



RJA

# Rajput Jain & Associates

Chartered Accountant

**47TH GST COUNCIL  
MEETING  
RECOMMENDATIONS &  
NOTIFICATIONS**

The logo consists of a dark blue square with a white diagonal line running from the top-left corner to the bottom-right corner. The letters 'RJA' are written in white, bold, sans-serif font in the upper-left triangle.

**RJA**

## **About us**

A blue geometric shape, resembling a parallelogram or a tilted rectangle, positioned to the right of the 'About us' header.

*Rajput Jain & Associate, Chartered Accountants, is one of the leading providers of financial and business advisory, internal audit, statutory audit, corporate governance, & international taxation and regulatory services. With a global approach to service delivery, we are responds to clients' complex business challenges with a broad range of services across industry sectors and national boundaries. The Firm has been set up by a group of energetic, open minded, highly skilled and motivated professionals who have gained experience from top consulting companies and are extensively experienced in their chosen fields has providing a wide array of Accounting, Auditing, Assurance, Risk, Taxation, & Business advisory services to various clients & their stake holders. We have been associated with various national & International recognized associations in the field of our profession; Association of International tax consultants (AITC) ssis one of them.*

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## **GST - Works Contract taxable @ 18% w.e.f. 18th July, 2022!**

From **18th July 2022**, the following contracts would be taxable @ 18% instead of 12%:

1. Works contract for **roads, bridges, railways, metro, effluent treatment plant, crematorium, etc.**
2. Works contracts supplied to central and state governments, and local authorities for **historical monuments, canals, dams, pipelines, plants for water supply, educational institutions, hospitals, etc. & sub-contractor thereof.**

Further, a 12 % GST rate has been notified for the below contract which is currently taxed at 5%.

1. Works contract supplied to central and state governments, union territories & local authorities **involving predominantly earthwork (> 75%)** and sub-contracts thereof.

*Comments - In the NT 11/2017 CTR, in s.no. 3, the entries - (iii), (iv), (v), (va), (vi) and (ix) has been omitted to remove 12% rate and classify these services under 18% tax bracket (i.e., residual category). Further, no relaxation has been given to the contractors for ongoing inclusive contracts,*

## **Tars (coal, lignite, peat) - 18% w.e.f. 18th July, 2022**

The GST Council in its 47th meeting has recommended an 18 % GST rate for certain types of "Tars", the same has been done to rule out confusion relating to the classification of tars produced from different plants (w.e.f. 18th July 2022), they are:

- Tar, obtained from coal.
- Tar obtained from coal gasification plant.
- Tar obtained from producer gas plant.
- Tar obtained from coke oven plant.

*Comments - The above amendment has been done by way of NT 6/2022 CTR issued on 13th July 2022 and applicable from 18th July 2022.*



## Exemption removed - w.e.f. 18th July 2022

The GST Council in its 47th meeting has recommended the **snatching of exemption on the** below services (inter-alia):

- Transportation by rail or a vessel of railway equipment and material.
- Storage or warehousing of commodities that attract tax (nuts, spices, copra, jaggery, cotton, etc.)
- Fumigation in a warehouse of agricultural produce.
- Services by RBI, IRDA, SEBI, FSSAI, GSTN.
- Services provided by the cord blood banks by way of preservation of stem cells.

*Comments - the above exceptions have been snatched by way of NT 04/2022 - CTR.*

## **Renting of residential dwelling became costly w.e.f. 18th July, 2022**

1. Renting of a residential dwelling to a **URP for use as a residence** - Exempted and the exemption continues even after 18th July.
2. Renting of a residential dwelling to a **URP for commercial purpose** - taxable under forward charge (no change).
3. Renting of a residential dwelling to an **RP for residential purpose** - **exemption snatched, tax to be paid by the RP under reverse charge.** (Possible view - RCM not applicable on personal stays of RP and only on such stays which are in the course of business the RCM applies).
4. Renting of a residential dwelling to an RP for **commercial purposes** - remains taxable, but is now **under the reverse charge.**

*Comments - the above exceptions have been snatched by way of NT 04/2022 - CTR and RCM have been made applicable by NT 05/2022 CTR.*



## Hospitals under the GST net - w.e.f. 18th July 2022

Hospital rooms (except ICU/CCU/ICCU/NICU) having room charges exceeding Rs. 5000 per day per patient - GST @ 5% (without ITC), would be applicable on the **entire rent.**

*Comments -*

- 1.The above has been done by way of NT 03/2022 by inserting entry 31A to the rate NT and adding a proviso for removal of exemption of health care service (to the extent of room charges) under the exemption NT.
- 2.Taxing the rent of hospital beds may lead to the violation of the principle of composite supply as the rent is a part of the natural bundle of health care services.

