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

16 JULY, 2022

INDIRECT TAX

GST rate change of goods

UPDATE NO. 39 OF 2022

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exceeding expectations
SINCE 1985

A. Amendment pertaining to 'Fly ash bricks; Fly ash aggregates; Fly ash blocks'

i. Amendment made to S. No. 176B of Schedule II amended to provide GST rate of 12% on supply of 'Fly ash bricks; Fly ash aggregates; Fly ash blocks' classifiable under Tariff Heading 6815.
[Notification No. 1/2017- CT Rate dated 28 June 2017 amended by Notification No. 6/2022-CT Rate dated 13 July 2022]

ii. Option provided to pay tax @ 6% on supply of 'Fly ash bricks; Fly ash aggregates; Fly ash blocks' where ITC on goods or services used exclusively in supplying such goods has not been taken and common ITC is reversed considering such supplies as exempt supply.
[Notification No. 2/2022-CT Rate dated 31 March 2022 amended by Notification No. 10/2022- CT Rate dated 13 July 2022]

iii. Exemption from obtaining registration under GST to person exclusively engaged in supply of goods and whose aggregate turnover in the financial year does not exceed Rs.40 lakh shall not apply to person engaged in supply of 'Fly ash bricks; Fly ash aggregates; Fly ash blocks'.
[Notification No. 10/2019-CT dated 7 March 2019 amended by Notification No. 15/2022-CT dated 13 July 2022]

iv. Composition scheme notified under Section 10(1) of CGST Act not to apply to person engaged in supply of 'Fly ash bricks; Fly ash aggregates; Fly ash blocks'
[Notification No. 14/2019- CT dated 7 March 2019 amended by Notification No. 16/2022 -CT dated 13 July 2022]

LKS COMMENTS

- Presently entries in respective notifications read as '*Fly ash bricks or fly ash aggregate with 90 per cent. or more fly ash content; Fly ash blocks*'. The Authorities of Advance Rulings have ruled that fly ash bricks not having 90% or more fly ash content shall be chargeable to GST @ 18% as per residuary S. No. 453 of Schedule III to the Notification No. 1/2017-CT Rate dated 28 June 2017.
- GST Council in 47th Council meeting clarified that the condition of 90% fly ash content applies only to fly ash aggregate, and not fly ash bricks. As a simplification measure, the condition of 90% content is being omitted.
- All the amendments shall come into effect from 18 July 2022

B. Benefit of reduced rate of 5% applicable on supply of Scientific and technical instruments supplied to research institutes and other specified persons has been withdrawn w.e.f. 18 July 2022.
[Notification No. 45/2017- CT Rate dated 14 November 2017 has been rescinded vide Notification No. 11/2022- CT Rate dated 13 July 2022]

C. GST rate on notified goods required in connection with petroleum and coal bed methane operations increased from 5% to 12% w.e.f. 18 July 2022.
[Notification No. 3/2017- CT Rate dated 28 June 2017 has been amended vide Notification No. 8/2022- CT Rate dated 13 July 2022]

D. Rationalization of exemption in respect of pre-packaged goods

i. Exemption to various food, animal and vegetable products has been rationalized and restricted to products which are not 'pre-packaged and labelled'. List of such goods has been **annexed** to the update.

ii. Further the expression 'pre-packaged and labelled' has been defined to mean a 'pre-packaged commodity' as defined in clause (l) of section 2 of the Legal Metrology Act, 2009 where, the package in which the commodity is pre-packed or a label securely affixed thereto is required to bear the declarations under the provisions of the Legal Metrology Act, 2009 and the rules made thereunder.'

- Consequent changes have been made to exemption and rate notifications.
- All the amendments shall come into effect from 18.07.2022.
  [Notification No. 1/2017- CT Rate dated 28.06.2017 amended vide Notification No. 6/2022-CT Rate dated 13 July 2022 and Notification No. 2/2017- CT Rate dated 28 June 2017 amended vide Notification No. 7/2022-CT Rate dated 13 July 2022]

LKS COMMENTS

- Meaning of 'pre-packaged commodity' needs to be analysed for retail as well as wholesale packages with reference to provisions under Legal Metrology Act and rules including exemptions thereunder.
- Applicability of exemption on goods labelled/bearing declarations as per other laws needs to be examined.
- Procedure for change in MRP as per the Legal Metrology Act and rules shall have to be considered.

