2711 19 00</td><td>Liquefied Propane and Butane mixture, Liquefied Propane, Liquefied Butane and Liquefied Petroleum Gases (LPG) for supply to household domestic consumers or to non-domestic exempted category (NEDC) customers by the Indian Oil Corporation Ltd.(IOCL), Hindustan</td><td>N</td></tr>
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Sl.No	HS Code	Goods	Present Rate	Requested Rate	Comments of the Fitment Committee
					Petroleum Corporation Ltd.(HPCL), Bharat Petroleum Corporation Ltd.(HPCL) 3. 18% GST rate on commercial LPG is as per pre GST tax incidence. 4. Fitment Committee was of the view that there was no justification for extending 5% concessional GST rate for commercial LPG. 5. No change.
36.	8716 8020	Bullock Cart	12%, Parts-18%	Rationalization	1. Animal drawn vehicles classifiable in Chapter 87168020 attract a GST rate 12%. 2. Threshold exemption will be available to small dealers. 3. Dealers upto Rs. 1 crore [up to Rs. 1.5 crore in future] can avail composition scheme. 4. Whether there are any parts, which can be only used in bullock carts. 5. Even bigger dealers will get refund on unutilised ITC. 6. End use based exemption for goods, which have other uses are prone to misuse and difficult to administer. 7. No change.
37.	5004 to 5006	Silk Yarn	5%	0%	1. The pre-GST weighted tax incidence was about 4.7%. 2. Nil GST on a manufactured item will break ITC chain and put domestic manufacturers at a disadvantage vis-a-vis imports. 3. No change.
38.	7320	Springs used in cultivator and tiller	18%	12%	1. Springs are classifiable 7320 and attract 18% GST rate in general. 2. End use based concessional GST rate on such general purpose items will be prone to misuse. 3. To check possible misuse if any concession were to be given, the representative from Haryana in the Fitment Committee agreed to provide specifications for such springs.
39.	4823	Paper plates made out of old paper		0%	1. Paper plates are classifiable under Chapter 4823 and attract 18% GST rate. 2. Further, it would be difficult to determine whether the plates are made of fresh pulp or old paper.

Sl.No	HS Code	Goods	Present Rate	Requested Rate	Comments of the Fitment Committee
					3. Differential GST rates for plates made of fresh pulp or waste paper would thus be difficult to administer. 4. No change.
40.		Bidi	28%	--	1. Bidis are demerit goods. 2. GST rate of 28% has been deliberated in great detail by the Council and it is as per the pre-GST tax incidence of about 25.68%. 3. It will not be advisable to reduce the rate on bidis below pre-GST tax incidence. 4. No change.
41.	4012	Re- Used Tyres	28%	Reduction recommended	1. It may not be advisable to have different GST rates for retreaded and new tyres, as in a multi stage tax system, it would be difficult to distinguish between the two. 2. Such a system will be difficult to administer and prone to misuse. 3. No change.
42.	2106	Panchamrit		Nil	1. Panchmrit is sold commercially by manufacturers like Amul.  2. Hence, Panchamrit may not merit same tax treatment as Kumkum or vibhuti. 3. No change.
43.	Chief Minister, Rajasthan	Marble Statue of god and goddesses	18%	Nil	1. Marble Statue are classified in 6802 and attract a GST rate of 12%. 2. No change.
44.	Foresight Ltd.	Ships	5%	Instead of upfront payment of 5% IGST, mechanism to be evolved for collection of GST as and when the	1. Examples given by M/s Foresight Limited presuppose that input tax credit of GST (IGST) paid on ships / vessels is to be utilized for paying GST on output services provided by that ship / vessel alone. 2. In fact, this assumption would not be correct in most of the cases, as a shipping company generally will have

Sl.No	HS Code	Goods	Present Rate	Requested Rate	Comments of the Fitment Committee
				services are hired to prevent capital blockage.	more than one ship / vessel, and the input tax credit of GST (IGST) paid on new acquisitions by it can be utilized for payment of output services provided by the shipping company using all its ships / vessels [the existing ships / vessels and the newly acquired ships / vessels]. 3. That being so, the utilization of input tax credit of GST (IGST) paid on new acquisition of ship / vessel will be much sooner than what is presented by M/s Foresight Limited. On the other hand, exempting GST (IGST) on ships / vessels would not be in line with the 'Make in India' policy of the Government. 4. However, 5% GST rate on ships may result in some accumulation of ITC by Shipping lines. 5. No change.
45.	ALSTOM	Rolling Stock	5% (no refund of accumulated tax credit)	1. Allow refund of surplus input tax credit for HSN falling in Chapter 86 2. Alternatively increase GST on goods of HSN 86 from 5% to 12%.	1. Prior to 1.7.2017, goods of chapter 86 attracted 2% excise duty [without ITC] or 6% excise duty [with ITC]. 2. In Central Excise regime, there was no provision for refund of accumulated credit. 3. Providing for refund of unutilised ITC will result in refund of input taxes, which has not been the intent behind present rate of 5% GST with no refund of unutilised ITC. 4. Karnataka and Maharashtra were requested to collect the details of ITC accumulations and bring the same for consideration of the Fitment Committee.
46.	Ministry of Agriculture, Co-operation and Framers Welfare	Bamboo and Cane products and furniture (9403)	18%/12%/5%	Reduced rate or Nil	1. GST rates on bamboo items have been rationalised. 2. Bamboo is at 5%. 3. Bamboo articles mostly are either at 5% (basket, mat, handicraft, plaits etc.) or 12% (furniture etc.). 4. Handmade musical instruments are at nil. 5. Bamboo joinery, tiles are at 18%. Reducing the 5% or 12% rate further would only cause hardship to the trade on account of input tax cascading.

