L&S Update

an e-update to clients from
Lakshmikumaran & **Sridharan**

GST Update No. 1 of 2019
2nd January, 2019

Exemption and effective rate of GST on goods – Latest amendments

GST rate on goods - Amendments to Notification No. 01/2017-Central Tax (Rate) by Notification No. 24/2018 Central Tax (Rate) dated 31-12-2018 effective from 1-1-2019

Changes in Schedule I - CGST 2.5% (Total GST rate of 5%)

- **Omitted from Schedule I & covered under exemption notification**
  - Vegetables (uncooked or cooked by steaming or boiling in water), frozen, put up in unit container…. **[S. No. 23, Heading 0710]**
  - Vegetables provisionally preserved but unsuitable in that state for immediate consumption **[S. No. 24, Heading 0711]**

- **Newly Inserted in Schedule I – 2.5%**
  - Marble and travertine, crude or roughly trimmed [**S. No. 123A, TI 2515 11 00**]
  - Natural cork, raw or simply prepared [**S. No. 198A, Heading 4501**]
  - Fly ash blocks [**S. No. 225B, Heading 6815**]
  - Walking-sticks including seat sticks [**S. No. 225A, TI 6602 00 00**]

GST rate on goods – Amendments

Changes in Schedule I - CGST 2.5% (Total GST rate of 5%)

- Explanation inserted [**S. No. 234 (dealing with renewable energy devices and parts), Heading 84, 85 or 94**]
  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.
- Parts and accessories of carriage for disabled persons [**S. No. 243A, Sub-heading 871420**]
  - **Amendment**
    - Footwear of sale value not exceeding Rs.1000 per pair. Change in valuation basis from retail sale price on footwear to transaction value for 5% rate. [**S. No. 225, Chapter 64**]

GST rate on goods - Amendments

Changes in Schedule II – CGST 6% (Total GST rate of 12%)

- **Insertion**
  - Natural cork, debacked or roughly squared, or in rectangular (including square) blocks, plates, sheets or strip (including sharp-edged blanks for corks or stoppers) **[S. No. 101A, TI 4502 00 00]**
  - Articles of natural cork such as Corks and Stoppers, Shuttlecock cork bottom **[S. No. 101B, Heading 4503]**
  - Agglomerated cork (with or without a binding substance) and articles of agglomerated cork **[S. No. 101C, Heading 4504]**
  - Flexible intermediate bulk containers [**S. No. 171A, TI 305 32 00**]

GST rate on goods – Amendments

Changes in Schedule II – CGST 6% (Total GST rate of 12%)

- **Omitted**
  - Natural cork, raw or simply prepared [**S. No. 102, Heading 4501**] – **Now shifted to Schedule I – 2.5% Rate schedule.**
  - Music, printed or in manuscript, whether or not bound or illustrated [**S. No. 126, TI 49040000**] – **Now, exempted & shifted to NN 2/2017 –C.T.R**
  - The words "walking-sticks, seatsticks," shall be omitted [**S. No. 173, Heading 6602**]- **Now shifted to Schedule I – 2.5% Rate schedule**
  - Fly ash blocks [**S. No. 177, Heading 6815**]- **Now shifted to Schedule I – 2.5% Rate schedule .**

GST rate on goods – Amendments

Changes in Schedule III – CGST 9% (Total GST rate of 18%)

- **Insertion**
  - Retreaded or used pneumatic tyres of rubber; solid or cushion tyres, tyre treads and tyre flaps, of rubber [**S. No. 121A, Heading 4012**]
  - Lithium-ion accumulators (other than battery) including lithium-ion power bank [**S. No. 376AAA, Heading 8507**]
  - Video game consoles and machines, articles of funfair, table or parlour games, including pintables, billiards, special tables for casino games and automatic bowling alley equipment [other than playing cards, ganjifa card, chess board, carom board and other board games of 9504 90 90 like ludo, etc. [**S. No. 440A, Heading 9504**]

GST rate on goods – Amendments

Changes in Schedule III – CGST 9% (Total GST rate of 18%)

- **Omitted**
  - Natural cork, debacked or roughly squared, or in rectangular (including square) blocks, plates, sheets or strip (including sharp-edged blanks for corks or stoppers) [**S. No. 142, Heading 4502**]
  - Articles of natural cork such as Corks and Stoppers, Shuttlecock cork bottom [**S. No. 143, Heading 4503**]
  - Agglomerated cork (with or without a binding substance) and articles of agglomerated cork [**S. No. 144, Heading 4504**]

Aforesaid entries have been now shifted to Schedule II – CGST 6% Rate schedule.