E. Other Rate Changes

Serial No.	Chapter	Description of Goods	Old Rate	New Rate
Rate Rationalization to remove inverted duty structure:				
1.	3215	All Goods, including printing ink, writing or drawing ink and other inks, whether or not concentrated or solid, fountain pen ink, ball pen ink	12%	18%
2.	4107	Leather further prepared after tanning or crusting, including parchment-dressed leather, of bovine (including buffalo) or equine animals, without hair on, whether or not split, other than leather of heading 4114	5%	12%
3.	4112	Leather further prepared after tanning or crusting, including parchment-dressed leather, of sheep or lamb, without wool on, whether or not split, other than leather of heading 4114	5%	12%
4.	4113	Leather further prepared after tanning or crusting, including parchment-dressed leather, of other animals, without wool or hair on, whether or not split, other than leather of heading 4114	5%	12%
5.	4114	Chamois (including combination chamois) leather; patent leather and patent laminated leather; metallised leather	5%	12%
6.	4115	Composition leather with a basis of leather or leather fibre, in slabs, sheets or strip, whether or not in rolls; parings and other waste of leather or of composition leather, not suitable for the manufacture of leather articles; leather dust, powder and flour	5%	12%

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7.	8437	Machines for cleaning, sorting or grading, seed, grain or dried leguminous vegetables; machinery used in milling industry or for the working of cereals or dried leguminous vegetables other than farm type machinery and parts thereof	5%	18%
8.	841912	Solar water heater and system	5%	12%
9.	8433	machines for cleaning, sorting or grading eggs, fruit or other agricultural produce, other than machinery of heading 8437; parts thereof [8433 90 00]	12%	18%
10.	8413	Power driven pumps primarily designed for handling water, namely, centrifugal pumps (horizontal and vertical), deep tube-well turbine pumps, submersible pumps, axial flow and mixed flow vertical pumps	12%	18%
11.	8539	LED lamps	12%	18%
12.	9405	LED lights or fixtures including LED lamps; LED (light emitting diode) driver and MCPCB (Metal Core Printed Circuit Board)]	12%	18%
13.	8211	Knives with cutting blades, serrated or not (including pruning knives), other than knives of heading 8208, and blades therefor	12%	18%
14.	8214	Paper knives, Pencil sharpeners and blades therefor	12%	18%
15.	8215	Spoons, forks, ladles, skimmers, cake-servers, fish-knives, butter-knives, sugar tongs and similar kitchen or tableware	12%	18%
16.	8509	Wet grinder consisting of stone as grinder	5%	18%

17.	8434	Milking machines and dairy machinery	12%	18%
18.	9017	Drawing, marking-out or mathematical calculating instruments (for example, drafting machines, pantographs, protractors, drawing sets, slide rules, disc calculators)	12%	18%
19.	8414 20 10	Bicycle pumps	12%	18%
20.	8414 90 12	Parts of air or vacuum pumps and compressors of bicycle pumps	12%	18%
Other GST rate changes:				
21.	3006	Ostomy appliances including pouch or flange, stoma adhesive paste, barrier cream, irrigator kit, sleeves, belt, micro-pore tapes	12%	5%
22.	2706	Tar distilled from coal, from lignite or from peat	5%	18%
23.	9021	Orthopaedic appliances, such as crutches, surgical belts, and trusses; Splints and other fracture appliances; artificial parts of the body; other appliances which are worn or carried, or implanted in the body, to compensate for a defect or disability; intraocular lens [other than hearing aids]	5% / 12%	5%
24.	0804	Mangoes other than slices, dried, fresh	18%	12%

LKS COMMENTS

- There are rulings of authorities of advance rulings who have held that mango pulp obtained from mango after carrying out process of cutting, de-stoning, refining and packing is not same as 'Mangoes fresh'. Mango pulp is specifically classified under Tariff Item 08045040 of Customs Tariff Act, 1975 but not under GST Tariff. Thus, it would fall under S. No. 453 of Schedule III to Notification No. 1/2017-C.T.Rate dated 28 June 2017.