Sl.No	HS Code	Goods	Present Rate	Requested Rate	Comments of the Fitment Committee
					6. Nil GST will break the ITC chain and increase costs. 7. Fitment Committee is recommending: a) Reduction in GST rate on all goods falling under headings 4601 and 4602, including those made of bamboo, from 12% to 5%. b) Reduction in GST rate on bamboo joinery from 18% to 12%, at par with bamboo furniture. 8. No change in GST rate on other goods, like bamboo tiles, bamboo plywood, bamboo mat boards.
47.		Handmade Agarbatti & Odoriferous (3307 41 00)	5%	Nil	1. GST rate on agarbattis is already lower than pre-GST tax incidence. 2. No change.
48.	Zipper Association of India	Zippers & parts thereof industry (9607)	18%	12%	1. Inputs, except fabric, for making zipper are at 18%. 2. 5% or 12% will result in inversion and will put domestic manufacturers at a disadvantage vis-à-vis imports. 3. Representative of Maharashtra has to give further inputs
49.	The Imitation Jewellery Dealers & Manufacturers Association	Seeking amendment in GST rate for Hair Pins (HSN code 9615)	12%	3%/ 5%	1. Hair pins are classifiable under heading 9615 and attract 12% GST rate. 2. Raw materials for making hair pins like plastics and metals rate at 18%. 3. Industry is seeking 3% GST rate at par with imitation jewellery. 4. Such low rate will result in acute inversion and may incentivize imports over domestic production. 5. No change.
50.	Association of India Magazines (AIM)	Request from Magazine Publishers on GST on LWC paper upto 70 gsm	12%	Nil	1. Pre-GST, newsprint attracted 5% VAT in many states. 2. Nil GST on a manufactured product puts domestic industry at disadvantage vis-à-vis imports. 3. Hence, the Council has recommended 5% concessional GST rate on newsprint.

Sl.No	HS Code	Goods	Present Rate	Requested Rate	Comments of the Fitment Committee
					4. 12% GST rate on lightweight coated paper provides some parity to domestic paper and paper bag industry vis-à-vis imports. 5. No change.
51.	Tamil nadu Camphor Tablets Association	Camphor (2914)	18%		1. GST does not envisage end use based exemption. 2. Camphor has many uses like medicinal, cosmetic and chemical uses. 3. End use based concessional GST rate on such general purpose items will be prone to misuse. 4. Tamil Nadu and Karnataka were of the view that GST rate on camphor be reduced or fully exempted. 5. No change.
52.	Egg Albumin	18%	5%	1. Egg albumin (3502) to be put at par with other egg products. 2. In order to ensure smooth functioning of commercial transaction under GST so that entire egg products shall be under one GST rate.	1. Egg albumin [egg white] is used as input in food processing. 2. ITC of tax paid on it will be available. 3. No change.
53.	Plates and cups made of sal/ siali leaves ans sabai ropes made from sabai grass	5%	Nil	a) Tribal people are employed in making the said products and their livelihood b) These products are eco-friendly.	1. GST rate is already at the lowest, 5%. 2. Small dealers will be eligible for threshold/composition scheme. 3. No change.
54	Clay Brick	5%	Compounded levy	a) Employment opportunities to people of rural areas.	1. GST law does not provide for any compounded levy scheme, except the composition scheme.

Sl.No	HS Code	Goods	Present Rate	Requested Rate	Comments of the Fitment Committee
				b) In VAT, clay brick manufacturers were allowed to opt for special compounding duty.	2. Small dealers can avail composition scheme. 3. No change.
55		Cold storage infrastructure	18-28%	5%	1. Fitment Committee deliberated at length at pros and cons of the proposal. 2. Most of the members of the Committee were not in favour of end use based concession, due to possibility of misuse. 3. It was also stated that construction of a cold storage is a works contract eligible for 12% GST, wherein the works contractor will be eligible for refund of ITC accumulation [of GST paid on input goods], if any. 4. No change.
59.	1106	Sago	5%	Nil	1. GST rate of 5% is as per pre-GST tax incidence. 2. In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are already at 18% or below. 3. No change.
60.	1903	Tapioca starch	12%	5%	1. Tapioca starch is largely used as input. 2. ITC will be available. 3. No change.
61.		1. Agriculture / Horticulture Machineries and implements 2. Post-harvest technology and management machinery	18 % 12% 5%	Nil	1. The GST Council has recommended GST rates keeping all relevant factors in view, including the pre GST tax incidence. 2. In pre- GST regime, manufactured items suffered significant cascading of tax, on account of tax on tax, ITC blockage, CST, Octroi and other levies. These taxes translated into significant duty incidence even where an item was exempt from VAT in pre GST regime. 3. Lower GST rates result in accumulation of ITC and put domestic manufacturers at disadvantage. 4. No change.

Sl.No	HS Code	Goods	Present Rate	Requested Rate	Comments of the Fitment Committee
		3. Cotton Kapas Plucker 4. Solar power pumpset			
62.	841330	Pump Sets	12%	5%	1. The GST Council has recommended GST rates keeping all relevant factors in view, including the pre GST tax incidence. 2. Lower GST rates result in accumulation of ITC and put domestic manufacturers at disadvantage. 3. No change.
63.	5404 / 3916	Fishing Line, Lead Weight and Buoys	18 / 12%	5%	1. Fishnets and fishing hooks are already at 5% GST [S.No. 218C of notification No. 1/2017-Central Rate dated 30.06.2017.] 2. GST rate of Fishing twine and ropes is at 12% at par with pre GST tax incidence. 3. Lower GST rates result in accumulation of ITC and put domestic manufacturers at disadvantage. 4. No change.
64.	405	Butter	12%	Exemption	1. 12% GST rate is as per the pre-GST tax incidence [7.96% weighted average VAT rate and 2.5% CST, Octori etc.] 2. No change.
65.	405	Ghee	12%	5%	1. 12% GST rate is as per the pre-GST tax incidence [7.96% weighted average VAT rate and 2.5% CST, Octori etc.] 2. No change.
66.	2106	Chips, mixture, murukku (unbranded)	12%	Exemption	1. In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are already at 18% or below. 2. Further, unbranded namkeens are already at 5%. 3. No change.
67.	711	Different types of vathal	5%	Exemption	1. All spices attract 55 GST. 2. 5% GST rate on spices was decided based on pre GST VAT incidence. 3. No change.
68.	19	Rusk	5%	Exemption	1. In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are already at 18% or below.

