



Meetings and Decisions of Goods and Services Tax Council (GST Council)
From First Meeting (September 22-23, 2016) to
Forty-seventh Meeting (June 28-29, 2022)

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Editor's Note

Goods and Services Tax Council (GST Council) is a joint forum of the Centre and the States, created under Article 279A of the Constitution, for the smooth implementation of GST. Meetings of GST Council are held from time-to-time to sort out problems and ensure harmonization on different aspects of GST between the Centre and the States as well as among the States themselves. GST Council works on the basis of consensus. In all, 47 meetings of the Council have been held so far to discuss a wide range of issues concerning GST. Out of the 47 meetings, 18 took place before and 29 after the introduction of GST. Decisions taken in various meetings of the GST Council provide glimpses of the problems and challenges posed by GST and the measures taken to solve them, making for a fascinating study of India's march towards co-operative Federalism. The editorial staff of the Journal has painstakingly summarized the main decisions of all the 47 meetings of the GST Council and the same are set out in this section of the Journal.

1.0 Introduction

GST Council is a joint forum of the Centre and the States created under Article 279A of the Constitution.^[1] The recommendations made by the Council act as benchmark or guidance to Union as well as State Governments. Recommendations made by the GST Council take effect after changes are made in the relevant GST laws by the Parliament and the legislatures of the States and the Union Territories with legislature.

2.0 GST Council: Constitutional Provisions

The Constitution (One Hundred and Twenty-second Amendment) Bill, 2014, for

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introduction of Goods and Services Tax (GST) in the country, was accorded assent by the President on September 8, 2016, and the same was notified as the Constitution (One Hundred and First Amendment) Act, 2016.

As per Article 279A (1) of the amended Constitution, the GST Council was to be constituted by the President within 60 days of the commencement of Article 279A. The notification for bringing into force Article 279A with effect from September 12, 2016 was issued on September 10, 2016.

The Union Cabinet in its meeting held on September 12, 2016 approved the setting-up of GST Council and its Secretariat. The Cabinet, *inter alia*, took decisions for the following:

- Creation of the GST Council as per Article 279 A of the amended Constitution.
- Creation of the GST Council Secretariat, with its office in New Delhi.
- Appointment of the Secretary (Revenue) as the Ex-officio Secretary to the GST Council.
- Inclusion of the Chairperson, Central Board of Excise and Customs (CBEC) [since renamed as Central Board of Indirect Taxes and Customs (CBIC)], as a permanent invitee (non-voting) to all proceedings of the GST Council.

The Cabinet also decided to provide adequate funds for meeting the recurring and non-recurring expenses of the GST Council Secretariat, the entire cost for which shall be borne by the Central Government. GST Council Secretariat shall be manned by officers taken on deputation from both the Central and State Governments.

GST Council is a joint forum of the Centre and the States. The Council consists of the following members:

- Union Finance Minister—Chairperson.
- Union Minister of State, in-charge of Revenue or Finance—Member.
- Minister in-charge of finance or taxation or any other Minister nominated by each State Government—Members.

As per Article 279A (4), the Council will make recommendations to the Union and the States on important issues related to GST, like the goods and services that may be subjected or exempted from GST, model GST laws, principles that govern place of supply, threshold limits, GST rates including the floor rates with bands, special rates for raising additional resources during natural calamities/disasters, special provisions for certain States etc.

3.0 Guiding Principle and Decision-making at GST Council

GST Council works on the basis of consensus. The guiding principle of GST

Council is to ensure harmonization on different aspects of GST between the Centre and the States as well as among States. It has been provided in Article 279A that the GST Council, in its discharge of various functions, shall be guided by the need for a harmonized structure of GST and for the development of a harmonized national market for goods and services.

Article 279A of the Constitution provides that every decision of the GST Council shall be taken at a meeting by a majority of not less than 3/4th of the weighted votes of the Members present and voting, in accordance with the following principles:

- The vote of the Central Government shall have a weightage of one-third of the total votes cast, and
- The votes of all the State Governments taken together shall have a weightage of two-thirds of the total votes cast in that meeting.

One half of the total number of members of the GST Council shall constitute the quorum at its meetings.

The above arrangements are meant to protect the interests of each State and the Centre when the Council takes a decision and is in the spirit of co-operative federalism.

4.0 Functions of GST Council

GST Council is entrusted to make recommendations to the Union and the States on following matters pertaining to GST:

- Taxes, cesses and surcharges levied by the Union, the States and the local bodies which may be subsumed in the goods and services tax.
- Goods and services that may be subjected to, or exempted from the goods and services tax.
- Model Goods and Services Tax Laws, principles of levy, apportionment of GST levied on supplies in the course of inter-State trade or commerce under Article 269A and the principles that govern the place of supply.
- Threshold limit of turnover below which goods and services may be exempted from GST.
- Rates (including floor rates with bands) of GST.
- Any special rate or rates for a specified period, to raise additional resources during any natural calamity or disaster.
- Special provision with respect to the States of Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand.
- Any other matter relating to GST as the Council may decide.

5.0 Meetings and Decisions of GST Council Prior to the Introduction of GST

18 meetings of the GST Council were held before the roll out of GST on July 1, 2017. Decisions taken in these meetings are set out below.

5.1 First Meeting, September 22-23, 2016, New Delhi

The two-day inaugural meeting of the Council, consisting of Centre and State representatives, took the following decisions.

- Businesses with an annual turnover of less than 20 lakh were exempted from GST.
- The annual turnover limit was fixed at 10 lakh for the North-Eastern and hill States, which have been given a carve-out in the constitutional amendment that paved the way for GST.
- State authorities would have jurisdiction over assesseees with annual turnover of less than 1.5 crore. For those with turnover of over 1.5 crore, there would be cross examination by officers from either State or the Centre to avoid dual control.
- Power for assessment of 11 lakh service tax assesseees, who were currently assessed by the Centre, would remain with it. New assesseees would be divided between the Centre and the States.
- Financial year 2015-16 would be the base year for compensating the States in case of any revenue loss to States following the implementation of GST.
- All cesses would be subsumed under the new tax.
- A cross-empowerment model was agreed upon which would allow taxpayers to restrict their interaction to a single tax authority for Central GST, State GST and Integrated GST (IGST). Central GST and State GST are two components of a single GST levied on intra-state sales, while IGST applies to inter-State sales.
- A consensus on composition scheme was arrived at and it was decided that traders with gross annual turnover cut-off of 50 lakh^[2] can pay tax at specified rates which are lower than the GST rates. The composition scheme provides for an easier method of calculating tax liability and it allows option for GST registration for dealers with turnover below the compounding cut-off. The scheme was introduced to reduce the administration cost associated with collection of tax from small traders.

5.2 Second Meeting, September 30, 2016, New Delhi

The Council approved two agenda items. First, five sets of draft rules governing payments, refunds, returns, invoices, debt and credit notes were approved. These were finalised in anticipation of the GST legislations under which the final rules

were to be notified. The second decision was with regard to the exemptions from various tax laws and taxes in place currently with which the Centre and States incentivise a variety of industries to invest.

5.3 Third Meeting, October 18-20, 2016, New Delhi

The third meeting of the GST Council, which ended a day ahead of schedule, failed to reach a decision on the GST rates. The Council discussed possible GST rates, including a four-slab structure of 6, 12, 18 and 26 percent with lower rates for essential items and highest band for luxury goods.