GST rate on goods – Amendments

Changes in Schedule III – CGST 9% (Total GST rate of 18%)

- **Substitution**
  - Transmission shafts (including cam shafts and crank shafts) and cranks; bearing housings and plain shaft bearings; gears and gearing; ball or roller screws; gear boxes and other speed changers, including torque converters; flywheels and pulleys, including pulley blocks; clutches and shaft couplings (including universal joints) [**S. No. 369A, Heading 8483**]

GST rate on goods – Amendments

Changes in Schedule III – CGST 9% (Total GST rate of 18%)

- **Amendment**
  - After the words "television cameras", the words, "digital cameras and video camera recorders", inserted [**S. No. 383, Heading 8525**].
  - For the figures and letters "68 cm", the figures and word "32 inches" substituted in respect of Television sets [**S. No. 383C, Heading 8528**].
  - For the figures and word "20 inches", the figures and word "32 inches" substituted in respect of computer monitors [**S. No. 384, Heading 8528**].

Changes in Schedule IV- CGST 14% (Total GST rate of 28%)

- **Omitted**
  - Retreaded or used tyres and flaps [**S. No. 47, Heading 4012**].

GST rate on goods – Amendments
Changes in Schedule IV- CGST 14% (Total GST rate of 28%)

- **Omitted**
  - Transmission shafts (including cam shafts and crank shafts) and cranks (excluding crankshaft for sewing machine); gear boxes and other speed changers, including torque converters; flywheels and pulleys, including pulley blocks; clutches and shaft couplings (including universal joints) **[S. No. 135, Heading 8483]**
  - Digital cameras and video camera recorders [other than CCTV] **[S. No. 151, Heading 8525]**
  - Video games consoles and Machines, article and accessories for billiards [9504 20 00], other games operated by coins, banknotes, i.e., casino games [9504 20 00] and others [other than board games of 9504 90 90] [**S. No. 215, Heading 9504**]

The above entries have been now shifted to Schedule III – 9% Rate schedule.

GST rate on goods – Amendments

Changes in Schedule IV- CGST 14% (Total GST rate of 28%)

- **Substitution**
  - Parts and accessories of vehicles of heading 8711 [**S. No. 174, Heading 8714**]. Omission of reference to parts and accessories of vehicles of heading 8713. Such items shifted to 2.5% CGST.

- **Amendment**
  - After the words "other than Lithium-ion battery", the words "and other Lithium-ion accumulators including Lithium-ion power banks" inserted [**S. No. 139, Heading 8507**].
  - For the figures and word "20 inches" and the figures and letters "68 cm", the figures and word "32 inches" respectively substituted in respect of computer monitors and Television sets [**S. No. 154, Heading 8528**].

Exemption to goods - Amendment to Notification No. 02/2017-Central Tax (Rate) by Notification No. 25/2018-Central Tax (Rate)

✓ Following goods have been exempted through amendment as per recommendations of the GST Council in its 31st meeting:

Before Notification No. 25/2018	After Notification No. 25/2018
Vegetables (uncooked or cooked by steaming or boiling in water), frozen, 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 conditions as in the ANNEXURE I] **[S. No. 43A, Chapter 0710]**	• Vegetables (uncooked or cooked by steaming or boiling in water), frozen **[S. No. 43A, Chapter 0710]** • Vegetables provisionally preserved (for example, by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for immediate consumption”. **[S. No. 43B, Chapter 0711]**

Exemption to goods - Amendment to Notification No. 02/2017-Central Tax (Rate) by Notification No. 25/2018-Central Tax (Rate)

✓ Following goods have been exempted as per recommendations of the GST Council in its 31st meeting:

- Music, printed or in manuscript, whether or not bound or illustrated **[S. No. 121A , TI 4904 00 00]**

- Supply of gift items received by the President, Prime Minister, Governor or Chief Minister of any State or Union territory, or any public servant, by way of public auction by the Government, where auction proceeds are to be used for public or charitable cause. **[S. No. 153 , Any Chapter]**

Notification No. 26/2018- C.T.R to exempt supply of gold in certain cases

- ✓ CBIC has exempted supply of gold falling in heading 7108 of the First Schedule to the CTA, 1975, when supplied by Nominated Agency (NA) under the scheme for "Export Against Supply by Nominated Agency" as referred to in paragraph 4.41 of the Foreign Trade Policy (FTP), read with relevant provisions of Chapter 4 of Handbook of Procedures (HOP), to a registered person (recipient).

- ✓ This exemption is subject to following conditions:
  - NA and Recipient shall follow procedure as specified in FTP read with HOP
  - Recipient shall export the jewellery made out of such gold within 90 days from the date of supply of gold to him and shall provide copy of shipping bill or bill of export containing details of GSTIN along with the invoice for exports to the Nominated Agency within a period of 120 days from the date of supply to him.
  - NA shall pay GST payable on the quantity of gold not exported, along with interest from the date when the said tax on such supply was payable, if proof of export is not produced within the period prescribed above.

- ✓ NA means entities mentioned in List 32 of Notification No. 50/2017-Customs dated 30.06.2017.

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