Sl.No	HS Code	Goods	Present Rate	Requested Rate	Comments of the Fitment Committee
					2. Rusk is already at 5%. 3. No change.
69.	19	Bakery products (unbranded)	18%	5%	1. Bread is at Nil. 2. Rusk is at 5%. 3. Biscuits are at 18%. 4. GST rates on bakery products are as per pre-GST tax incidence or lower. 5. No change.
70.		Beverages sold under un-branded	28% and cess 12%	12%	1. Such dealers can avail benefit of threshold/composition scheme. 2. No change.
71.		Nannari sarbath	18%	5%	1. Such dealers can avail benefit of threshold/composition scheme. 2. No change.
72.	1905	Biscuits	18%	Biscuits with value above Rs.100/- per kg may be taxed at 18% and biscuits with value less than Rs.100/- per kg may be reduced to 5% as followed in the case of garments and footwear	1. Present GST rate is as per pre-GST tax incidence. 2. GST rate for biscuits was discussed in great detail by the Council. 3. In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are already at 18% or below. 4. Any reduction would entail substantial revenue loss. 5. No change.
73.	8703	Goods used by differently abled persons (Cars)	18%	5%	1. GST rate is as per pre-GST tax incidence. 2. Direct subsidy is a better option than giving tax incentives. 3. In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are already at 18% or below. 4. 18% GST rate is much lower than general applicable GST rate plus Compensation cess. 5. No change.
74.		Materials used by Disabled Persons	Various rates	0%	1. A large number of goods used by disabled persons, including braille related goods, such as braille paper, braille writer, braille typewriter, already attract 5% GST. 2. Manufacturers of these goods are eligible for ITC of GST paid on their inputs and will be eligible of accumulated ITC, if any. 3. No change.

Sl.No	HS Code	Goods	Present Rate	Requested Rate	Comments of the Fitment Committee
75.	8448, 8487,8444	Textile Machinery parts	18%	5%	1. GST rate is as per pre-GST tax incidence. 2. Most raw materials such as iron or steel, etc. attract 18%. 3. Reduction to 5% will lead to accumulation of ITC and refund and put domestic manufacturers of such parts at a disadvantage vis-à-vis imports. 4. User of such parts will be eligible for ITC. 5. In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are already at 18% or below. 6. No change.
76.	909	Coriander	5%	Exemption	1. All spices attract 5% GST. 2. 5% GST rate on spices was decided based on pre GST VAT incidence. 3. No change.
77.	904	Dry chillies	5%	Exemption	1. All spices attract 5% GST. 2. 5% GST rate on spices was decided based on pre GST VAT incidence. 3. No change.
78.		Anise, chilli, cumin, mustard, fenugreek, dried ginger, turmeric and pepper and their masala powders	5%	Exemption	1. All spices attract 5% GST. 2. 5% GST rate on spices was decided based on pre GST VAT incidence. 3. No change.
79.	1404	Soapnut (Seekkai)	5%	0%	1. 5% GST rate is nominal. 2. Small dealers can avail threshold/composition scheme. 3. No change.
80.	4817	Envelopes, letters and cards	18%	12%	1. GST rate has been decided based on Pre-GST, incidence of duties and VAT rates. 2. Lower GST on a manufactured product provides some parity to domestic paper product industry vis-à-vis imports. 3. No change.
81.	4820	Registers, business forms and diaries	18%	12%	1. GST rate has been decided based on Pre-GST, incidence of duties and VAT rates.

Sl.No	HS Code	Goods	Present Rate	Requested Rate	Comments of the Fitment Committee
					2. Lower GST on a manufactured product provides some parity to domestic paper product industry vis-à-vis imports. 3. No change.
82.	4821	Paper or paper board labels	18%	12%	1. GST rate has been decided based on Pre-GST, incidence of duties and VAT rates. 2. Lower GST on a manufactured product provides some parity to domestic paper product industry vis-à-vis imports. 3. No change.
83.	9607	Zipper	18%	12%%	1. GST rate incidence is based on pre GST tax incidence on zipper. 2. Zippers are also used in goods, other than textiles. 3. Imported garments generally attract specific import duty, with much higher incidence. 4. No change.
84.	4202	Non- woven bags made from polyester / fibre	18%	exemption	1. MSME can avail threshold/composition scheme. 2. Nil GST will break the ITC chain and increase costs. 3. No change.
85.	50 to 63	Khadi and village industries products	Various rates	Exemption	1. Khadi fabric, sold through Khadi and Village Industries Commission (KVIC) and KVIC certified institutions/outlets are already exempt. 2. Two GST rates for same product will be difficult to administer and prone to misuse. 3. No change.
86.	4407	Condemned tyres (not used for retreading)	28%	0%	1. MSME can avail threshold/composition scheme. 2. Bigger ones can avail ITC of GST paid. 3. No change.
87.	28	Bleach liquid	18%	5%	1. All goods falling under Chapter 28 being in the nature of intermediates, in general attract 18% GST. 2. The GST rate is as per the pre-GST tax incidence. 3. No change.
88.	53 -54 chapter	Handloom textiles	5%	0	1. Nil GST results in breaking of ITC chain and cascading of upstream taxes. 2. Khadi yarn sector is already complaining of such cascading. 3. Nil GST also puts domestic manufacturers at a disadvantage vis-à-vis imports.

Sl.No	HS Code	Goods	Present Rate	Requested Rate	Comments of the Fitment Committee
					4. No change
89.	5701	Bhavani carpet and baniyan mat	12%	Exemption	1. GST Council has not been in favour of recommending different GST rates based on such criterion. 2. It will lead to similar requests from other quarters. 3. No change.
90.	25, 32	Building materials	28%	reduction in rate	1. Most of the building materials, except cement and paints attracts 18% GST. 2. Reduction in GST rate on these items will involve substantial loss of revenue. 3. May be examined while reviewing 28% rated items in general. 4. No change.
91.		cement	28%	12%	1. Pre-GST cement attracted ED of 12.5%+ Rs. 125 PMT and VAT of 14.5%. With CST, Octroi etc. the pre-GST tax incidence on them was more than 28%. 2. Cement is used by Private sector extensively for construction purpose .
92.	36	Fireworks and crackers	18%	12%	1. Fire crackers are demerit goods. 2. No further reduction justified. 3. No change.
93.	3915	Re-cycled plastic	18%	5%	1. GST rate is as per pre-GST tax incidence. 2. In a multi stage tax like GST, it may not be possible to ascertain whether the granules are of recycled plastic or virgin plastic. 3. Will be prone to misuse and difficult to administer. 4. In order to achieve the larger goal of a single rate GST, it may not be appropriate to tweak GST rates of goods which are already at 18% or below. 5. No change.
94.		Neem cake		Exemption	1. MSME can avail threshold/composition scheme. 2. Nil GST will break the ITC chain and increase costs. 3. No change.