Centre proposed the imposition of a cess over and above the GST on ultra luxury and demerit goods such as big cars, aerated beverages and tobacco products. The Centre had proposed the cess as a means to fund compensation to States for tax revenue loss during the first five years of GST. However, most States objected to the proposal to levy an additional cess on demerit goods.

5.4 Fourth Meeting, November 3-4, 2016, New Delhi

The GST Council agreed on a four-slab GST rates of 5, 12, 18 and 28 percent on goods which it claimed would not be inflationary and yet protect revenues of Centre and State Governments. The broad objective was to maintain equivalence to the existing tax burden on various goods.

5.5 Fifth Meeting, December 2-3, 2016, New Delhi

In this two-day meeting of the GST Council consensus could not be reached on the issue of sharing of administrative powers between the Centre and the States. However, certain headway was made on finalization of the draft legislations, and the same were expected to be finalized in the next meeting of the Council. Due to the delay in building of consensus, GST implementation from April 1, 2017 became uncertain. The fifth meeting of the GST Council also deliberated on the impact of demonetisation on revenue.

5.6 Sixth Meeting, December 11-12, 2016, New Delhi

This two-day meeting was convened to sort out the vexed issue of *cross empowerment*, or dual control of assesseees under the proposed pan-India indirect tax regime. The meeting was also expected to finalise three legislations—Central GST, Integrated GST and the Compensation Law—with the intent of placing these in Parliament during its ongoing Winter Session that ended on December 16, 2016. However, the deadlock continued on the issue of dual control between the Centre and the States in the December 11 meeting, and the December 12 meeting was cancelled.

5.7 Seventh Meeting, December 22-23, 2016, New Delhi

The GST Council in its seventh meeting decided to redraft the Compensation Bill to include *other receipts* apart from previously agreed cess on luxury and demerit goods as the source to fund compensation, with States voicing concerns about a likely decline in their revenues following the scrapping of high-denomination currency notes.

Even though the Council cleared most provisions of supporting draft Bills of compensation and Central GST (CGST), the Centre and the states failed to make a breakthrough over the vexed issue of division of control over tax assesseees as it did not come up for discussion in the two-day long meeting. The pending issues of dual control and draft Integrated GST (IGST) Bill were left to be taken up in the next meeting.

5.8 Eighth Meeting, January 3-4, 2017, New Delhi

The issue of dual control remained unresolved. Some States raised a new issue of split in tax rate in the ratio of 60:40 between States and the Centre instead of equally dividing GST between the Centre and the States. Issues relating to administrative powers were left to be deliberated in the next meeting.

5.9 Ninth Meeting, January 16, 2017, New Delhi

The possibility of implementing GST by the targeted deadline of April 1, 2017, receded with the ninth meeting of the GST Council failing to agree on the contentious issue of administrative control of GST.

Eight earlier meetings of the Council had failed to resolve the deadlock between the Centre and the States on the issue of *cross empowerment*, or dual control of assesseees, and who would exercise control over them.

The States wanted exclusive control on businesses with turnover below 1.5 crore (the existing threshold for central excise), including the service taxpayers.

Consensus was almost reached on the territorial control issue of levying GST on the high seas. The Centre's proposal to tax transactions that take place within 12 nautical miles from coastal state borders was opposed by several States, which feared loss of substantial revenue in this way.

5.10 Tenth Meeting, February 18, 2017, Udaipur

The tenth meeting of the GST Council managed to approve only one draft law pertaining to compensation to states, even as three crucial draft laws—Central GST (CGST), Integrated GST (IGST) and State GST (SGST)—got caught in a tussle between the States and the Centre. There were clashes between the Centre and the States over the

drafting of minutes of the previous GST Council meeting, which held up the deliberations of the meeting. The dispute over the minutes related to the wordings over the division of new registrants, permission to States to tweak division of taxpayers after consultation with the Centre and referral of disputes relating to imports and exports to the Centre.

5.11 Eleventh Meeting, March 4, 2017, New Delhi

This meeting cleared the Central GST and Integrated GST Bills. It cleared the decks for the Central Government to take these two Bills to the Parliament for their passage.

The State GST and the UT-GST Bills were under the review of the Law Commission and were postponed to be taken up in the next meeting of the Council.

Small restaurants and *dhabas* became eligible for composition scheme and they would pay GST of 5 percent, to be shared equally between the Central and the State Governments.

5.12 Twelfth Meeting, March 16, 2017, New Delhi

The Council approved the Draft Bills for implementing GST in States and Union Territories (UTs). The UT-GST Draft Law was for the Union Territories of Chandigarh, Andaman and Nicobar Islands, Lakshadweep, Daman and Diu and Dadra and Nagar Haveli, which do not have legislative assemblies and thus not covered under the constitutional meaning of *state*.

The GST Council in its tenth meeting had approved a Draft Bill to compensate States for any revenue loss arising out of GST for a period of five years. In its eleventh meeting, it had cleared the Central GST (CGST) and Integrated GST (IGST) Bills.

Thus, the GST Council completed its formal approval to all the five legislations.

The GST Council also decided to levy cess on the following five categories of products to create a fund with a corpus of around 50,000 crore for meeting potential compensation liability.

- Pan masala.
- Chewing tobacco and cigarettes.
- Luxury cars.
- Aerated drinks and mineral water.
- Coal and lignite.

The Council, however, kept the option of adding more items to the list later.

It also cleared a proposal to cap the cess on luxury cars and aerated drinks at 15

percent over the peak rate of 28 percent. However, the ceiling for the cess on *sin* goods would be much higher. It was said that for pan masala, the cap would be 135 percent. On tobacco and cigarettes, the cap would be 290 percent or 4,170 per 1,000 cigarette sticks. A call was yet to be taken on whether or not a cess would be imposed on *bidis*. The cess on coal and lignite (environment cess) would have an upper limit at 400 per tonne. The Council decided to levy cess on all cars and not only the luxury cars.

The actual cess on *demerit goods*, which would help create a corpus for compensating States for any loss of revenue from GST implementation in the first five years, may be lower than the approved caps as the Council kept a *little* headroom for future exigencies. For example, if a luxury car under pre-GST system suffered a total tax of 40 percent, then under the GST a 28 percent tax plus 12 percent cess (instead of 15 percent) may be levied to keep the tax incidence at the same level, leaving a headroom of 3 percent for future exigencies.

What the GST Council cleared was the ceiling. The exact levy was to be decided by it later. Table 1 shows the maximum rate of GST cess on various demerit goods decided by the Council in its twelfth meeting.

Table 1: Maximum Rate of GST Cess on Various Demerit Goods

Commodity	Maximum rate at which GST cess can be collected (percent)
Pan masala	135
Sweetened mineral and aerated water	15
Motor cars and vehicles (with the exception of motor vehicles for transportation of 10 or more people)	15
Tobacco products	4,170 per 1,000 sticks or 290 percent or a combination of both
Coal and lignite*	400 per tonne

**Environment cess (earlier known as clean energy cess).*

The Council also cleared a proposal for the nil rate to be applied for goods and services going to special economic zones (SEZs). In other words, supplies made to SEZs would be zero-rated (a tax rate of zero) and considered as physical exports.

In the earlier draft, in case of procurement of supplies by SEZ, tax was to be paid and then refund claimed of such tax paid but as per the discussion in the Council meeting the same supplies were accepted as zero-rated.

