Lakshmikumaran & Sridharan attorneys

L&S Update

an e-update to clients from
Lakshmikumaran & Sridharan

L&S GST Update No. 27
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GST Rate Schedule for goods & services released

GST Rates for Goods & Services

- GST Council, in its meeting in Srinagar on 18 & 19th May, 2017 has approved GST rates for most of the goods and services.

GST Rates for Goods

- CBEC has released the GST Rate Schedule and has stated that the same may undergo some changes. GST Compensation Cess Rate Schedule has also been released.
- The GST rate slabs for goods are NIL, 5%, 12%, 18% and 28%.
- For certain product groups like textiles and footwear, the rates will be announced later.
- For certain specified goods like motor vehicles, aerated waters, tobacco and tobacco products, in addition to the prescribed GST rate, compensation cess will also be payable at the rates finalized.
- GST Rate Schedule mentions Chapter Number and Heading at 4 digit level in contrast to current 8 digit tariff items in Central Excise Tariff. Therefore, classification of goods may need to be re-examined as per the entries contained in the GST Rate Schedule.

GST Rate for certain goods

Item	GST Rate
Air-Conditioners	28%
Bicycles	12%
Cereals (Rice, Wheat, Sorghum, Bajra, Maize, Ragi, Barley)	NIL
Chocolates	28%
Condensed Milk	18%
Cosmetics and Toilet Articles	28%
Drugs and Medicines	12%
Fans	28%
Fruit Pulp, Fruit Juice Based Drink	12%
Kerosene (PDS)	5%
Milk	NIL
Milk Products	5%
Namkeens, Bhujia, Mixture	12%
Non-Alcoholic Beverages	28%
Paints and Enamels	28%

GST Rate for certain goods (contd.)

Item	GST Rate
Processed Fruits And Vegetables (Jams, Jelly,)	18%
Sugar	5%
Sweetmeats	5%
Tea	5%
Television Sets	28%
Toilet Soaps	18%
Tooth Paste	18%
Tooth Powder	12%
Vegetable Oils	5%
Cement	28%
Ready Mix Concrete (RMC)	18%
D.G Sets	18%
Hides And Skins	5%
Pig Iron	18%
Steel	18%

GST Rates for Services

- GST rates for services, as approved by GST Council, have also been released with slabs of 5%, 12%, 18% and 28%.
- CBEC has also placed in public domain Classification Scheme for Services, exemptions to be continued for specified services under GST and services which will be under reverse charge mechanism.

GST Rate for certain services

Description of service	GST Rate
Transport of goods by GTA (other than used household goods for personal use)	5% - No ITC
Construction of a complex, building, civil structure or a part thereof, intended for sale to a buyer, wholly or partly. [Value of land is included in the amount charged from the service recipient]	12% With full ITC but no refund of overflow of ITC
Composite supply of Works Contract	18% with full ITC
Supply of food or drinks in outdoor catering	18% with full ITC
All other services not specified elsewhere	18% with full ITC

Exemptions to specified services (list is illustrative)

- Services by government (except certain services), Reserve Bank of India and diplomatic missions
- Transmission or distribution of electricity by an electricity transmission or distribution utility
- Residential renting
- Pure labour contract of construction of single residential unit
- Accommodation services upto declared tariff of Rs. 1000 per day
- GTA service for transport of agricultural produce, milk, salt, foodgrains, pulses and rice
- Healthcare services and educational services (as specified)

Reverse charge mechanism

- Reverse charge mechanism will be applicable to 18 specified services like
  - GTA service for transport of goods by road
  - Services by advocates or firm of advocates
  - Services by director to a company
  - Services by insurance agent to insurance company
  - Radio taxi through e-commerce operator

New Services Classification Scheme & Tariff for Services

- New classification scheme for services has been proposed.
- Services have been classified under 4-digit Headings with sub-classification of 5-digit Groups and 6-digit Service Code (Tariff Code) for individual services.

Tariff Schedules to be referred for appropriate classification

- For both goods and services, respective Tariff Schedules may be referred to and for services, full list of exemptions may be seen. These documents are available in www.cbec.gov.in and www.gst.lakshmisri.com

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