Sl.No	HS Code	Goods	Present Rate	Requested Rate	Comments of the Fitment Committee
95.	9619	Sanitary Napkins	12%	5%	1. Sanitary napkins are classifiable under heading 9619. In pre-GST era, sanitary napkins attracted 6% excise duty and 5% VAT. Thus, in the pre-GST era the total tax incidence [including tax incidence on account of CST, Octroi and VAT] on sanitary napkins was more than 12%. 2. As against that, the GST rate on sanitary napkins is 12%. 3. Major raw materials for manufacture of sanitary napkins and applicable GST rates on them are as under: a) 18% GST rate on Super Absorbent Polymer, Poly Ethylene Film, Glue, LLDPE 50 GSM – Packing Cover b) 12% GST rate on Thermo Bonded Non-woven, Release Paper • o Wood Pulp 4. In GST, raw materials for manufacture of sanitary napkins attract 18% or 12% rate. Thus, even with 12% GST on sanitary napkins, the GST rate structure for them will be inverted, leading to possible accumulation of input tax credit. 5. Though, the GST law provides for refund of such accumulated input tax credit, there are associated financial costs with such refunds, putting domestically manufactured napkins at dis-advantage vis-à-vis imports coming at 12% IGST, with no such additional financial costs on account of fund blockage. 6. If the GST rate on sanitary napkins were to be reduced from 12% to 5%, it will further accentuate the tax inversion and result in even higher accumulated ITC, with correspondingly higher financial costs, putting domestic manufacturers at even greater dis-advantage vis-à-vis imports. 7. Reducing the GST rate on sanitary napkins to Nil, will in fact result in complete denial of the input tax credit to their domestic manufacturers while simultaneously zero rating imports. This will saddle domestic

Sl.No	HS Code	Goods	Present Rate	Requested Rate	Comments of the Fitment Committee
					manufacturers of sanitary napkins at a huge disadvantage vis-à-vis imports. 8. A PIL has been filed before Hon'ble High Court of Delhi and therefore, sub-judice at present. 9. No change.
96.		Silver anklet, silver toe ring and silver waist cord	3%	0	1. GST does not envisage end use based exemption which are difficult to administer, result in increased interface between tax administration and tax payers and prone to misuse, particularly in a multistage tax. 2. 3% rate is reasonable. 3. No change.
97.		Mangal sutra and similar items of wedlock	3%	0	1. 3% rate is reasonable. 2. No change.
98.	5007	Silk fabrics	5%	0	1. 5% rate applies to fabrics in general. 2. Nil rate will break ITC chain, increase cost of domestic goods and put them to disadvantage vis-a-vis imports. 3. No change.
99.	5004	Silk yarn and jari made of gold or silver	12%	5%/0	1. GST rate on real jari and silk yarn is 5%. 2. Nil rate will break ITC chain, increase cost of domestic goods and put them to disadvantage vis-a-vis imports. 3. No change.
100.		Coconut coir pith	5%	0	The item is already at the lowest slab. No change.
101.	Any chapter	Articles made of Natural seeds or beads	5%	Exemption	1. Small dealers can avail Threshold exemption / composition scheme. 2. No change.

Agenda Item 10(ii): Recommendations on Services

The recommendations of the Fitment Committee on services are indicated in brief in the Summary Sheet below. The detailed justification for the recommendations will be circulated separately as Volume 2 of the Detailed Agenda Notes.

Summary Sheet

Sl.No.	Recommendation of the Fitment Committee
1	To extend GST exemption on Viability Gap Funding (VGF) for a period of 3 years from the date of commencement of Regional Connectivity Scheme (RCS) airport from the present period of one year.
2	To exempt supply of services by way of providing information under RTI Act, 2005 from GST.
3	To exempt legal services provided to Government, Local Authority, Governmental Authority and Government Entity.
4	To reduce GST rate on construction of metro and monorail projects (construction, erection, commissioning or installation of original works) from 18% to 12%.
5	To exempt with retrospective effect from 01.07.2017 to 7.07.2017, exemption provided to aircrafts, aircraft engines and other aircraft parts imported into India under a transaction covered by item 1(b) or 5(f) of Schedule II of the Central Goods and Service Tax Act, 2017 from levy of integrated tax under section 3(7) of the Customs Tariff Act, 1975, vide notification No. 65/2017-Customs dated 8.7.2017, by way of amendment in Finance Bill, 2018.
6	To levy GST on the small housekeeping service providers, notified under section 9 (5) of GST Act, who provide housekeeping service through Electronic Commerce Operator (ECO), @ 5% without ITC.
7	To reduce GST rate on tailoring service from 18% to 5%.
8	To reduce GST rate on services by way of admission to theme parks, water parks, joy rides, merry-go-rounds, go-carting and ballet, from 28% to 18%.
9	To grant following exemptions: (i) To exempt service by way of transportation of goods from India to a place outside India by air; (ii) To exempt service by way of transportation of goods from India to a place outside India by sea and provide that value of such service may be excluded from the value of exempted services for the purpose of reversal of ITC. The above exemptions may be granted with a sunset clause upto 30th September, 2018.
10	To exempt services provided by the Naval Insurance Group Fund by way of Life Insurance to personnel of Coast Guard under the Group Insurance Scheme of the Central Government retrospectively w.e.f. 1.7.2017.
11	To exempt IGST payable under section 5(1) of the IGST Act, 2017 on supply of services covered by item 5(c) of Schedule II of the CGST Act, 2017 to the extent of aggregate of the duties and taxes leviable under section 3(7) of the Customs Tariff Act, 1975 read with sections 5 & 7 of IGST Act, 2017 on part of consideration declared under section 14(1) of the Customs Act, 1962 towards royalty and license fee includible in transaction value as specified under Rule 10 (c) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007.
12	To provide in CGST rules that value of exempt supply under sub-section (2) of section 17, shall not include the value of deposits, loans or advances on which interest or discount is earned (This will not apply to a banking company and a financial institution including a non-banking financial company engaged in providing services by way of extending deposits, loans or advances).
13	To allow ITC of input services in the same line of business at the GST rate of 5% in case of tour operator service.
14	To reduce GST rate (from 18% to 12%) on the Works Contract Services (WCS) provided by sub-contractor to the main contractor providing WCS to Central Government, State Government, Union territory, a local authority, a Governmental Authority or a Government Entity, which attract GST of 12%. Likewise, WCS attracting 5% GST, their sub-contractor would also be liable @ 5%.
15	To enhance the exemption limit of Rs 5000/- per month per member to Rs 7500/- in respect of services provided by Resident Welfare Association (unincorporated or non-profit entity) to its members against their individual contribution.