It is noteworthy that GST regime has 9 sets of rules and regulations which form

the basis of the implementation of GST. Out of the 9 sets of rules and regulations, the Council had already approved 5—registration, payment, invoices, returns and refund. The Council decided to finalize rules on the remaining four issues relating to composition scheme, valuation, input tax credit (ITC) and transitional provisions in the next (thirteenth) meeting on March 31, 2017.

5.13 Thirteenth Meeting, March 31, 2017, New Delhi

This meeting gave its tentative nod to four more sets of rules dealing with composition scheme, valuation, input tax credit (ITC), and transitional provisions. These sets of rules were left to be finalized after receiving industry feedback.

After this, the Council was left with the vexatious and time-consuming work of fitting the various goods and services into the four tax slabs.

5.14 Fourteenth Meeting, May 18-19, 2017, Srinagar (J&K)

At this meeting, the Council agreed on a four-tier tax structure for services. The four slabs of 5 percent, 12 percent, 18 percent and 28 percent mirrored the GST rates on goods. The fitment of rates of goods was discussed during the Council meeting. The Council approved the rate structure on majority of the goods and services. In other words, the Council largely completed the exercise of fitment of various goods and services in different rate slabs.

5.15 Fifteenth Meeting, June 3, 2017, New Delhi

The main objective of the fifteenth meeting of the Council was to decide tax rates on certain remaining items which included gold, textiles and footwear.

The Council decided to tax gold, gems, and jewellery at 3 percent. A nominal rate of 0.25 percent was decided on rough diamond. GST on apparel below 1,000 was fixed at 5 percent. GST on all biscuits was fixed at 18 percent. GST on readymade garments was fixed at 12 percent and on yarn and fabric cotton at 5 percent. The Council decided to tax footwear priced below 500 at 5 percent and the rest at 18 percent. It decided to tax *bidis* at 28 percent without cess.

The Council decided to set up a committee to look into complaints regarding anti-profiteering clause.

All the States agreed to rollout GST from July 1, 2017.

5.16 Sixteenth Meeting, June 11, 2017, New Delhi

It may be recalled that the Council in its earlier meetings had decided a 4-slab GST rates of 5, 12, 18 and 28 percent for goods and services. It had fitted almost all

goods and services into these 4 tax rates when it met in Srinagar on May 18-19, 2017 for its fourteenth meeting. GST rates for almost 1,211 goods and around 500 services were fixed.

However, representations were received from various stakeholders to reduce tax rates on a variety of items. Taking note of these representations, the Council lowered tax rates on 66 goods and services which included packaged food, insulin, school bags and movie tickets.

GST on cashew, *agarbattis* and insulin was reduced from 12 percent to 5 percent. It was reduced from 18 percent to 12 percent on packaged food, exercise books and cutlery. Similarly, it was reduced from 28 percent to 18 percent on plastic tarpaulin, school bags, computer printers and ball bearings. GST rate on children's colouring books was reduced from 12 percent to nil. Instead of a uniform rate of 28 percent on cinema tickets, it was made 28 percent on tickets above 100 and 18 percent for tickets up to 100.

The levy on job work for textiles, gems and jewellery, printing and leather was lowered from 18 percent to 5 percent.

The Council also widened the scope of a concessional tax payment scheme for small businesses and restaurants. It raised the turnover ceiling of 50 lakh to 75 lakh (subsequently raised to 1 crore in the twenty-second meeting held on October 6, 2017) per annum for businesses to take part in the GST composition scheme. The scheme allows traders, manufacturers and restaurant owners to pay presumptive tax at the rate of 1, 2, and 5 percent respectively. This would allow more small businesses to avail a hassle-free compliance regime. It is noteworthy that these segments are large job creators and hence a priority area for the Government. It may also be noted that service providers (except restaurants) are outside the ambit of this scheme.

While a lot of small businesses such as shopkeepers and small eateries are expected to opt for the scheme, manufacturers who supply to large buyers may be forced to be part of the GST chain.

The Centre and all the States (except West Bengal) decided to rollout GST from July 1, 2017.

Tax rate for lottery, rules for electronic way (e-way), bills to replace the challans and anti-profiteering rules were left to be decided in the subsequent meetings of the Council.

The Council decided to meet again on June 18, 2017 to take stock of the rollout preparedness and any new proposal from State Governments.

5.17 Seventeenth Meeting, June 18, 2017, New Delhi

The Council took the following decisions with respect to GST rates for services.

Accommodation in hotels, inns, guest houses, clubs, camp sites or other commercial places meant for residential or lodging purposes where room tariff is 2,500 and above but less than 7,500 per room per day shall attract GST rate of 18 percent with full ITC.

Accommodation in hotels including 5 star and above rated hotels, inns, guest houses, clubs, camp sites or other commercial places meant for residential or lodging purposes, where room rent is 7,500 and above per day per room shall attract GST rate of 28 percent with full ITC.

Supply of food/drinks in air-conditioned restaurant in 5-star or above rated hotels shall attract GST rate of 18 percent with full ITC.

It was decided that supply of lottery shall attract GST rates as under:

- Lottery run by State Governments: 12 percent of face value of lottery ticket.
- Lottery authorized by State Governments: 28 percent of face value of lottery ticket.

5.18 Eighteenth Meeting, June 30, 2017, New Delhi

This meeting of the Council was held hours before the final GST rollout on July 1, 2017. The Council reduced the tax on fertilizers from 12 percent to 5 percent. The decision was taken in view of apprehensions that the price of crop nutrient may increase following the implementation of GST. Another decision, which also brought relief to farmers, was to reduce the tax rate on exclusive parts of tractors from 28 percent to 18 percent. While issues relating to farmers were discussed, the meeting was originally called just to thank the Council members for helping in the implementation of GST.

6.0 Meetings and Decisions of GST Council after the Introduction of GST

29 meetings of the GST Council have been held post-GST so far. Decisions taken in these meetings are explained below.

6.1 Nineteenth Meeting, July 17, 2017, Through Video Conferencing

After the last Council meet on 30 June, 2017 it was decided that next meeting would take place on August 5, 2017. However, the date of the meeting was advanced as the Council wanted to take stock of the situation post-GST rollout and get a nation-wide report.

Thus, over two weeks into the GST regime, the all-powerful GST Council met on July 17, 2017 to take stock of the implementation of the new indirect tax. This was

the first meeting of the Council since the launch of the GST on July 1, 2017. However, unlike the earlier meetings, when the Centre and the States used to sit across the table and decide on a plethora of issues, this time the interaction was through video conferencing.

Showing its ability to take quick decisions, the Council increased the fixed cess on cigarettes by 48 paise to 79 paise per stick (or 485 to 792 per thousand sticks). The move was aimed to prevent cigarette manufacturers to reap windfall arising out of an anomaly that had crept in during fixing the rates. It is noteworthy that this fixed cess is over and above the GST rate of 28 percent plus 5 percent ad valorem cess on the commodity in question.

6.2 Twentieth Meeting, August 5, 2017, New Delhi

The Council took several decisions including granting of in-principle approval to e-way bill provisions, implementing anti-profiteering measures, relaxation in GST rates for certain services, and fixing of liability on e-commerce operators in respect of small housekeeping services provided through them.