## Changes related to Transporters w.e.f. 18th July 2022

**From 18th July 2022, the Goods transport agency (GTA) has the following options:**

- 1.Reverse Charge (NO ITC) - maintain status quo.**
- 2.Forward Charge @ 5% (NO ITC) or Forward Charge @ 12% (with ITC).**

*Important Comments -*

- 1.FCM option is available on the filing of a declaration in Annexure III (of NT - 03/2022 CTR) before the GST authorities - on or before 15th March, before the start of any FY.*
- 2.For 2022-23 - form to be filed till 16th August, however, invoices for FCM could be issued till such date.*
- 3.Invoice for FCM should specifically declare - "FCM option exercised in form Annexure III (NT 05/2022)"*
- 4.GTA can now follow a mixed practice - 5% or 12% under FCM. Mixing cannot be done with the RCM option.**
- 5.The methodology for reversals under Rule 43 (truck ITC) should also be clarified for a GTA shifting to RCM/ FCM year on year basis.*



## Fly Ash Bricks - w.e.f. 18th July 2022

- W.e.f. 18th July 2022 - All fly ash bricks to attract the same concessional rate irrespective of fly ash content - i.e. 12%.
- The condition of 90% fly ash content is omitted - wherever they occur.

*Comments - NT 6/2022, 10/2022, 15/2022, 16/2022 have been issued in this regard.*

## Other IMP Changes - w.e.f. 18th July 2022

- Renting of **good carriage** (trucks, loaders, **tippers, dumpers, etc.**) which are **classifiable under the SAC 9966** i.e., **Rental with fuel with operator - GST @ 12%** will be applicable instead of 18% currently applicable. *Note - there is no change on leasing of vehicles classifiable under the SAC 9973.*
- **Hotel Accommodation** i.e., supply of accommodation services in hotel, inn, guest house,s, and other **commercial spaces**, etc. - even for a value < 1000 - GST @ 12 % applicable.

*(NT 03/2022 CTR is relevant in this regard.)*



## Important Tax Rate Changes With Effect From 18<sup>th</sup> July 2022

### New Inclusions to Tax Under Reverse Charge Mechanism

#### Lorry Freight

Previously the lorry freight upto

- ✓ Rs.1,500 – For a consignment in single carriage
- ✓ Rs.750 – For a Single Consignee

Were exempt. This exemption is withdrawn. So even if a single rupee is paid towards lorry freight, Tax under Reverse Charge Mechanism will be applicable.



#### Residential Property



Where a GST registered person pays rent for a residential place owned by an unregistered person the tax has to be paid under reverse Charge Mechanism by the Registered Person.

### The Concept of Pre Packaged and Labelled to Replace the concept of brands

The Goods which are Pre Packaged and the Packages for which the declaration as per legal Metrology Act,2009 and Rules is required are no longer exempt from GST. *Contrary to the press release, the Notification includes both Whole Sale and Retail Packages.* Only Packages with Agricultural farm Produces above 50Kg are still exempt.



### Other Important Rate Changes

- ✓ Hotel Accommodation below Rs.1,000 will be taxed at 12%
- ✓ Some Construction contracts previously taxed at 12% will be taxed at 18%
- ✓ GTA service providers have the option to pay tax on Forward Charge
- ✓ Fumigation is now a taxable service.
- ✓ Warehousing of pulses is still exempt.
- ✓ Services by RBI , IRDA, SEBI , FSSAI and GSTN are now taxable
- ✓ Non ICU room rent exceeding Rs,5,000 is taxable at 5%

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