Sl.No.	Recommendation of the Fitment Committee
16	To reduce GST rate on transportation of petroleum crude and petroleum products (MS, HSD, ATF) from 18% to 5% without ITC and 12% with ITC.
17	To exempt dollar denominated services provided by financial intermediaries located in IFSC SEZ, which have been deemed to be outside India under the various regulations by RBI, IRDAI, SEBI or any financial regulatory authority, to a person outside India.
18	To exempt (a) services by government or local authority to governmental authority or government entity, by way of lease of land, and (b) supply of land or undivided share of land by way of lease or sub lease where such supply is a part of specified composite supply of construction of flats etc. and to carry out suitable amendment in the provision relating to valuation of construction service involving transfer of land or undivided share of land, so as to ensure that buyers pay the same effective rate of GST on property built on leasehold and freehold land.
19	To amend entry 3 of notification No. 12/2017-CT(R) so as to exempt pure services provided to Govt. entity.
20	To expand pure services exemption under S. No. 3 of 12/2017-C.T. (Rate) so as to include composite supply involving predominantly supply of services i.e. upto 25% of supply of goods.
21	To reduce job work services rate for manufacture of leather goods (Chapter 42) and footwear (Chapter 64) to 5%.
22	To defer the liability to pay GST in case of TDR against consideration in the form of construction service and on construction service against consideration in the form of TDR to the time when the possession or right in the property is transferred to the land owner by entering into a conveyance deed or similar instrument (eg. allotment letter). No deferment in point of taxation in respect of cash component.
23	To exempt services relating to admission to, or conduct of examination provided to all educational institutions, as defined in the notification. To exempt services by educational institution by way of conduct of entrance examination against consideration in the form of entrance fee.
24	To enhance the limit to Rs 2 lakh against Sl. No. 36 of exemption notification No. 12/2017-C.T. (Rate) which exempts services of life insurance business provided under life micro insurance product approved by IRDAI upto maximum amount of cover of Rs. 50,000.
25	To exempt reinsurance services in respect of insurance schemes exempted under S.Nos. 35 and 36 of notification No. 12/2017-CT (Rate). [It is expected that the premium amount charged from the government/insured in respect of future insurance services is reduced.]
26	To exempt supply of service by Parliament and State Legislatures by way of transportation service by road of Hon'ble MPs/MLAs/ MLCs and sale of souvenirs/ publications to visitors and Hon'ble MPs/MLAs/MLCs.
27	To increase threshold limit for exemption of GST under entry No. 80 of Notification No. 12/2017-C.T. (Rate) for all the theatrical performances like Music, Dance, Drama, Orchestra, Folk or Classical Arts and all other such activities in any Indian language in theatre GST from Rs.250 to 500 per person and to also extend the threshold exemption to services by way of admission to a planetarium.
28	To reduce GST on Common Effluent Treatment Plants services of treatment of effluents, from 18% to 12%.
29	To exempt services by way of fumigation in a warehouse of agricultural produce.
30	To clarify that exemption of Rs 1000/- per day or equivalent (declared tariff) is available in respect of accommodation service in hostels.
31	To reduce GST to 12% in respect of mining or exploration services of petroleum crude and natural gas and for drilling services in respect of the said goods.
32	To clarify that fee paid by litigants in the Consumer Disputes Commissions and any penalty imposed by these Commissions, will not attract GST.
33	To exempt subscription of online educational journals/periodicals by educational institutions who provide degree recognized by any law from GST.
34	To clarify that elephant/ camel joy rides are not classified as transportation services and attract GST @ 18% with threshold exemption to small services providers.