The Council gave in-principle approval to the e-way bill rules, which envisage a technology-driven tracking of movement of goods worth more than 50,000 and for sale beyond 10 kilometres distance. According to the provisions, there will be no check-posts and human interface would be minimized. Exempted goods have been kept out of the purview of the system.

The Council also gave approval to constitution of Standing Committee and State-level Screening Committees as provided in the provisions relating to anti-profiteering. It may be noted that anti-profiteering measures aim at ensuring passing of benefits of reduced rate of tax or increased availability of credits, under GST, to consumers.

The Council decided to cut the tax rate for job work throughout the textile chain and even for textile-related items (such as apparels, shawls, carpets) to 5 percent. Earlier, the GST for job works related to textile yarns, other than manmade fibres and textile fabrics, was 5 percent, while for manmade fibres, it was 18 percent. The move assumed significance as the rollout of GST from July 1, 2017 had met with several protests from the textiles sector that had demanded a cut in the tax rate on fabrics, which were brought in the tax net for the first time at the rate of 5 percent.

The rate for certain tractor parts was reduced to 18 percent from 28 percent. Tax rate on agricultural services of post-harvest and storage nature was reduced to 12 percent from the earlier rate of 18 percent.

The GST rate for government work contracts, for both Central and State Governments, was also cut to 12 percent with input tax credit from the earlier decided rate of 18 percent.

The Council in this meeting considered the issue that total tax incidence on motor vehicles post-GST had come down. Motor vehicles had become quite cheaper after the GST rollout on July 1, 2017. Under GST regime, cars attract the top tax rate of 28 percent. On top of this, a cess ranging from 1 percent to 15 percent was levied on them to create a corpus to compensate states for loss of revenue from GST implementation. The cess on SUVs and luxury cars was 15 percent. In other words, the total tax burden on such vehicles was 43 percent (28 percent plus 15 percent).

The Council recommended that the Central Government may move legislative amendments to increase the maximum ceiling of cess on motor vehicles to 25 percent from the existing 15 percent. The Council approved the proposal to hike cess on SUVs, mid-sized, large and luxury cars to 25 percent, from 15 percent.

This came after the Centre, along with several States, requested the Council to amend the existing cess on these vehicles as an *anomaly* has crept in while deciding the rates that needed rectification.

However, the decision on when to raise the actual cess leviable on the motor vehicles was deferred to be taken by the GST Council in due course.

Increase in the rate of maximum cess from 15 percent to 25 percent would increase the GST rate on these SUVs to 53 percent. This required amendment to the GST compensation law which was effected in due course.

The next meeting of the Council was fixed for September 9, 2017 in Hyderabad.

6.3 Twenty-first Meeting, September 9, 2017, Hyderabad

A registered person (whether migrated or new registrant), who could not opt for composition scheme, was given the option to avail composition scheme till September 30, 2017 and such registered person was permitted to avail the benefit of composition scheme with effect from October 1, 2017.

Previously, any person making inter-State taxable supplies was not eligible for threshold exemption of 20 lakh (10 lakh in special category states except J&K) and was liable for registration. It was decided to allow an exemption from registration to persons making inter-State taxable supplies of handicraft goods up to aggregate turnover of 20 lakh as long as the person has a permanent account number (PAN) and the goods move under the cover of an e-way bill, irrespective of the value of the consignment.

Similarly, a job worker making inter-State taxable supply of job work service was not eligible for threshold exemption of 20 lakh (10 lakh in special category states

except J&K) and was liable for registration. It was decided to exempt those job workers from obtaining registration who are making inter-State taxable supply of job work service to a registered person as long as the goods move under the cover of an e-way bill, irrespective of the value of the consignment.

GST rate was reduced from 18 percent to 12 percent for services provided to the Government, a local authority or a governmental authority by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of: (a) a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession, (b) a structure meant predominantly for use as an educational, a clinical or an art or cultural establishment and (c) a residential complex predominantly meant for self-use or the use of their employees or other persons like Members of Parliament/Members of State Legislatures, panchayats, municipalities and other local authorities.

To improve the ease of GST return filing, it was decided to set-up a committee to examine the IT challenges experienced by taxpayers in filing of GST returns. Further, the GST return due dates for certain types of returns were revised.

6.4 Twenty-second Meeting, October 6, 2017, New Delhi

In this meeting, various decisions and changes pertaining to composition scheme, GST return filing, reverse charge mechanism were announced which significantly benefited the micro, small and medium enterprises (MSMEs).

6.4.1 Threshold of turnover for composition scheme

The composition scheme was made available to taxpayers having annual aggregate turnover of up to 1 crore as compared to the existing turnover of 75 lakh. This threshold of turnover for special category States, except Jammu and Kashmir (J&K) and Uttarakhand, was increased to 75 lakh from 50 lakh. The turnover threshold for J&K and Uttarakhand was decided to be 1 crore. The facility of availing composition scheme under the increased threshold was made available to both migrated and new taxpayers up to March 31, 2018. The option once exercised was made operational from the first day of the month immediately succeeding the month in which the option to avail the composition scheme was exercised. New entrants to this scheme were required to file the return in Form GSTR-4 only for that portion of the quarter from when the scheme became operational and allowed to file returns as normal taxpayers for the preceding tax period.

The increase in the turnover threshold made it possible for greater number of

taxpayers to avail the benefit of easier compliance under the composition scheme and was, therefore, a welcome step from the viewpoint of micro, small and medium enterprises (MSMEs).

Earlier, persons who were otherwise eligible for composition scheme but were providing any exempt service (such as extending deposits to banks for which interest was being received) were being considered ineligible for the said scheme. It was decided that such persons who are otherwise eligible for availing the composition scheme and are providing any exempt service, shall be eligible for the composition scheme.

It was also decided to constitute a Group of Ministers (GoM) to examine measures to make the composition scheme more attractive.

6.4.2 GST registration requirement

Earlier, anyone making inter-State taxable supplies (selling goods or services from one state to another state), except inter-State job worker, was compulsorily required to register for GST, irrespective of turnover. It was decided to exempt those service providers whose annual aggregate turnover is less than 20 lakh (10 lakh in special category States except J&K) from obtaining registration even if they are making inter-State taxable supplies of services. This measure significantly reduced the compliance cost of small service providers.

It is important to note that only service providers have been provided this exception. Any person supplying goods will still be required to obtain GST registration mandatorily, if he undertakes inter-State sales.

6.4.3 Ease of payment and return filing

Earlier, all regular taxpayers registered under GST were required to file 4 GST returns every month, namely GSTR-1, GSTR-2, GSTR-3 and GSTR-3B. Filing 4 GST returns a month and maintaining GST compliance was a major burden for small businesses that have limited resources. Hence, to reduce the compliance burden for small businesses and improve ease of doing business, a decision was taken to reduce the number of GST returns for small businesses. Thus, to facilitate the ease of payment and return filing for small and medium businesses with annual aggregate turnover up to 1.5 crore, it was decided that such taxpayers shall be required to file quarterly returns and pay taxes only on a quarterly basis instead of monthly basis. The registered buyers from such small taxpayers would be eligible to avail input tax credit (ITC) on a monthly basis, whether or not enrolled under the GST composition scheme.

6.4.4 Suspension of reverse charge mechanism

Under reverse charge, registered taxpayers were required to pay GST when they

purchased goods from an unregistered person, most times a micro or small business. Hence, many registered entities stopped transacting with micro and small businesses. The Council suspended reverse charge till March 31, 2018 so that it could be reviewed by a committee of experts.

