L&S UPDATE
An e-update to clients from Lakshmikumaran & Sridharan

4 APRIL 2022

INDIRECT TAX

Special composition scheme for brick kilns notified

UPDATE NO. 18 OF 2022

Lakshmikumaran & Sridharan
attorneys

exceeding expectations
SINCE 1985

GST Council in its 45th meeting had recommended that brick kilns should be brought under special composition scheme with threshold limit of INR 20 lakh, with effect from 1 April 2022. Bricks would attract GST at the rate of 6% without ITC under the scheme. GST rate of 12% would apply to bricks in case the benefit of ITC is availed.

In order to give effect to the above recommendation, following notifications have been issued:

A. Changes in GST rates of goods

- Reduction in GST rates on the specified items in Notification No. 1/2017-Central Tax (Rate) with effect from 1 April 2022 ***[Notification No. 01/2022-Central Tax (Rate) dated 31 March 2022]***

Sl. No.	Chapter, Heading, Sub-heading or Tariff item	Description of goods Tariff item	Old Rate	New Rate*
1.	6815	Fly ash bricks or fly ash aggregate with 90 per cent. or more fly ash content; Fly ash blocks	5%	12%
2.	6901 00 10	Bricks of fossil meals or similar siliceous earths	5%	12%
3.	6904 10 00	Building bricks	5%	12%
4.	6905 10 00	Earthen or roofing tiles	5%	12%

*Similar notifications have also been issued under Integrated Goods and Services Tax Act, 2017 *vide* Notification No. 01/2022-Integrated Tax (Rate) and Union Territory Goods and Services Tax Act, 2017 vide Notification No. 01/2022-Union territory Tax (Rate)

B. Partial exemption on certain goods

- Exemption has been granted on supplies of certain goods from so much of the tax leviable thereon as is in excess of the amount calculated at the rate specified below and subject to the relevant conditions ***[Notification No. 02/2022-Central Tax (Rate) dated 31 March 2022]***

Sl. No.	Chapter, Heading, Sub-heading or Tariff item	Description of goods	Applicable Rate
1.	6815	Fly ash bricks or fly ash aggregate with 90 percent. or more fly ash content; Fly ash blocks	6%
2.	6901 00 10	Bricks of fossil meals or similar siliceous earths	6%
3.	6904 10 00	Building bricks	6%
4.	6905 10 00	Earthen or roofing tiles	6%

Conditions:

a) Credit of input tax charged on goods or services used exclusively in supplying such goods has not been taken; and

b) credit of input tax charged on goods or services used partly for supplying such goods and partly for effecting other supplies eligible for input tax credits, is reversed as if supply of such goods is an exempt supply and attracts provisions of sub-section (2) of Section 17 of the Central Goods and Services Tax Act, 2017 (12 of 2017) and the rules made thereunder.

The above notification is applicable from 1 April 2022.

C. Amendment in notification for withdrawal of exemption from registration

- **Withdrawal of exemption from Registration** ***[Notification No. 3/2022-Central Tax dated 31 March 2022]***
  - Notification No. 10/2019-Central Tax provides exemption from obtaining registration to any person, who is engaged in exclusive supply of goods and whose aggregate turnover in the financial year does not exceed INR forty lakh, except in certain circumstances.
  - Now, the Notification has been amended to provide that such exemption will not be applicable on persons engaged in making supply of following goods:

Sl. No.	Tariff item, sub-heading, heading or	Description
1.	6815	Fly ash bricks or fly ash aggregate with 90 percent. or more fly ash content; Fly ash blocks
2.	6901 00 10	Bricks of fossil meals or similar siliceous earths
3.	6904 10 00	Building bricks
4.	6905 10 00	Earthen or roofing tiles

The above notification is applicable from 1 April 2022.

D. Non-availability of composition scheme for certain supplies

- **Benefit of Composition Scheme cannot be availed by manufacturer dealing in certain products with effect from 1 April 2022** ***[Notification No. 4/202-Central Tax dated 31 March 2022]***
  - Notification No. 14/2019-Central Tax specifies that an eligible registered person, whose aggregate turnover in the preceding financial year did not exceed one crore and fifty lakh rupees, may opt to pay, in lieu of the tax payable by him under Section 9(1), an amount of tax as prescribed under rule 7 read with Section 10.
  - Now the said notification has been amended to provide that a registered person shall not be eligible to opt for composition levy under Section 10(1) of the said Act if such person is a manufacturer of the following goods:

Sl. No.	Tariff item, sub-heading, heading or	Description
1.	6815	Fly ash bricks or fly ash aggregate with 90 percent. or more fly ash content; Fly ash blocks
2.	6901 00 10	Bricks of fossil meals or similar siliceous earths
3.	6904 10 00	Building bricks
4.	6905 10 00	Earthen or roofing tiles

The above notification is applicable from 1 April 2022.

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SINCE 1985