LKS UPDATE

An e-update to clients from Lakshmikumaran & Sridharan

3 JANUARY 2023

INDIRECT TAX

Amendment in rate of GST on specified goods

UPDATE NO. 3 OF 2023

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exceeding expectations
SINCE 1985

NOTIFICATIONS NOS. 12/2022-CENTRAL TAX (RATE) AND 13/2022-CENTRAL TAX (RATE), DATED 30 DECEMBER 2022 AMENDING NOTIFICATIONS NOS. 1/2017 -C.T. (R.) ('RATE NOTIFICATION') AND 2/2017-C.T. (R.) ('EXEMPTION NOTIFIC-ATION')

- Changes in applicable GST rates on goods

Description of Goods	Heading	GST Rate w.e.f. 1 January 2023	Ref. Amendments	LKS Comments
Ethyl alcohol supplied to Petroleum refineries for blending with motor spirit (petrol)	2207	5%	S. No. 102A (Sch. I) and S. No. 25 (Sch. III) of Rate Notification amended *vide* N.N. 12/2022-C.T. (R.) dt. 30 December 2022, w.e.f. 1 January 2023	The amendments are in accordance with the recommendations of the 48th GSTCM to reduce the applicable rate from the earlier 18%. Prior to this amendment, only Oil Marketing Companies could procure Ethyl Alcohol at concessional rate of 5% for blending.
Husk of pulses including chilka, and concentrates including chuni or churi, khanda	2302, 2309	NIL	S. No. 102C inserted and S. No. 102 substituted in Exemption Notification vide N.N. 13/2022-C.T. (R.) dt. 30 December 2022, w.e.f. 1 January 2023; S. No. 103A (Sch. I) of Rate Notification amended *vide*	The amendments have been made pursuant to the recommendations of 48th GSTCM to regularize the intervening period starting from the date of issuance of Circular No. 179/11/2022-GST

			N.N. 12/2022-C.T. (R.) dt. 30 December 2022, w.e.f. 1 January 2023	dt. 3 August 2022 on account of doubts in this regard. However, it needs to be ascertained whether the amendments can be considered as retrospectively applicable from 3 August 2022. Further, the following issues need clarity: • Validity of para 8 of the above Circular • Whether husk of cereals is covered under S. No. 102C of Exemption Notification?

- Carbonated Beverages of Fruit Drink and Carbonated Beverages with Fruit Juice have been excluded from S. No. 48 (Fruit pulp or fruit juice-based drinks – Tariff Item 2202 99 20) of Schedule II (12%) of Rate Notification, *vide* N.N. 12/2022-C.T. (R.) dt. 30 December 2022, w.e.f. 1 January 2023.

LKS COMMENTS

Carbonated Beverages of Fruit Drink or Carbonated Beverages with Fruit Juice (Heading 2202) attract GST at the rate of 28% as per S. No. 12B (Sch. IV) of Rate Notification, as inserted vide N.N. 8/2021-C.T. (R.) dt. 30 September 2021. However, given that the amendment vide N.N. 12/2022-C.T. (R.) is effective from 1 January 2023 only, clarity is required whether the said goods were taxable at the rate of 28% for the period from 1 October 2021 to 31 December 2022.

- Pencil sharpeners' removed from S. No. 180 (Sch. II – 12%) of Rate Notification *vide* N.N. 12/2022-C.T. (R.) dt. 30 December 2022, w.e.f. 1 January 2023.

LKS COMMENTS

GST rate on paper knives, pencil sharpeners and blades therefor (Heading 8214) were increased from 12% to 18% vide N.N. 6/2022-C.T. (R.) dt. 13 July 2022 w.e.f. 18 July 2022. By virtue of the above amendment vide N.N. 12/2022-C.T. (R.), pencil sharpeners will be taxable at 18% prospectively.

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Goods and Services Tax

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