Thus, registered taxpayers could purchase from unregistered persons without having to pay GST on reverse charge basis. This measure provided a major boost to micro, small and medium businesses.

6.4.5 GST on advances received

As per GST rules, whenever a taxable person receives advance, an advance receipt voucher must be issued and the GST on the advance received must be remitted to the Government. In case supply was later not provided and refund of advance was provided to the customer, then the supplier would have to claim refund.

The requirement to pay GST on advances received was proving to be burdensome for small dealers and manufacturers. In order to mitigate their inconvenience on this account, it was decided that taxpayers having annual aggregate turnover up to 1.5 crore shall not be required to pay GST at the time of receipt of advances on account of supply of goods. The GST on such supplies shall be payable only when the supply of goods is made.

6.4.6 Goods transport agencies (GTAs)

GTAs were not willing to provide services to unregistered persons and were, in many cases, asking for GSTIN for transporting goods. In order to remove the hardship being faced by small unregistered businesses on this account, the services provided by a GTA to an unregistered person were made GST-exempt.

6.4.7 Tax deduction at source (TDS) and tax collection at source (TCS)

After assessing the readiness of the trade, industry and Government departments, it was decided that registration and operationalization of TDS and TCS provisions be postponed till March 31, 2018.

6.4.8 E-way bill implementation postponed

As per e-way bill rules, any transportation of goods with a value of more than 50,000 would require an e-way bill. The e-way bill rules were earlier supposed to be implemented before December 2017. The GST Council decided to postpone the implementation of e-way bill provisions and rules to January 1, 2018.

6.4.9 Relief package for exporters

Mindful of the difficulties faced by exporters post-GST, leading to a decline in export performance and export competitiveness, the GST Council had set up in September 2017 a High Power Committee on Exports to recommend suitable strategies for helping this sector. This Committee had five senior Government functionaries from the Centre and an equal number from the States as members. After wide ranging discussions with major Export Promotion Councils and interacting with all stakeholders, the Committee presented its recommendations to the GST Council in this meeting.

The Council noted that the major difficulties constraining the export sector were on account of delays in refunds of IGST and input taxes on exports and working capital blockages as exporters have to upfront pay GST on inputs and capital goods for export production or for procuring goods for export.

The Council was unanimous that it is in the national interest to take all possible measures to support the exporting community, which earns valuable foreign exchange and provides significant employment especially in the small and medium sector.

Accordingly, the Council approved, *inter alia*, the following relief measures for exporters:

- Merchant exporters were allowed to pay nominal GST of 0.1 percent for procuring goods from domestic suppliers for export.
- Exporters were exempted from furnishing bond and bank guarantee when they clear goods for export.
- Specified banks and public sector units (PSUs) were allowed to import gold without payment of IGST. This can then be supplied to exporters as per a scheme similar to advance authorization.
- To restore the lost incentive on sale of duty credit scrips, the GST on sale-purchase of these scrips was reduced from 5 percent to 0 percent.
- GST on bunker fuel was reduced to 5 percent for both coastal vessels and foreign going vessels to boost coastal shipping and improve India's competitiveness.

The Council expressed confidence that these measures would provide immediate relief to the export sector and enhance export competitiveness of India.

6.5 Twenty-third Meeting, November 10, 2017, Guwahati (Assam)

Decisions were taken relating to changes in GST rates, ITC eligibility criteria, and exemptions and clarifications on levy of GST on services.

The Council decided to reduce tax rate on a wide range of mass use items from 28 percent to 18 percent. These items included, *inter alia*, chewing gums, detergents,

chocolates, preparation for facial make-up, shaving and after-shave items, shampoo deodorants, washing powder, granite and marble.

In fact, the Government was facing intense heat from opposition-ruled States over keeping mass-used goods in the 28 percent bracket which was meant for luxury and demerit goods. About 227 items were under 28 percent rate category. The Council pruned this list to 50. In other words, the Council cut rates on 177 goods.

There was unanimity that in 28 percent category there should be only sin and demerit goods. Thus, the Council took a historic decision that in the 28 percent slab there will be only 50 items. Paints, cement, washing machines and air conditioners were retained in the 28 percent tax bracket.

5 percent GST without ITC was fixed for all stand-alone restaurants, irrespective of air-conditioned or otherwise. 5 percent GST without ITC was also fixed for food parcels (or takeaways). Restaurants in hotel premises having room tariff of less than 7,500 per unit per day would attract GST of 5 percent without ITC. Restaurants in hotel premises having room tariff of 7,500 and above per unit per day (even for a single room) would attract GST of 18 percent with full ITC. Outdoor catering would continue to be at 18 percent with full ITC.

The rate of GST on job work services in relation to manufacture of those handicraft goods in respect of which the casual taxable person has been exempted from obtaining registration, was reduced to 5 percent with full ITC.

Services by way of admission to *protected monuments* were made GST-exempt.

Exports of services to Nepal and Bhutan had already been exempted from GST. It was decided that such exporters would also be eligible for claiming input tax credit (ITC) in respect of goods or services used for effecting such exempt supply of services to Nepal and Bhutan.

6.6 Twenty-fourth Meeting, December 16, 2017, Through Video Conferencing

This Meeting of the Council decided to make inter-State e-way bill compulsory from February 1, 2018. The system was to be ready by January 16, 2018. It was decided to introduce uniform system of e-way bill for inter-State as well as intra-State movement of goods across the country by June 1, 2018.

Till such time as the nation-wide e-way bill was ready, the States were authorized to continue with their own separate e-way bill systems. However, it was represented by the trade and transporters that this was causing undue hardship in the inter-State movement of goods.

Therefore, bringing in an all-India system of e-way bill became a necessity. The

GST Council reviewed the progress of readiness of hardware and software required for the introduction of nationwide e-way bill system. After discussions with all the States, the following decisions were taken:

- The nationwide e-way bill system would be ready for roll out on a trial basis latest by January 16, 2018. Trade and transporters can start using this system on a voluntary basis from January 16, 2018.
- The rules for implementation of nationwide e-way bill system for inter-State movement of goods on a compulsory basis would be notified with effect from February 1, 2018. This will bring uniformity across the States for seamless inter-State movement of goods.
- While the system for both inter-State and intra-State e-way bill generation would be ready by January 16, 2018, the States may choose their own timings for implementation of e-way bill for intra-State movement of goods on any date before June 1, 2018.
- Uniform system of e-way bill for inter-State as well as intra-State movement would be implemented across the country from June 1, 2018.

6.7 Twenty-fifth Meeting, January 18, 2018, New Delhi

At this meeting the GST Council declared yet another downward revision of GST rates on a number of goods and services. The Council decided to reduce tax rate on 29 items and 53 categories of services with effect from January 25, 2018.

GST rate on used (second-hand) medium and large cars and SUVs was reduced from 28 percent to 18 percent. The GST on used small cars and motor vehicles was reduced from 28 percent to 12 percent.

GST on bio-diesel, drinking water packed in 20-litre bottles, drip irrigation system, mechanical sprayer, bio-pesticides, sugar boiled confectionery etc. was brought down from 18 percent to 12 percent.

Tax on sales of liquefied petroleum gas (LPG) by private firms for domestic use and scientific equipment for satellite launch was reduced from 18 percent to 5 percent.

