

Changes in GST rate for Utility Vehicles

Vide Notification no. 3/2023-Compensation Cess (Rate) dated 26.07.2023 GST rate for Utility vehicles has been increased by 2% effective from today (27.07.2023) – effective GST and Cess rate has been increased from 48% to 50%.

Increased rate of 50% would be applicable on vehicles which fulfil **ALL** the below conditions:

1. Vehicles known as Utility Vehicles, by whatever name called including Sports Utility Vehicles (SUV), Multi Utility Vehicles (MUV), Multi-purpose vehicles (MPV) or Cross-Over Utility Vehicles (XUV),
2. Engine capacity exceeding 1500cc ;
3. Length exceeding 4000 mm and
4. Ground Clearance of 170mm and above. **Please note Ground Clearance has to be taken in unladen condition. ***

Following would be the holistic matrix of GST rates applicable on all type of cars:

Cess Rate Chart

Sr. No.	Car Type	Variant	Engine	Length	Ground Clearance	GST Rate	Cess Rate From		
							26.07.2023 onwards	11.9.2017 to 26.07.2023	1.07.2017 to 10.09.2017
1	Any	Electric	-	-	-	5%	-	-	-
2	Any	Petrol, CNG, PNG	< 1200	< 4000	-	28%	1%	1%	1%
3	Any	Diesel	< 1500	< 4000	-	28%	3%	3%	3%
4	Any	Petrol, Diesel, CNG, PNG	< 1500	-	-	28%	17%	17%	15%
5	Any		>1500	-	-	28%	20%	20%	15%
6	SUV		>1500	>4000	>=170*	28%	22%	22%	15%
7	MUV/MPV/XUV		>1500	>4000	>=170*	28%	22%	20%	15%



*Note on Ground Clearance

- 1 From 1.07.2017 to 26.07.2023 - Ground clearance to be measured in **LADEN** Condition
- 2 From 26.07.2023 onwards - Ground clearance to be measured in **UNLADEN** Condition.

Notations

< Less than

> More than

> = More than or is equal to



Suggestions:

- a. Any car (fulfilling all conditions as above) sold today or thereafter will be taxed at new rate, it would not make any difference whether the car was held in stock (purchased at lower GST rate) or it is sold from a fresh purchase in new rate.
- b. Please take a list of those vehicles from the OEM which have impacted due to this rate change.
- c. Most of the car dealers are E-invoice enabled, hence please note that cars sold on 26.07.2023 or before in B2B segment would have to be given an e-invoice.
- d. CRTM and other formalities / documentation would also have to be taken care of.



B 1301 - 1305, Ratnaakar Nine Square,
Opp. ITC Narmada, Nr. Keshavbag Party Plot,
Satellite, Ahmedabad - 380015. Gujarat, India.

t +91-79-400 22 628 / 29 / 30
e info@niteshjain.co.in
w www.njjain.com



njjainassociates
@associates_nj
@njainandassociates

Formulated by:

N J Jain & Associates
Chartered Accountants
www.njjain.com

CA Nitesh Jain
Managing Partner

CA Gaurav Khetan
Partner

CA Praveen Maheshwari
Partner

CA Jay Dalwadi
Partner

Disclaimer

This GST Alert is only for the purpose of information and does not constitute or purport to be an advice or opinion in any manner. The information provided is not intended to create advisor-client relationship and is not for advertising or soliciting. N J Jain & Associates do not intend in any manner to solicit work through this Tax Alert. The Tax Alert is only to share information based on recent developments and regulatory changes. N J Jain & Associates is not responsible for any error or mistake or omission in this Tax Alert or for any action taken or not taken based on the contents of this Tax Alert. Business decisions are best taken in close consultation with the advisors.



B 1301 - 1305, Ratnaakar Nine Square,
Opp. ITC Narmada, Nr. Keshavbag Party Plot,
Satellite, Ahmedabad - 380015. Gujarat, India.

t +91-79-400 22 628 / 29 / 30
e info@niteshjain.co.in
w www.njjain.com

in njjainassociates
tw @associates_nj
f @njainandassociates