L&S Update

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

L&S GST Update No. 28 of 2019
1st October 2019

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Highlights of changes effective from 1-10-2019 in GST Rates : Goods

Lakshmikumaran & Sridharan tax

Notification No. 14/2019-CT (Rate), dated 30.09.2019

S.No.	Description	Rate till 30.09.2019	Rate with effect from 01.10.2019
1.	Parts of Slide Fasteners	18% (Omitted : Serial No. 446 of Schedule III of Notification No. 01/2017-CT (Rate) dated 28.06.2017)	12% (Amended : Serial No. 231B of Schedule II of Notification No. 01/2017-CT (Rate) dated 28.06.2017)
2.	Wet Grinders consisting of stone as grinder	12% (Omitted : Serial No. 201A of Schedule II of Notification No. 01/2017-CT (Rate) dated 28.06.2017)	5% (Added : Serial No. 234C of Schedule I of Notification No. 01/2017-CT (Rate) dated 28.06.2017)

The rate changes have come into effect from 01.10.2019

Notification No. 15/2019-CT (Rate) dated 30.09.2019

S.No.	Description	Rate till 30.09.2019	Rate with effect from 01.10.2019
1.	Tamarind, dried	5% (Serial No. 33A of Schedule I of Notification No. 01/2017-CT (Rate) dated 28.06.2017 : omitted by Notification No. 14/2019-CT (Rate) dated 30.09.2019)	NIL (Added : Serial No. 57A of Notification No. 02/2017-CT (Rate) dated 28.06.2017)
2.	Plates and cups made up of leaves/flowers/bark	5%	NIL (Added : Serial No. 114C of Notification No. 02/2017-CT (Rate) dated 28.06.2017)

The rate changes have come into effect from 01.10.2019

Rate reductions

✓ The rates of goods used for the following defined purposes have been reduced:

- Specified goods for petroleum operations undertaken under Hydrocarbon Exploration Licensing Policy (HELP) or Open Acreage Licensing Policy (OALP) – **5%** *(Refer **Notification No. 16/2019-CT (Rate)** dated 30.09.2019)*

- Supply of all goods to Food and Agricultural Organisation of the United Nations (FAO) for specified projects – **Exempt** *(Refer **Notification No. 19/2019-CT (Rate)** dated 30.09.2019)*

The rate changes have come into effect from 01.10.2019

Chapter 86 (Railway wagons, coaches)

- ✓ GST Rate increased from 5% to 12% on certain goods of Chapter 86 of the First Schedule to the Customs Tariff Act, 1975

- ✓ The increase in rate was recommended by the Council to address the accumulation of Input Tax Credit ("**ITC**") with the suppliers of the concerned goods.

(Refer Serial No.235 to 242 of Schedule I and Serial No. 205A to 205H of Schedule II of ***Notification No. 01/2017-CT (Rate)*** *dated 28.06.2017 : Omitted and added respectively by* ***Notification No. 14/2019-CT (Rate)*** *dated 30.10.2019)*

The rate changes have come into effect from 01.10.2019

Lakshmikumaran & Sridharan tax

Jewellery industry (Export promotion measures)

✓ In order to promote exports, the following amendments have been notified *vide* ***Notification No. 17/2019-CT (Rate)*** dated 30.09.2019:

- The scope of ***Notification No. 26/2018-CT (Rate)*** dated 31.12.2018 has been expanded to include "Silver or Platinum" as covered under Chapter 71, in addition to gold.

- Therefore, supply of Silver/Platinum of Chapter 71 by specified Nominated Agency under Scheme for Export Against Supply by Nominated Agency also stands exempted from payment of GST.

The rate changes have come into effect from 01.10.2019

Polypropylene woven and non-woven bags and sacks

Prior to 01.10.2019	01.10.2019 onwards	Notification No. 14/2019-CT (Rate) dated 30.09.2019
✓ GST Rates of 5%/12%/18% ✓ ***Circular No. 80/54/2018 – GST*** dated 31.12.2018: Polypropylene ("**PP**") Woven and Non-Woven Bags and PP Woven and Non-Woven Bags laminated with BOPP clarified to be classified as plastic bags under HS Code 3923 and attract GST at the rate of 18%.	✓ **Uniform GST Rate of 12%** (Serial No. 80AA inserted in Schedule II of ***Notification No. 01/2017-CT (Rate)*** dated 28.06.2017 *vide* ***Notification No. 14/2019-CT (Rate)*** dated 30.09.2019)	✓ Tariff Item 6305 33 00 (bags and sacks made of polypropylene) excluded from Serial No. 224 of Schedule I of ***Notification No. 01/2017-CT (Rate)*** dated 28.06.2017. ✓ Items of Serial No. 80AA in Schedule II of ***Notification No. 01/2017-CT (Rate)*** dated 28.06.2017 excluded from Serial No. 108 (Chapter Heading 3923) of Schedule III.