Tax on rice bran was reduced from 5 percent to 0 percent.

Tax rate on velvet fabric was reduced from 12 percent to 5 percent.

Tax on items like *mehendi* paste in cones, and tamarind kernel powder was slashed from 18 percent to 5 percent.

Tax rate on mining, drilling of natural gas was reduced to 12 percent.

Tax on diamonds and precious stones was reduced from 3 percent to 0.25 percent.

Cess on vehicles for ambulance was from 15 percent to 0 percent.

In the services segment, the Council decided to reduce taxes on transportation of crude, gas oil, gasoline, jet fuel and services relating to mining, exploration and drilling of oil and natural gas, among other things.

A large number of essential services were exempted from GST tax entirely. These included services like education admission, the conduct of examinations, entrance fees for entrance examinations and transportation of students up to higher secondary schools.

Tax on theme and water park tickets, go-carting and merry-go-rounds and ballet tickets was reduced from 28 percent to 18 percent.

The decision on inclusion of real estate in GST was deferred.

The Council approved a definition for handicrafts and designated 40 items as the handicrafts. The fitment committee was authorized to fix rates of these 40 handicraft items.

6.8 Twenty-sixth Meeting, March 10, 2018, New Delhi

It was decided to implement inter-state e-way bill from April 1, 2018. It was further decided to implement intra-state e-way bill from April 15, 2018 in a phased manner by categorizing the states into 4 lots.

Reverse charge mechanism (in case of supplies made by unregistered persons to registered persons) was delayed till July 1, 2018.

Tax deduction at source (TDS) and tax collection at source (TCS) applicability was postponed until June 30, 2018.

A committee was formed to look into the grievance redressal mechanism with respect to user's grievances surrounding the IT glitches on the GSTN.

6.9 Twenty-seventh Meeting, May 4, 2018, Through Video Conferencing

This meeting of the Council paved the way for single form GST return based on the recommendations of the Group of Ministers (GoM) on IT simplification. The GST return filing was made to happen only once every month compared to the three returns a month followed earlier. The Government claimed that the new system would become effective within a period of six months.

Besides this, the GST council also gave a green signal to making the GST Network a government entity as it was set to take over the 51 percent stake that was currently held by the private entities.

6.10 Twenty-eighth Meeting, July 21, 2018, New Delhi

The Council took decisions on issues relating to policy, law and procedures,

including key recommendations on reduction in GST rates on a variety of goods and rationalisation of return filing system for small taxpayers. The Council recommended certain amendments to the CGST Act, 2017, IGST Act, 2017, UT-GST Act, 2017, and GST (Compensation to States) Act, 2017.

6.10.1 Tax relief

The Council reduced GST rates on a variety of goods to provide relief to a cross-section of taxpayers. GST Council took various decisions relating to exemptions, changes in GST rates, ITC eligibility criteria, rationalization of rates, relating to levy of GST on services.

6.10.2 Threshold exemption

The threshold exemption limit for registration in the States of Assam, Arunachal Pradesh, Himachal Pradesh, Meghalaya, Sikkim and Uttarakhand was increased to 20 lakh from 10 lakh.

6.10.3 Composition scheme

Upper limit of turnover for opting for composition scheme was decided to be raised from 1 crore to 1.5 crore.

Composition dealers were allowed to supply services (other than restaurant services), for up to a value not exceeding 10 percent of turnover in the preceding financial year, or 5 lakh, whichever is higher.

6.10.4 Reverse charge mechanism (RCM)

The Council decided to apply GST on reverse charge basis on receipt of supplies from unregistered suppliers only on specified goods in case of certain notified classes of registered persons. RCM as such was suspended until September 2019.

6.10.5 Registration

Following decisions were taken:

- Taxpayers may opt for multiple registrations within a State/Union territory in respect of multiple places of business located within the same State/Union territory.
- Mandatory registration is required for only those e-commerce operators who are required to collect tax at source.
- Registration to remain temporarily suspended while cancellation of registration is under process, so that the taxpayer is relieved of continued compliance under the law.

6.10.6 No supply (No tax payable) transactions

Following transactions would be treated as No Supply (No Tax Payable) under Schedule III of the CGST Act, 2017.

- Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India.
- Supply of warehoused goods to any person before clearance for home consumption.
- Supply of goods in case of high sea sales.

6.10.7 Scope of input tax credit (ITC) widened

ITC was made available in respect of the following:

- Most of the activities or transactions specified in Schedule III of the CGST Act, 2017.
- Motor vehicles for transportation of persons having seating capacity of more than thirteen (including driver), vessels and aircraft.
- Motor vehicles for transportation of money for or by a banking company or financial institution.
- Services of general insurance, repair and maintenance in respect of motor vehicles, vessels and aircraft on which credit is available.
- Goods or services which are obligatory for an employer to provide to its employees, under any law for the time being in force.

6.10.8 Simplified returns

This meeting of the Council approved the new return formats and associated changes in law. It may be recalled that in the Twenty-seventh meeting held on May 4, 2018, the Council had approved the basic principles of GST return design and directed the law committee to finalize the return formats and changes in law. The formats and business processes approved in this (Twenty-eighth) meeting were in line with the basic principles with one major change, i.e. the option of filing quarterly return with monthly payment of tax in a simplified return format by the small taxpayers.

- All taxpayers excluding small taxpayers shall file one monthly return. The return is simple with two main tables. One for reporting outward supplies and one for availing input tax credit based on invoices uploaded by the supplier.
- NIL return filers (no purchase and no sale) shall be given facility to file return by sending SMS.

- The Council approved quarterly filing of return for the small taxpayers having turnover below 5 crore as an optional facility. Quarterly return shall be similar to main return with monthly payment facility but for two kinds of registered persons—small traders making only B2C supply or making B2B + B2C supply. For such taxpayers, simplified returns have been designed (called *Sahaj* and *Sugam*). In these returns, details of information required to be filled is lesser than that in the regular return.
- The new return design provides facility for amendment of invoice and also other details filed in the return. Amendment shall be carried out by filing of a return called amendment return.

6.10.9 Other decisions

- Amount of pre-deposit payable for filing of appeal before the Appellate Authority and the Appellate Tribunal to be capped at 25 crore and 50 crore respectively.
- Commissioner to be empowered to extend the time limit for return of inputs and capital sent on job work, up to a period of 1 year and 2 years, respectively.
- Supply of services to qualify as exports, even if payment is received in Indian Rupees, where permitted by the RBI.
- Place of supply in case of job work of any treatment or process done on goods temporarily imported into India and then exported without putting them to any other use in India, to be outside India.
- A window for migration of tax payers on earlier indirect tax systems to GST was also opened till August 31, 2018, along with a simpler exit option for those who are no longer in business.

6.11 Twenty-ninth Meeting, August 4, 2018, New Delhi

The Council decided to set up a sub-committee, headed by Minister of State for Finance, to look into various issues and concerns of micro, small and medium enterprises (MSMEs). The issues related to law would be taken up by the law committee and issues related to rates would be taken up by the fitment committee. They would deliberate and submit their recommendations to the sub-committee.

The sub-committee would present its report to the Council for taking final decisions.

The GST Council also decided to experiment with a scheme to provide cash back for digital transactions. To promote compliance and collections, RuPay Debit and UPI-based transactions would get cash back of 20 percent for the GST paid, capped at 100. The Council decided to create software for this purpose.