Sl.No.	Recommendation of the Fitment Committee
35	To clarify that leasing or rental services, with or without operator, of goods, attracts same GST as supply of like goods involving transfer of title in the said goods. Therefore, the GST rate for the rental services of self-Propelled Access Equipment (Boom. Scissors/Telehandlers) is 28%.
36	To clarify that, - 1) Services provided by senior doctors/consultants/technicians hired by the hospitals, whether employees or not, are healthcare services which is exempt. 2) Hospitals also provide healthcare services. The entire amount charged by them from the patients including the retention money and the fee/payments made to the doctors etc., is towards the healthcare services provided by the hospitals to the patients and is exempt. 3) Food supplied to the in-patients as advised by the doctor/nutritionists is a part of composite supply of healthcare and not separately taxable. Other supplies of food by a hospital to patients (not admitted) or their attendants or visitors is taxable.
37	To tax renting of immovable property by government or local authority to a registered person under reverse Charge while renting of immovable property by government or local authority to un-registered person shall continue under forward charge
38	To exempt the service provided by way of renting of transport vehicles provided to a person providing services of transportation of students, faculty and staff to an educational institution providing education upto higher secondary or equivalent.
39	To carry out the amendments in the scheme of concessional GST of 12% applicable to construction of houses under Pradhan Mantri Awas Yojana (PMAY) and to include houses constructed/ acquired under the Credit Linked Subsidy Scheme for Economically Weaker Section (EWS) / Lower Income Group (LIG) / Middle Income Group-1 (MlG-1) / Middle Income Group-2 (MlG-2) under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana (Urban) and low-cost houses up to a carpet area of 60 square metres per house in a housing project which has been given infrastructure status, as proposed by Ministry of Housing & Urban Affairs, under the same concessional rate.
40	To tax time charter services at GST rate of 5%, that is at the same rate as applicable to voyage charter or bare boat charter, with the same conditions.
41	To define insurance agent in the reverse charge notification to have *the same meaning as assigned to it in clause (10) of section 2 of the Insurance Act, 1938,* so that corporate agents get excluded from reverse charge.
42	To levy concessional GST @12% on the services provided by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of building used for providing (for instance, centralized cooking or distributing) mid-day meal scheme by an entity registered under section 12AA of IT Act.
43 to 46	To constitute a small subcommittee consisting of the officials of the states where lottery is sold along with the states who authorize/ organise such lotteries, to study the issues relating to taxation of lottery (viz, reverse charge, exemption beyond the stage of lottery distributor).
47	To insert a provision *in GST Rules under section 15 of GST Act* that the value of lottery shall be 100/112 or 100/128 of the price of lottery ticket notified in the Gazette (the same is currently notified in the rate notification).
48 & 49	To add, in the GST rate schedule for goods at 28%, actionable claim in the form of chance to win in betting and gambling including horse racing.
50	To clarify that services by way of, - 1. admission to entertainment events or access to amusement facilities including casinos, race-course 2. ancillary services provided by casinos and race-course in relation to such admission. 3. services given by race-course by way of totalisator (if given through some other person or charged separately as fees for using totalisator for purpose of betting), are taxable at 28%. Services given by race-course by way of license to bookmaker which is not a service by way of betting and gambling, is taxable at 18%.
51	To insert in GST rules under section 15 of GST Act, - *Notwithstanding anything contained in this chapter, value of supply of Betting & Gambling shall be 100 % of the face value of the bet or the amount paid into the totalizator*.

Sl.No.	Recommendation of the Fitment Committee
52	To exempt services provided by and to Fédération Internationale de Football Association (FIFA) and its subsidiaries directly or indirectly related to any of the events under FIFA U-20 World Cup to be hosted in India.
53	To delete the words 'Ministry of External Affairs' from the following entry at S. No. 60 of notification No. 12/2017-CT (R): "*Services by a specified organization in respect of a religious pilgrimage facilitated by the Ministry of External Affairs, the Government of India, under bilateral arrangement*." This is because, Haj pilgrimage is now being facilitated by Ministry of Minority Affairs and Mansarovar Yatra by MEA.
54	To exempt government's share of profit petroleum from GST and to clarify that cost petroleum is not taxable *per se*.

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Agenda Item 11: Carry forward items from the previous Council Meeting

Agenda Item 11(i): Presentation on GST on real estate sector

GST
REAL ESTATE SECTOR

REAL ESTATE SECTOR – INDIA

- Construction sector contributed about 8-8.4% to the country's GVA during 2015-16 and 2016-17, at constant prices (MOSPI)
- Residential segment contributes about 80% of the real estate sector
- Second largest employer after agriculture which is slated to grow at 30 per cent over the next decade
- Indian real estate market is expected to touch US$ 180 billion by 2020
- Market size is expected to increase at CAGR of 11.2% (2008-2020)
- Private equity investments increased 26 per cent to Rs 40,000 crore (US$ 6.01 billion) in 2016

SOURCE : India Brand Equity Foundation

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XIII FINANCE COMMISSION RECOMMENDATIONS – GST

- The real estate sector (both residential and commercial) should be included in the tax base
- Stamp duty levied by State Governments should be subsumed within GST (It was also recommended that GST should subsume taxes on vehicles, taxes on goods & passengers and electricity duty)
- A threshold of Rs. 10 lakh in this regard will permit exemption of small residential and business properties.

3

WHY BRING REAL ESTATE IN GST ?

- Discourage/Curb land hoarding: Disincentivise idle inventory of land
- Appropriate valuation of land: better price discovery leading to increased revenues (tax and non-tax) for Central & State Governments
- Sourcing of tax paid raw materials and inputs in construction sector
- Reduction in prices of land and buildings for final customers
- War on black economy
- Completion of ITC chain: beneficiaries include ports/airports/businesses/hotels etc
- Same tax treatment for completed property as for under-development property

4

ARGUMENTS MADE AGAINST BRINGING REAL ESTATE UNDER GST

- Real Estate sector under stress owing to NPAs and Government's campaign against cash economy.
- If stamp duty on transfer of land and buildings is not subsumed within GST or substantially not reduced, then it may lead to rise in prices of residential houses for consumers
- Builder may not pass on the benefits of increased ITC to the consumer by re-calibrating the prices and simply add GST to the existing prices
- Bringing real estate within the fold of GST would result in reduction of revenue owing to unblocking of ITC (ITC on works contract, building, civil structure etc is denied and refund of excess ITC is blocked in respect of construction of complex etc.)

5

TAXES & LEVIES ON REAL ESTATE

- Stamp Duty (Entry 63 State List)
- Property Tax: Taxes on Lands & Buildings (Entry 49 State List)
- Registration fee: Registration Act, 1908
- Cess: Building & Construction Workers Welfare Cess Act, 1996

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GST ON REAL ESTATE:DEFINITIONS in CONSTITUTION

- Article 366 (12) prescribes an inclusive definition of GOODS

"includes all materials, commodities, and articles"

- Article 366 (12A) defines GOODS AND SERVICES TAX to mean

"any tax on supply of goods or services or both except taxes on supply of the alcoholic liquor for human consumption"

- Article 366(26A) defines services to mean

"anything other than goods"

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GST ON REAL ESTATE

Section 2(52) and 2 (102) of CGST Act define respectively,-

GOODS to mean-

- *every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply*

SERVICES to mean

- *anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged*
- **Article 367 of the Constitution** states that,-

"Unless the context otherwise requires, the General Clauses Act, 1897 , shall….apply for the interpretation of this Constitution as it applies for the interpretation of an Act of the Legislature of the Dominion of India"

- **Constitution of India does not define immoveable property**
- **General Clauses Act does not define goods**. It defines immovable property [section 3 (26)] to include,-

land, benefits to arise out of land, and things attached to the earth, or permanently fastened to anything attached to the earth

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GST ON REAL ESTATE

-IS CONSTITUTIONAL AMENDMENT REQUIRED?