• GST Council in its 47th Meeting stated that the amendment shall be brought to clarify that mango pulp attracts GST @ 12%. However, Rate of 12% has now been notified for mango other than raw, fresh, sliced and dried.				
25.	4811	aseptic packaging paper	12%	18%
26.	7102	Goods other than rough diamonds or simply sawn diamonds, industrial or non-industrial.	0.25%	1.5%
LKS COMMENTS • New schedule 'Schedule VII' with GST rate of 1.5% has been inserted.				
27.	7104	Synthetic or reconstructed precious or semiprecious stones **[other than diamonds]**, whether or not worked or graded but not strung, mounted or set; ungraded synthetic or reconstructed precious or semiprecious stones **[other than diamonds]**, temporarily strung for convenience of transport; **synthetic or reconstructed diamonds, unworked or simply sawn or roughly shaped**	0.25%	0.25%
28.	7104	Goods other than above	0.25%	1.5%
Withdrawal of Exemptions/concessional rate:				
29.	4907	Cheques, lose or in book form	Exempt	18%
30.	4905	Maps and hydrographic or similar charts of all kinds, including atlases, wall maps, topographical plans and globes, printed	Exempt	12%
31.	8807	Parts of goods of heading 8801	Exempt	18%
32.	84 or 85	E-waste Explanation.- For the purpose of this entry, E-waste means electrical and electronic equipment listed in Schedule I of	5%	18%

		the E-Waste (Management) Rules, 2016 (published in the Gazette of India vide G.S.R. 338 (E) dated the 23rd March, 2016), whole or in part if discarded as waste by the consumer or bulk consumer";		
33.	2201	Water: term 'purified' has been omitted from Entry 99 of Notification No. 2/2017-CT Rate dated 28.06.2017	Taxable	Exempt

LKS COMMENTS

- GST Council in its 47th meeting clarified that Sewage treated water is exempted from GST and is not the same as purified water provided in S. No. 99 of NN. 2/2017-CT(Rate).
- The word 'purified' is being omitted to make this amply clear.

ANNEXURE

SCHEDULE -I [5%]		
Serial No. as per NN. 1/2017-CTR	Chapter Heading	Description of Goods
1.	0202	All Goods [MEAT OF BOVINE ANIMALS, FROZEN]
	0203	All Goods [MEAT OF SWINE, FRESH, CHILLED OR FROZEN]
	0204	All Goods [MEAT OF SHEEP OR GOATS, FRESH, CHILLED OR FROZEN]
	0205	All Goods [MEAT OF HORSES, ASSES, MULES OR HINNIES, FRESH, CHILLED OR FROZEN]
	0206	All Goods [EDIBLE OFFAL OF BOVINE ANIMALS, SWINE, SHEEP, GOATS, HORSES, ASSES, MULES OR HINNIES, FRESH, CHILLED OR FROZEN]
	0207	All Goods [MEAT AND EDIBLE OFFAL, OF THE POULTRY OF HEADING 0105, FRESH, CHILLED OR FROZEN]
	0208	All Goods [OTHER MEAT AND EDIBLE MEAT OFFAL, FRESH, CHILLED OR FROZEN]
	0209	All Goods [PIG FAT, FREE OF LEAN MEAT AND POUTRY FAT, NOT RENDERED OR OTHERWISE EXTRACTED, FRESH, CHILLED, FROZEN, SALTED, IN BRINE, DRIED OR SMOKED]
	0210	All Goods [MEAT AND EDIBLE MEAT OFFAL, SALTED, IN BRINE, DRIED OR SMOKED; EDIBLE FLOURS AND MEALS OF MEAT OR MEAT OFFAL]
2.	0303	All Goods [FISH, FROZEN, EXCLUDING FISH FILLETS AND OTHER FISH MEAT OF HEADING 0304]