GST rate cuts were put on hold for the time being in view of lower GST revenues.

6.12 Thirtieth Meeting, September 28, 2018, Through Video Conferencing

As per Article 279A [(clause 4, sub-clause (f)] of the Constitution, the GST Council is empowered to impose, “any special rate or rates for a specified period, to raise additional resources during any natural calamity or disaster.”

The proposal of the State of Kerala for imposition of cess on SGST for rehabilitation and flood-affected works was discussed in this meeting of the Council. The Council decided to constitute a 7-member Group of Ministers (GoM) to examine the issue regarding modalities for revenue mobilization in case of natural calamities and disasters.^[3]

The GoM was asked to submit its report by October 31, 2018.

Finance Secretary was asked to visit states in which there is shortfall of GST revenue and find out the reasons for that.

As regards cess for natural calamities, there is lot of confusion and controversy. Following points need clarification.

- Whether the proposed cess would be state-specific or country-wide?
- On what commodities it would be levied?
- On which natural calamities it would be imposed?

If the natural calamity cess is levied only on SGST within Kerala, then for those businesses that purchase in Kerala for sales outside the state, the levy will get exported and it is still unclear how it will be refunded.

Also, there are concerns about consumers shifting from Kerala to neighbouring states of Tamil Nadu or Karnataka to buy goods, especially high-taxed goods like motor cars. Even 1 percent extra levy will incentivise consumers to opt for purchases outside Kerala.

It will be the same situation as was prevailing during pre-GST. Due to inter-state variations in the rates of VAT, prices of goods differed in different states, tempting residents of one state to make purchases in the other state. It led to uneconomic diversion of trade. A case in point was the purchase of motor cars. Haryana was a favourite destination for the residents of Delhi to buy cars because the rate of VAT on the product was lower as compared to Delhi. This is why some Delhi residents own cars with Haryana number plates. Purchase of truck chassis in Daman (a Union Territory levying a low rate of 3 percent VAT) by residents of a far-flung Jammu and Kashmir was another popular example in tax annals.

Similarly, rate differentials caused flight of capital and enterprise from high to low tax rate States thereby distorting natural selection of production centres based on geographical advantages. This led to unnecessary transportation of raw materials and finished goods and hence cost escalations. Such misallocation of resources undermined economic efficiency and thereby retarded developmental efforts.

After the introduction of GST from July 1, 2017, there is no incentive for residents of one state to make purchases in other states because GST rates on goods and services are uniform through out the country.

According to experts, a cess on SGST, as proposed by Kerala, will require tweaking of the whole returns software of the GSTN. GST is already a complicated tax. To make it more complex will be against the slogan of *Single tax, Simple tax* of the Government.

6.13 Thirty-first Meeting, December 22, 2018, New Delhi

In this meeting, various important decisions pertaining to GST rates and GST return filing and were taken.

6.13.1 Rate reduction

In an exercise of GST rate cuts, 6 commodities were shifted from 28 percent to 18 percent rate category; 1 item from 28 percent to 5 percent; 3 items from 18 percent to 12 percent; 1 item from 18 percent to 5 percent; 3 items from 12 percent to 5 percent; 1 item from 12 percent to nil; and 2 items from 5 percent to nil rate category.

It was clarified that rate of 5 percent/18 percent is to be applied based on transaction value of footwear.

GST rate on cinema tickets above 100 was reduced from 28 percent to 18 percent and on cinema tickets up to 100 from 18 percent to 12 percent. GST rate on third-party insurance premium of goods-carrying vehicles was reduced from 18 percent to 12 percent.

6.13.2 Exemptions

Following exemptions were granted:

- Exemption from GST on supply of gold by nominated agencies to exporters of article of gold Jewellery.
- Exemption from GST on proceeds received by Government from auction of gifts received by President, Prime Minister, Governor or Chief Minister of a State and public servants, the proceeds of which are used for public or charitable cause.

- Exemption from IGST/Compensation cess on vehicles imported for temporary purposes under the Customs Convention on the Temporary Importation of Private Road Vehicles.

The new return filing system shall be introduced on a trial basis from April 1, 2019 and on mandatory basis from July 1, 2019.

Changes made by CGST (Amendment) Act, 2018; IGST (Amendment) Act, 2018; UT-GST (Amendment) Act, 2018; and GST (Compensation to States) Amendment Act, 2018 and the corresponding changes in SGST Acts would be notified w.e.f. February 1, 2019.

6.14 Thirty-second Meeting, January 10, 2019, New Delhi

Important decisions were taken in this meeting with respect to threshold limits and composition scheme. Steps were also taken to provide compliance relief to small businesses.

6.14.1 Threshold limits for suppliers of goods

The Council decided to provide two threshold limits for exemption from registration and payment of GST: 20 lakh and 40 lakh. Depending on their revenue consideration, States would have an option to decide, within a week, about one of the limits. This decision will now lead to various States having different threshold limits.

6.14.2 Threshold limits for service providers

Service providers will continue to be required to register for GST once they cross a turnover of 20 lakh (10 lakh for Special Category States). Due to smaller businesses, the threshold is lower in Special Category States.

6.14.3 Composition scheme

Three changes were recommended by the Council to give thrust to the composition scheme.

6.14.3.1 Increase in turnover limit

The limit of annual turnover in the preceding financial year for availing composition scheme for goods was increased to 1.5 crore. Special Category States were asked to decide, within one week, about the limit in their respective States.

6.14.3.2 Yearly return

Persons enrolled under the composition scheme were earlier required to file return every quarter. They were allowed to file one annual return, but making quarterly payment of taxes due.

6.14.3.3 Service providers also eligible

Suppliers of services (or mixed suppliers) having an annual turnover in the preceding financial year up to 50 lakh were made eligible to enrol for the composition scheme. Such service providers would have to pay GST at the rate of 6 percent (3 percent CGST + 3 percent SGST) of turnover. The said scheme shall be applicable to both service providers as well as suppliers of goods and services, who are not eligible for the presently available composition scheme for goods. They would be liable to file one annual return with quarterly payment of taxes (along with a simple declaration).

Above changes would be effective from April 1, 2019.

6.14.4 GST cess

The Council approved the levy of cess on intra-State supply of goods and services in Kerala at a rate not of not more than 1 percent for a period not exceeding 2 years. This would be used as revenue mobilization measure for coping with devastation caused by floods in August 2018. GSTN and companies would need to modify their IT systems for incorporating this change. Moreover, this arrangement dilutes the slogan of One-Nation One-Tax.

6.14.5 Real estate sector and lotteries

The Council decided to set up a 7-Member Group of Ministers to examine the proposal of giving a composition scheme to boost the residential segment of the real estate sector. A Group of Ministers shall be constituted to examine the GST Rate Structure on Lotteries.

6.15 Thirty-third Meeting, February 24, 2019, New Delhi

The Council was initially supposed to meet on February 20, 2019 via video conferencing but was later deferred to February 24, 2019 to meet in New Delhi, post refusal by some State Finance Ministers. The agenda of the meeting covered under-construction housing sector and private lottery distribution.

The Council decided a rate cut for the under-construction properties covering the residential segment as follows:

- GST rate for non-affordable housing was reduced from 12 percent to 5 percent without ITC.
- GST rate for affordable housing was slashed from 8 percent to 1 percent without the benefit of input tax credit (ITC).