Opinion of the Law Ministry / Attorney General may be taken

- Amendments in the GST laws certainly required!

9

STAMP DUTY

- Article 246: Subject-matter of laws made by Parliament and by the Legislatures of States
- Entry 91 of List I is the field of legislation for the Union Govt,-

  [*Rates of stamp duty in respect of bills of exchange, cheques, promissory notes, bills of lading, letters of credit, policies of insurance, transfer of shares, debentures, proxies and receipts*]
- Entry 63 of List II is the field of legislation for State Govts,-

  [*Rates of stamp duty in respect of* ***documents*** *other than those specified in the provisions of List I with regard to rates of stamp duty*]
- Indian Stamp Act, 1899 is a central legislation. However, rates of stamp duty in respect to sale/purchase of land and buildings is decided by the States

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STAMP DUTY-contd

- As stamp duty is with reference to documents conveying land & buildings, while GST is on supply/sale of the same: which is on a different aspect (Nature of tax vis-à-vis measure of tax)
- GST: Article 246A begins with *Notwithstanding contained in Article 246*: Power to legislate with respect to GST overrides those under Article 246
- Leasing of land/immovable property attracts stamp duty: Did it affect levy of service tax or GST now: **No**

11

TAXES ON LANDS AND BUILDINGS

- Entry 49 of State List

  Taxes on lands and buildings
- Held by the Apex Court that there is a difference between levy on income from house property which is an income-tax and levy on house property, which is referable to entry 49
- Apex Court has also held that entry 49 refers to a tax directly on land and not tax on income arising from land
- Further held by the Apex Court that the method of arriving at the quantum of tax should not be mixed up with the nature of tax: annual tax levied by State on buildings and land
- Nature of Tax: Tax on land & buildings is Tax on STOCK of land & buildings while GST on FLOW (SUPPLY) of land & buildings
- GST legislation under Article 246A overrides that under Article 246 plus ASPECT theory laid down by Apex Court

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GST ON REAL ESTATE

Schedule II of CGST Act

- *Any transfer of title in goods is **supply of good***
- *Any transfer of right in goods or of undivided share in goods without the transfer of title thereof, is a **supply of service***

Land and Building – transfer of a limited right is presently subjected to GST

- *"Land and Building*
- *Any lease, tenancy, easement, license to occupy land is supply of services*
- *Any lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly, is supply of services"*

Supply of services

- *Renting of immovable property*
- *Construction of a complex ---, except where entire consideration is received after completion certificate -- or its first occupation, whichever is earlier*
- *Works contract as defined in section 2 (119)*

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GST ON REAL ESTATE- way forward

- Define goods to include movable and immovable property
- Define services as anything other than goods and including intangibles
- States free to levy stamp duty at rates decided by them on land and buildings
- Property tax to continue as at present
- Building Cess to be subsumed in GST as other cesses

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Agenda Item 11(ii): Incentivising Digital Payments in GST regime

To incentivise digital transaction, it is proposed to provide a concession of 2% in GST rate on B2C supplies, for which payment is made through digital mode [1% each from applicable CGST and SGST rates, if the applicable GST rate is 3% or more] subject to a ceiling of Rs. 100 per transaction. This effectively means that applied rate of GST for such transactions will be 2% lower than the otherwise applicable GST rate, though subject to a ceiling of Rs. 100 per transaction for such incentive. This scheme, however, would not be available to registered persons paying tax under the composition scheme.

2. With this incentive, consumer will be offered two prices; one with normal GST rates for purchases made through cash payment and the other with 2% lower GST rate for digital payments. As a result, the consumer will see visible benefits of making payments [for supplies received by him] through digital mode, in terms of reduction in tax amount payable.

3. For example, if the GST rate applicable to supply a particular goods/service is 18%, then B2C supply of such goods, where payment made through digital mode will be 16%, subject to a maximum GST concession of Rs. 100 per transactions.

Illustration:

Value of goods/service= Rs 5000

Tax payable if payment made in cash = Rs 900 [18% of Rs. 5000]

Tax payable if payment made digitally = Rs 800 [16% of Rs. 5000]

Upfront tax incentive to the customer = Rs 100.

Estimated revenue implication [based on information provided by MeitY]

4. In 2016-17, the number of digital transactions was 1076 crore. Average value per transaction (based on debit and credit card transaction) was Rs 1833. Out of this, transactions below Rs 1000 were 16%, between Rs 1000 and Rs 2000 were 14%, and above Rs 2000 were 70%.

4.1. In 2017-18, the estimated number of digital transaction for the financial year is 1800 crore. Till October 2017 this number was 1000 crore.

4.2. Based on these numbers (taking annual number of digital transaction as 1800 crore), the revenue implication of the proposal is estimated to be as follows:

	Tax relief (2%)	
Taking Average size (Rs)	1500	1800
% of transaction getting benefit	**Tax Implication (Rs Crore)**	
20%	10800	12960
30%	16200	19440
40%	21600	25920

5. The loss in tax revenue may however be recovered to certain extent through better compliance. It would further encourage digital payment and consumer would seek these services from merchants.

6. This proposal was discussed by the Fitment Committee on 30 October, 2017, but the Committee could not arrive at consensus on the issue.

7. It is proposed that the Council may accord in principle approval to this proposal. Further the GIC may be authorised to approve the changes in the CGST/SGST/UTGST Rules, as recommended by the Law Committee, in order to implement this proposal.

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Agenda Item 12: Transfer of shares of Empowered Committee (EC) in GSTN to the State of Telangana.

