

GST Alert 05/2021-22

Date 03.10.2021

Recent Changes made in GST Law

45th Council meeting was held on 17.09.2021 in Lucknow, certain decisions were taken which we had clarified on in our alert dated 20.09.2021. Notifications have now been issued to convert those decisions into law, following is a gist of all the notifications:

All these notifications are effective from 01.10.2021

I. Changes in GST Rate applicable on Services [Noti 6/2021-CTR]

Sr no	Description of Goods/Services	Chapter / Heading	Rate UPTO 30.09.2021	Rate FROM 01.10.2021	Remarks
1	Temporary or permanent transfer or permitting the use or enjoyment of Intellectual Property (IP) right in respect of goods other than Information Technology software.	9973	12%	18%	Entry Deleted and merged with Entry (ii)
2	Temporary or permanent transfer or permitting the use or enjoyment of Intellectual Property (IP) right.	9973	18%	18%	Amended Entry
3	Services by way of job work in relation to manufacture of alcoholic liquor for human consumption	9988	6%	9%	New Entry inserted for job work in relation to manufacture of alcoholic liquor for human consumption, which was otherwise getting taxed at 12%
4	Services by way of printing of all goods falling under Chapter 48 or 49 including newspapers, books (including Braille books), journals and periodicals], which attract GST @ 12%, 5% or Nil, where only content is supplied by the publisher and the physical inputs	9989	12%	18%	Entry Deleted and merged with Entry (ii)



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Sr no	Description of Goods/Services	Chapter / Heading	Rate UPTO 30.09.2021	Rate FROM 01.10.2021	Remarks
	including paper used for printing belong to the printer.				
5	Other manufacturing services; publishing, printing and reproduction services; material recovery services	9989	18%	18%	Amended Entry
6	Services by way of admission to; (a) theme parks, water parks and any other place having joy rides, merry-go rounds, go carting, or (b) ballet, - other than any place covered in 7 below	9996	18%	18%	Services of admission to entertainment events or access to amusement facilities which do not have Casinos / Race Clubs / Sporting events like IPL, now under 18%
7	Services by way of admission to (a) casinos or race clubs or any place having casinos or race clubs or (b) sporting events like Indian Premier League	9996	28%	28%	Rate of 28% now restricted to only to places having Casinos / Race Clubs / Sporting events like IPL
8	Services by way of granting National Permit to a goods carriage to operate through-out India / contiguous States	9991	Nil	Nil	New Entry

II. Changes in Exemption/Condition of GST Rate applicable on Certain Services [Noti 7/2021-CTR]

- Exemption for following 2 services is being extended from 30th Sept 2021 to 30th Sept 2022, this will continue the benefit for exporters:
 - Services by way of transportation of goods by an aircraft from customs station of clearance in India to a place outside India (Heading 9965)
 - Services by way of transportation of goods by a vessel from customs station of clearance in India to a place outside India (Heading 9965)



2. Services by way of right to admission to the events organised under AFC Women's Asia Cup 2022 have been exempted.
3. Exemption in respect of the services of leasing of rolling stock assets including wagons, coaches, locomotives by the Indian Railways Finance Corporation to Indian Railways has been withdrawn
4. Condition for availing exemption for following service has been relaxed:
 - Services provided to the Central, State or Union territory Government, under any training programme where **75% or more of the** total expenditure is borne by these governments (Heading 9992), earlier the condition was that 100% of the expenses were required to be borne by the government.
5. Certain services as notified in notification 11/2017-CTR and 12/2017-CTR supplied by or to the entities registered u/s 12AA of the Income Tax Act, 1961 enjoyed certain concessions and / or exemptions under GST. An Amendment in Income tax Act vide insertion of section 12AB, made it necessary to amend GST notifications to bring them in line with the amendment in Income Tax law accordingly, reference to section 12AB has been incorporated alongwith 12AA for the said exemptions / concessions to be effective to the intended entities. [Notification no. 06/2021-CT (Rate) & Notification no. 07/2021-CT (Rate)]

III. Concession / exemptions in Covid drugs extended [Noti 12/2021-CTR]

GST rates on certain Covid-19 treatment drugs were reduced or exempted till 30th September 2021, these concessions are now being extended up to 31st December 2021 for following drugs [Notification No. 12/2021-Central Tax (Rate)]

Sr. No.	Tariff	Description	Rate
1.	30	Tocilizumab	Nil
2.	30	Amphotericin B	Nil
3.	30	Remdesivir	5%
4.	30	Heparin (anti-coagulant)	5%
5.	30	Itolizumab	5%
6.	30	Posaconazole	5%
7.	30	Infliximab	5%
8.	30	Bamlanivimab & Etesevimab	5%



9.	30	Casirivimab & Imdevimab	5%
10.	30	2-Deoxy-D-Glucose	5%
11.	30	Favipiravir	5%

IV. Changes in GST Rate applicable on Goods [Noti 8, 9 & 11/2021-CTR]

Sr no	Description of Goods/Services	Chapter / Heading	Rate UPTO 30.09.2021	Rate FROM 01.10.2021	Remarks
1	Tamarind seeds meant for any use other than sowing	1209	Nil	5%	Tamarind seeds fall under heading 1209 and attracted nil rate irrespective of use. However, now they would attract 5% (w.e.f. 01.10.21) for use other than sowing. Seeds for sowing will continue at nil rate.
2	Bio-diesel supplied to Oil Marketing Companies for blending with High Speed Diesel	3826		5%	New Entry
3	Bio-diesel (other than bio-diesel supplied to Oil Marketing Companies for blending with High Speed Diesel)	3826	12%	12%	Amended Entry
4	Specified Renewable Energy Devices and parts	84/85/94	5%	12%	Moved from Sch – I to Sch – II See Note [1] for details
5	All kinds of pens	9608	12%/18%	18%	All pen related entries merged
6	Ores and concentrates of metals such as iron, copper, aluminium, zinc and few others	26	5%	18%	Moved from Sch – I to Sch – III
7	Waste and scrap of polyurethanes and other plastics	3915	12%	18%	Moved from Sch – II to Sch – III
8	Cartons, boxes, bags, packing containers of paper	4819	12%/18%	18%	Moved from Sch – II to Sch – III
9	Miscellaneous goods of paper like Architectural Drawings, Unused postage, revenue or similar stamps, cards, catalogue,	49	12%	18%	Moved from Sch – II to Sch – III