Automobile Industry (1/2)

- ✓ In order to boost the automobile industry, the following rates of compensation cess for passenger vehicles designed to carry more than 10 persons but up to 13 persons have been notified *vide* ***Notification No. 2/2019-Compensation Cess (Rate)*** dated 30.09.2019 :

  - **1%** for petrol vehicles (engine capacity of 1200cc and length not exceeding 4000mm) (*Refer Serial No. 50 of* ***Notification No. 01/2017-Compensation Cess (Rate)*** *dated 28.06.2017*); and

  - **3%** for diesel vehicles (engine capacity 1500cc and length not exceeding 4000mm) (*Refer Serial No. 51 of* ***Notification No. 01/2017-Compensation Cess (Rate)*** *dated 28.06.2017*).

- ✓ Serial No. 42 of ***Notification No. 01/2017-Compensation Cess (Rate)*** dated 28.06.2017 has been substituted to cover motor vehicles for the transport of not more than 13 persons, including the driver, other than the vehicles of the description in Serial No. 50 and 51.

The rate changes have come into effect from 01.10.2019

Automobile Industry (2/2)

Position prior to 01.10.2019

- ✓ The compensation cess on motor vehicles for transport upto 9 persons for petrol and diesel vehicles of the above description was 1% and 3% respectively (*Refer Serial No. 50 and 51 of* ***Notification No. 01/2017-Compensation Cess (Rate)*** *dated 28.06.2017*).

- ✓ The compensation cess on motor vehicles for the transport of ten or more persons, including the driver was 15% (*Refer Serial No. 42 of* ***Notification No. 01/2017-Compensation Cess (Rate)*** *dated 28.06.2017*).

The notified changes in rate are to bring the vehicles of the above description designed to carry upto 13 persons at par with vehicles designed to transport upto 9 persons.

The rate changes have come into effect from 01.10.2019

Beverage Industry (1/2)

✓ The following rates for caffeinated beverages have been notified:

Tax	Rate	Relevant Notifications
GST	28% (Tariff Item : 22029990 : Serial No. 12A of Schedule IV)	Notification No. 01/2017-CT (Rate) dated 28.06.2017 as amended by Notification No. 14/2019-CT (Rate) dated 30.09.2019
Compensation Cess	12% (Tariff Item : 22029990 : Serial No. 4A)	Notification No. 01/2017-Compensation Cess (Rate) dated 28.06.2017 as amended by Notification No. 02/2019-Compensation Cess (Rate) dated 30.09.2019

✓ The compensation cess has been recommended to ensure that caffeinated beverages are at par with aerated beverages.

The rate changes have come into effect from 01.10.2019

Beverage Industry (2/2)
(GST Rates for Tariff Item 2202 99 90 prior to 01.10.2019)

Time period	Rate
01.07.2017 – 14.11.2017	Other non-alcoholic beverages 28% (Serial No. 11 of Schedule IV of Notification No. 01/2017-CT (Rate) dated 28.06.2017)
15.11.2017 – 30.09.2019	Other non-alcoholic beverages other than tender coconut water 18% (Serial No. 24A of Schedule III of Notification No. 01/2017-CT (Rate) dated 28.06.2017 as amended by Notification No. 41/2017-CT (Rate) dated 14.11.2017)
01.10.2019 onwards	Other non-alcoholic beverages ***other than*** tender coconut water and ***caffeinated beverages*** 18% (Serial No. 24A of Schedule III of Notification No. 01/2017-CT (Rate) dated 28.06.2017 as amended by Notification No. 14/2019-CT (Rate) dated 30.09.2019) ***Caffeinated beverages*** 28% (Serial No. 12A of Schedule IV of Notification No. 01/2017-CT (Rate) dated 28.06.2017 as amended by Notification No. 14/2019-CT (Rate) dated 30.09.2019

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