As per Article 6 of the Articles of Association (AoA) of the Goods and Services Tax Network (GSTN) (relevant extracts placed at **Annexure 1**), the authorised share capital of the Company shall be Rs. 10,00,00,000/- (Rs. 10 crores only) divided into 1,00,00,000 (one crore) equity shares of Rs. 10 each which can be increased or reduced subject to the provisions of the Act. The paid-up share capital of the Company shall at all times be owned and maintained in the proportion mentioned in table below:

Sl. No.	Name of the entities	% of paid-up capital*
1.	**Group A** - Central Government	24.5%
2.	**Group B** - State Government and Empowered Committee collectively	24.5%
3.	**Group C** - Non-Governmental Institutions collectively**	51%

* The percentage of holdings mentioned against each Group in Table shall not exceed the specific percentage against their respective Group.

** No individual Non-Governmental Institution shall hold more than 10% equity in the Company except the one Non-Governmental Institution may hold a maximum of 21% equity in the Company.

2. At present, the shareholding position of the GSTN are as under:

Sl. No.	Name of the entities	No. of shares allotted	% of total shares
1.	**Group A** – Central Government	24,50,000	24.5%
2.	**Group B** – State Governments (2,37,000) and **Empowered Committee (80,000)** collectively	24,50,000	24.5%
3.	**Group C** – Non-governmental Institutions collectively*	51,00,000	51%

* This includes LIC Housing Finance Ltd. (11,00,000), Housing Development Finance Corporation Ltd (10,00,000), HDFC Bank Ltd (10,00,000) ICICI Bank Ltd. (10,00,000) and NSC Strategic Investment Corp. Ltd. (10,00,000). The shareholding of various States is given at **Annexure 2.**

3. Previously, the EC had been nominating Directors on the Board of Directors of GSTN from **Group B**. After the passage of Constitution (One Hundred and First Amendment) Act, 2016, as per Article 279A of the Constitution, GST Council has been making all important GST related recommendations to the Centre and State Governments. The following decisions were taken by the GST Council in its 14th Meeting held on 18-19 May 2017:

(a) To nominate Additional Secretary, GST Council Secretariat as ex-officio Director on the Board of GSTN in place of the erstwhile Member Secretary, EC, and;

(b) To amend GSTN's Article of Association to the effect that all references to the Empowered Committee of State Finance Ministers may, post amendment, refer to GST Council.

4. As a result of the above decision of the Council, the 80,000 shares (0.8% of the total) of the Empowered Committee need to be assigned/ transferred to the other stakeholder(s).

5. It is proposed that the shares of the Empowered Committee may be assigned to the State of Telangana, which was carved out after bifurcation of Andhra Pradesh in the year of 2014 and so

presently does not have any equity share in GSTN. If the same is agreed to, the shareholding pattern of the GSTN would be as under:

Sl. No.	Name of the entities	% of paid up capital
1	**Group A** – Central Government	24.5%
2	**Group B** – State Governments	24.5%
3	**Group C** – Non-Governmental Institutions collectively	51%

6. Therefore, it is proposed that the 80,000 shares of the Empowered Committee of the State Finance Ministers may be transferred to the State of Telangana. After approval of GST Council, GSTN shall be asked to effect the transfer of shares as per the procedure laid down in its Articles of Association.

7. The GST Council may consider and approve the proposal regarding transfer of shares of Empowered Committee (EC) in GSTN to State of Telangana as above.

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Annexure 1

Relevant extracts from the Articles of Association of GSTN

6. SHARE CAPITAL

6.1. The authorized share capital of the Company shall be Rs. 10,00,00,000/- (Rs. Ten (10) Crores only) divided into 1,00,00,000 (One Crore) equity shares of Rs. 10/- (Rs. Ten only) each which can be increased or reduced subject to the provisions of the Act.

6.2. The paid-up share capital of the Company shall at all times be owned and maintained in the proportion mentioned in Table I below:

Table I

Sr. No.	Name of the entities	Percentage of paid up capital
1.	Group A- Central Government	24.5%
2.	Group B- State Governments and the EC collectively	24.5%
3.	Group C- Non-Government Institution collectively	51%

6.3. The percentage of holdings mentioned against each Group in Table I above shall not exceed the specific percentage against their respective Group.

6.4. In Group C in **Table I** above, no individual Non-Government Institution shall hold more than 10% equity in the Company except that one Non-Government Institution may hold a maximum of 21% equity in the Company.

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Annexure 2

Goods and Services Tax Network

List of shareholders as on 31st January, 2016

Sl.No	Name of Subscribers	No. of shares allotted	Paid-up Capital (in Rs.)
1	Govt. of Punjab	79,000	7,90,000
2	Govt. of Gujarat	79,000	7,90,000
3	Govt. of Odisha	79,000	7,90,000
4	Govt. of Tamil Nadu	79,000	7,90,000
5	Govt. of Jammu & Kashmir	79,000	7,90,000
6	Govt. of Maharashtra	79,000	7,90,000
7	Govt. of Rajasthan	79,000	7,90,000
8	Govt. of Sikkim	79,000	7,90,000
9	Govt. of Karnataka	79,000	7,90,000
10	Govt. of Andhra Pradesh	79,000	7,90,000
11	Govt. of Meghalaya	79,000	7,90,000
12	Govt. of Bihar	79,000	7,90,000
13	Govt. of Nagaland	79,000	7,90,000
14	Govt. of Himachal Pradesh	79,000	7,90,000
15	Union Territory of Puducherry	79,000	7,90,000
16	Govt. of Mizoram	79,000	7,90,000
17	Govt. of Uttarakhand	79,000	7,90,000
18	Govt. of Haryana	79,000	7,90,000
19	Govt. of Assam	79,000	7,90,000
20	Govt. of Goa	79,000	7,90,000
21	Govt. of Kerala	79,000	7,90,000
22	Govt. of Manipur	79,000	7,90,000
23	Govt. of Tripura	79,000	7,90,000
24	Govt. of West Bengal	79,000	7,90,000
25	UT. of Delhi	79,000	7,90,000
26	Govt. of Jharkhand	79,000	7,90,000
27	Govt. of Uttar Pradesh	79,000	7,90,000
28	Govt. of Chhattisgarh	79,000	7,90,000
29	Govt. of Madhya Pradesh	79,000	7,90,000
30	Govt. of Arunachal Pradesh	79,000	7,90,000