Sr no	Description of Goods/Services	Chapter / Heading	Rate UPTO 30.09.2021	Rate FROM 01.10.2021	Remarks
	Other printed material (Chapter 49 of tariff)				
10	Railway wagons, locomotives coaches and parts thereof powered from an external source of electricity or by electric accumulators	8601, 8602, 8603, 8604, 8605, 8606, 8607 and 8608	12%	18%	Moved from Sch – II to Sch – III
11	Carbonated Beverages of Fruit Drink or Carbonated Beverages with Fruit Juice	2202	18%	28%	Moved from Sch – III to Sch – IV
12	Fortified Rice Kernel (Premix) supply for ICDS or similar scheme duly approved by the Central or State Government	19 or 21	18%	5%	See Note 2 for condition
13	Retro fitment kits for vehicles used by the disabled	9021	18%	5%	

Note 1 :-

Following Renewable energy devices and parts for their manufacture will now be taxed @ 12%:-

- (a) Bio-gas plant;
- (b) Solar power based devices;
- (c) Solar power generator;
- (d) Wind mills, Wind Operated Electricity Generator (WOEG);
- (e) Waste to energy plants / devices;
- (f) Solar lantern / solar lamp;
- (g) Ocean waves/tidal waves energy devices/plants;
- (h) Photo voltaic cells, whether or not assembled in modules or made up into panels

Explanation:- If the goods specified in this entry are supplied, by a supplier, along with supplies of other goods and services, one of which being a taxable service specified in the entry at S. No. 38 of the Table mentioned in the notification No. 11/2017-Central Tax



(Rate), dated 28th June, 2017 [G.S.R. 690(E)], the value of supply of goods for the purposes of this entry shall be deemed as seventy per cent of the gross consideration charged for all such supplies, and the remaining thirty per cent. of the gross consideration charged shall be deemed as value of the said taxable service

Note 2 :-

When the supplier of such goods produces a certificate from an officer not below the rank of the Deputy Secretary to the Government of India or the Deputy Secretary to the State Government concerned to the effect that such goods have been distributed free to the economically weaker sections of the society under a programme duly approved by the Central or State Government concerned, within a period of five months from the date of supply of such goods or within such further period as the jurisdictional commissioner of the Central or State tax as the case maybe, may allow in this regard.

V. Reverse Charge on Goods

Certain goods have been added to the list of goods where tax is payable under RCM, **[Notification No. 10/2021-Central Tax (Rate)]**

S. No.	HSN	Supplier of Goods	Recipient of Goods	Description of Goods	Tax payable by Supplier	Tax payable by Recipient
1	33012400, 33012510, 33012520, 33012530, 33012540	Any registered person	Any registered person	Following essential oils other than those of citrus fruit namely: - a) Of peppermint (Mentha piperita); b) Of other mints: Spearmint oil (ex-mentha spicata), Water mint-oil (ex-mentha aquatic), Horsemint oil (ex-menthasylvestries), Bergament oil (ex-mentha citrate).	Nil	Rate Applicable



VI. Time of Supply where Rates have changed

GST rates on many goods and services have either increased or decreased with the above discussed notification, it is therefore important to understand what happens to the ongoing transactions on 1st of October, 2021, Section 14 of the CGST Act precisely deals with this aspect.

There could be 2 different scenarios possible going forward

1. Where the goods or services have been **supplied before 1.10.2021**:

- where the invoice for the same has been issued and the payment is also received on or after 1.10.2021, the time of supply shall be the date of receipt of payment or the date of issue of invoice, whichever is earlier; or
- where the invoice has been issued prior to 1.10.2021 but payment is received after 1.10.2021, the time of supply shall be the date of issue of invoice; or
- where the payment has been received before 1.10.2021, but the invoice for the same is issued after 1.10.2021, the time of supply shall be the date of receipt of payment;

2. Where the goods or services have been **supplied after 1.10.2021**

- where the payment is received on or after 1.10.2021 but the invoice has been issued prior to 1.10.2021, the time of supply shall be the date of receipt of payment; or
- where the invoice has been issued and payment is received before 1.10.2021, the time of supply shall be the date of receipt of payment or date of issue of invoice, whichever is earlier; or
- where the invoice has been issued on or after 1.10.2021 but the payment is received before 1.10.2021, the time of supply shall be the date of issue of invoice:

Date of receipt of payment shall be the date of credit in the bank account if such credit in the bank account is after four working days from the date of change in the rate of tax.



Date of receipt of payment shall be the date on which the payment is entered in the books of account of the supplier or the date on which the payment is credited to his bank account, whichever is earlier.

VII. Conclusion

With the above changes, one thing is clear, era of subsidisation of the economy through GST rates is past us, we are now stepping in the era of rate increments in the name of 'Rate Rationalisation'. We will see more and more rate increases by bunching of goods and services industry wise. I hope the council doesn't overdo this as many sectors are very rate sensitive, like textiles, where we are hearing talk of increasing the rate from existing 5% to 12%.

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