	0304	All Goods [FISH FILLETS AND OTHER FISH MEAT (WHETHER OR NOT MINCED), FRESH, CHILLED OR FROZEN]
	0305	All Goods [FISH, DRIED, SALTED OR IN BRINE; SMOKED FISH, WHETHER OR NOT COOKED BEFORE OR DURING THE SMOKING PROCESS]
	0306	All Goods [CRUSTACEANS, WHETHER IN SHELL OR NOT, LIVE, FRESH, CHILLED, FROZEN, DRIED, SALTED OR IN BRINE; SMOKED CRUSTACEANS, WHETHER IN SHELL OR NOT, WHETHER OR NOT COOKED BEFORE OR DURING THE SMOKING PROCESS; CRUSTACEANS, IN SHELL, COOKED BY STEAMING OR BY BOILING IN WATER, WHETHER OR NOT CHILLED, FROZEN, DRIED, SALTED OR IN BRINE]
	0307	All Goods [MOLLUSCS, WHETHER IN SHELL OR NOT, LIVE, FRESH, CHILLED, FROZEN, DRIED, SALTED OR IN BRINE; SMOKED MOLLUSCS, WHETHER IN SHELL OR NOT, WHETHER OR NOT COOKED BEFORE OR DURING THE SMOKING PROCESS]
	0308	All Goods [AQUATIC INVERTEBRATES OTHER THAN CRUSTACEANS AND MOLLUSCS, LIVE, FRESH, CHILLED, FROZEN, DRIED, SALTED OR IN BRINE; SMOKED AQUATIC INVERTEBRATES OTHER THAN CRUSTACEANS AND MOLLUSCS, WHETHER OR NOT COOKED BEFORE OR DURING THE SMOKING PROCESS]
	0309	All Goods [FLOURS, MEALS AND PELLETS OF FISH, CRUSTACEANS, MOLLUSCS AND OTHER AQUATIC INVERTEBRATES, FIT FOR HUMAN CONSUMPTION]

9A	0403	CURD, LASSI, BUTTER MILK
11.	0406	CHENA OR PANEER
13.	0409	NATURAL HONEY
16.	0504	All Goods [GUTS, BLADDERS AND STOMACHS OF ANIMALS(OTHER THAN FISH), WHOLE AND PIECES THEREOF, FRESH, CHILLED, FROZEN, SALTED, IN BRINE, DRIED OR SMOKED]
25.	0713	Dried leguminous vegetables, shelled, whether or not skinned or split
26.	0714	Manioc, arrowroot, salep, Jerusalem artichokes, sweet potatoes and similar roots and tubers with high starch or inulin content, frozen, whether or not sliced or in the form of pellets
30.	08	Dried makhana, whether or not shelled or peeled
45.	10	All goods i.e. cereals
46.	1001	Wheat and Meslin
47.	1002	Rye
48.	1003	Barley
49.	1004	Oats
50.	1005	Maize (Corn)
51.	1006	Rice
52.	1007	Grain Sorghum
53.	1008	Buckwheat, millet and canary seed; other cereals such as Jawar, Bajra, Ragi
54.	1101	Wheat or meslin flour

55.	1102	Cereal flours other than of wheat or meslin i.e. maize (corn) flour, Rye flour, etc.
56.	1103	Cereal groats, meal and pellets, including suji and dalia
58.	1105	Meal, powder, Flour flakes, granules and pellets of potatoes
59.	1106	Meal and powder of the dried leguminous vegetables of heading 0713 (pulses) other than guar meal 1106 10 10 and guar gum refined split [0713], of sago or of roots or tubers of heading 0714 or of the products of Chapter 8
91A	1701 or 1702	Jaggery of all types including Cane Jaggery (gur), Palmyra Jaggery, pre-packaged and labelled; Khandsari Sugar
98A	1904	Puffed rice, commonly known as Muri, flattened or beaten rice, commonly known as Chira, parched rice, commonly known as khoi, parched paddy or rice coated with sugar or gur, commonly known as Murki
101A	2106 90	Namkeens, bhujia, mixture, chabena and similar edible preparations in ready for consumption form
182.	3101	All goods i.e. animal or vegetable fertilisers or organic fertilisers
215.	5305 to 5308	All goods [other than coconut coir fibre] including yarn of flax, jute, other textile bast fibres, other vegetable textile fibres; paper yarn, including coir pith compost
SCHEDULE - II [12%]		
41A	2009 89 90	Tender coconut water
46.	2106 90	Namkeens, bhujia, mixture, chabena and similar edible preparations in ready for consumption form [other than roasted gram]

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