



TAX ALERT

October 4, 2019



GST REVISIONS PURSUANT TO 37TH GST COUNCIL MEETING

Pursuant to the recommendations of the Goods and Services Tax (“GST”) Council in its 37th meeting, held on September 20, 2019, the Central Board of Indirect Taxes and Customs (“CBIC”) notified the following revisions to GST legislations, effective October 01, 2019 onwards:

1. EXEMPTIONS

The supply of the following goods / services are exempt from the levy of GST:

- (a) Services supplied by and to Federation Internationale de Football Association (“FIFA”) and its subsidiaries in relation to any events under FIFA U-17 Women’s World Cup 2020 (“World Cup 2020”), subject to certification by the Ministry of Youth Affairs and Sports;
- (b) Services of right to admission to events organised under World Cup 2020;
- (c) Services supplied for transportation of goods by an aircraft / a vessel from customs clearance station in India to a place outside India up till September 30, 2020;
- (d) Storage or warehousing services supplied for cereals, pulses, fruits, nuts, vegetables, spices, copra, sugarcane, jaggery, raw vegetable fibres (such as cotton, flax, jute etc.), indigo, unmanufactured tobacco, betel leaves, tendu leaves, coffee and tea;
- (e) Supply of all goods to the Food and Agricultural Organisation of the United Nations for the execution of specified projects, subject to issuance of an essentiality certificate by the Ministry of Agriculture and Farmers Welfare; and
- (f) Services supplied by an intermediary when both the supplier and recipient of goods are located outside India, subject to maintenance of specified records for a period of 5 years.

2. RATE REVISIONS

The following are certain significant changes in the applicable GST rates:

DESCRIPTION		OLD GST RATE	NEW GST RATE	CHANGE
HOSPITALITY				
Accommodation services where the value of supply of a unit of accommodation is	between INR 1,000 – INR 2,500	12%	12%	↓
	between INR 2,500 – INR 7,500	18%		
	above INR 7,500	28%	18%	
Restaurant / outdoor catering / composite supply of outdoor catering together with renting of premises services (in premises having declared tariff of any unit of accommodation less than INR 7,500)		18%	5% (Without availability of Input tax credit)	↓
OIL AND GAS				
Professional, technical and business services relating to exploration, mining or drilling of petroleum crude or natural gas or both		18%	12%	↓
Specified goods for petroleum operations or coal bed methane operations under the Hydrocarbon Exploration Licensing Policy or Open Acreage Licensing Policy		Individually applicable rates	5%	↓
MISCELLANEOUS				
Machine job work services except for bus body building		18%	12%	↓
Supply of specified goods pertaining to railways		5%	12%	↑
Caffeinated beverages		18%	28% + 12% compensation cess	↑
Marine fuel 0.5% (FO)		18%	5%	↓
Wet grinder consisting of stone as grinder		12%	5%	↓
Import and supply of silver / platinum by nominated agencies to registered persons for export of silver / platinum jewellery		3%	Nil	↓

3. LEVY OF GST ON REVERSE CHARGE BASIS

The recipient of supplies is liable to discharge GST in the following cases:

- (a) Services by a lender for lending of securities under the Securities Lending Scheme, 1997 of Securities and Exchange Board of India to a borrower;
- (b) Services by way of renting of a motor vehicle by any person (other than a body corporate) to a body corporate located in India;

- (c) Cement supplied by an unregistered supplier to a promoter for construction of a project; and
- (d) Transfer or permitting the use or enjoyment of copyright by an author to a publisher. However, an author registered under GST may opt to discharge GST on forward charge basis by filing a declaration, as prescribed. The said option once exercised, cannot be withdrawn within a period of 1 year from the date of declaration.

4. MISCELLANEOUS

- 4.1. In case of transfer of development rights in lieu of construction service, the provision deeming the time of supply of services to be the time of transfer of possession or right in the constructed structure through a conveyance deed or similar instrument has been made inapplicable with effect from April 1, 2019 onwards. This coincides with the changes in the treatment of transactions pertaining to the real estate sector under the GST legislations.
- 4.2. The place of supply of research and development services related to the pharmaceutical sector, when supplied by a supplier located in India to a person located outside India under a contract, shall be the location of the recipient of services.
- 4.3. License fee or application fee charged by State Governments, for the grant of alcoholic liquor license for human consumption shall neither be treated as supply of goods nor services.
- 4.4. Circular No. 105/21/2019-GST dated June 28, 2019 on GST treatment of secondary or post sales discounts has been withdrawn *ab-initio* to address related apprehensions of the taxpayers.

OUR VIEW

The revisions in GST rates and exemptions are expected to provide the necessary stimulus to various sectors such as oil and gas, hospitality, jewellery, pharma, MSME, etc. in the current economic slump. However, certain recommendations such as measures to ease compliance burden under GST, extension of limitation period for filing of appeal before the GST Appellate Tribunal, etc. are yet to be implemented.

Disclaimer

All information given in this alert has been compiled from credible, reliable sources. Although reasonable care has been taken to ensure that the information contained in this alert is true and accurate, such information is provided 'as is', without any warranty, express or implied as to the accuracy or completeness of any such information.

Cyril Amarchand Mangaldas shall not be liable for any losses incurred by any person from any use of this publication or its contents. This alert does not constitute legal or any other form of advice from Cyril Amarchand Mangaldas.

Should you have any queries in relation to any of the issues set out herein or on other areas of law, please feel free to contact us at the following coordinates.

Cyril Shroff

Managing Partner
cyril.shroff@cyrilshroff.com

Mekhla Anand

Partner
mekhla.anand@cyrilshroff.com



cyril amarchand mangaldas
advocates & solicitors

cyril amarchand mangaldas

mumbai | new delhi | bengaluru | chennai | hyderabad | ahmedabad

www.cyrilshroff.com