No rate cuts were discussed for cement which is currently being charged a GST rate of 28 percent. Similarly, no decision was taken on lottery rate.

6.16 Thirty-fourth Meeting, March 19, 2019, via Video Conferencing

The meeting was convened to oversee and pass the circulars/notifications drafted by the rate fitment and legal committees on the rate cuts on housing announced in the Thirty-third Meeting held on February 24, 2019.

The meeting centred around the applicability of tax rates for under construction housing projects and the rules governing the transition from old rates to new rates for existing projects.

GST Council approved the transition plan for the implementation of the new tax structure for housing units.

6.17 Thirty-fifth Meeting, June 21, 2019, New Delhi

The Council extended the tenure of NAA by another 2 years to November 2021. It decided to introduce electronic invoicing (e-invoicing) in a phased manner for business-to business (B2B) transactions. It also made it mandatory for multiplexes to shift to an electronic ticketing (e-ticketing) system. These moves were aimed at curbing possible tax evasion.

The Council allowed the use of Aadhaar as proof for obtaining registration under GST.

The Council could not arrive at a decision on reducing GST on EVs. It, therefore, referred the proposal to cut GST rate on EVs from 12 percent to 5 percent and on electric chargers from 18 percent to 12 percent to the fitment committee.

6.18 Thirty-sixth Meeting, July 27, 2019, via Video Conferencing

In an effort to create a mass market for non-polluting transport vehicles, GST Council reduced the tax rate on electric vehicles (EVs) from 12 percent to 5 percent. It also decided to reduce tax on EV chargers and charging stations from 18 percent to 5 percent. The Council also exempted local authorities from paying GST on hiring of electric buses with a carrying capacity of more than 12 passengers. The rate cuts became effective from August 1, 2019.

The decisions of the Council were in line with the Government policy to encourage people to switch from vehicles fuelled by petrol and diesel to EVs as part of its efforts to reduce green house gas emissions and also to reduce dependence on imported crude oil.

6.19 Thirty-seventh Meeting, September 19-20, 2019, Goa

This meeting of the Council slashed tax rates on a host of products and services including hotel stay and outdoor catering.

Tax rates, as well as slabs, applying to hotel accommodation were changed in the following manner:

- Hotels with daily tariff of up to Rs. 1,000 will continue to be exempted from GST.
- Hotels charging Rs. 1,001-7,500 will be taxed at 12 percent.
- Tariffs above Rs. 7,500 will be taxed at 18 percent.

The above rates and slabs replaced the existing ones which were as under:

- Tariffs of up to Rs. 1,000 were exempted.
- Tariffs of Rs. 1,001-2,500 were taxed at 12 percent.
- Tariffs of Rs. 2,501-7,500 were taxed at 18 percent.
- Tariffs above Rs. 7,500 were taxed at 28 percent.

The Council also decided to slash the rate on outdoor catering services from 18 percent (with the benefit of input tax credit) to 5 percent (without the benefit of input tax credit).

GST on caffeinated drinks was increased from 18 percent to 28 percent, at par with aerated beverages, with 12 percent compensation cess.

All rate changes became applicable from October 1, 2019. Small businesses were exempted from filing annual returns for 2018-19 and 2019-20.

6.20 Thirty-eighth Meeting, December 18, 2019, New Delhi

In a marked departure from its tradition of taking consensus-based decisions to settle all issues, GST Council resorted to voting, for the first time in its history, to decide on an issue. Following a 21 to 7 votes, the Council decided to levy a uniform 28 percent tax on both state-run and state-authorized lotteries. Hitherto, state-run lotteries attracted 12 percent GST while the tax on state-authorized lotteries was 28 percent. The uniform 28 percent tax was made applicable from March 1, 2020. The lottery industry had been demanding a uniform GST rate of 12 percent and tax exemption on the prize money.

GST rate on woven and non-woven bags and sacks of polyethylene or polypropylene was fixed at 18 percent. Also, an exemption was given on long-term

lease for industrial plots to facilitate setting up of industrial parks. The changes were made effective from January 1, 2020.

The Council decided to deliberate further on the issue of revenue augmentation in view of the concerns expressed by the states about falling revenue collections amidst current economic slowdown in the economy. It is noteworthy in this context that the Centre is bound to compensate the states which are unable to register 14 percent increase in GST collections every year. As part of the *grand agreement* ahead of the GST launch, the Centre had promised to compensate states for any loss of revenue resulting from switchover to GST. However, the law clearly stipulates that the compensation payment can only be made from the money collected through the levy of compensation cess on luxury and sin goods such as tobacco, soft drinks and motor cars. In view of the slowdown, the revenue from compensation cess is insufficient to compensate the states. This new issue in the operation of GST is a matter to be resolved by the GST Council.

6.21 Thirty-ninth Meeting, March 14, 2020, New Delhi

The existing rate of 12 percent on mobile phones and specified parts was increased to 18 percent effective April 1, 2020. Similarly, the existing rate of 5 percent on handmade matches and 18 percent on other matches was rationalized to a single rate of 12 percent for all type of matches (handmade and other matches) effective April 1, 2020.

The Council approved certain amendments in the GST law and procedures. A presentation was made by Mr. Nandan Nilekani on behalf of Infosys (IT implementation partner) on issues being faced by taxpayers in the GST system.

6.22 Fortieth Meeting, June 12, 2020, via Video Conferencing

The meeting was the first one after Covid-19 broke out in India.

For small taxpayers whose aggregate turnover was up to Rs. 5 crore, the rate of interest for late furnishing of GST returns for February, March and April 2020 was reduced from 18 percent to 9 percent per annum, for filing of returns done before September 30, 2020.

The Council discussed rate reduction of certain items including brick kilns. There was a sharp fall in GST collections in the wake of Covid-19 and lockdowns. Therefore, the Council discussed borrowing options for funding compensation to states.

6.23 Forty-first Meeting, August 27, 2020, via Video Conferencing

Differences emerged between the Centre and the States over compensation issue.

As per calculations of the centre, compensation requirement for the year 2020-21 was expected to amount to 3 lakh crore of which the cess would cover only 65,000 crore, leaving a gap of 2.35 lakh crore.

It was pointed out that the shortfall of 2.35 lakh crore had two components: 97,000 crore accruing from GST implementation and the rest 1.38 lakh crore on account of the coronavirus pandemic, *an act of God*. This decomposition of the shortfall presumably meant that the centre ignored the amount (1.38 lakh crore) attributable to pandemic.

Meanwhile, the states were offered the following two options (or two kinds of borrowing) to plug the shortfall in their GST revenue, estimated at 2.35 lakh crore.

Option 1: States could borrow 97,000 crore at a reasonable rate of interest from a special window that would be opened by the centre in consultation with the Reserve Bank of India (RBI), and repay the amount from the cess charged on luxury and sin goods after the GST regime completes 5 years of its implementation on June 30, 2022. States will not have to pay either the principal or interest if they opt to borrow only 97,000 crore to meet the shortfall in GST compensation arising from GST implementation issues.

Option 2: States could borrow the entire 2.35 lakh crore shortfall under the special window. States would have to bear significant interest costs from their own resources if they chose to borrow the entire shortfall of 2.35 lakh crore, which included revenue losses arising from the pandemic.

States, particularly under non-BJP governments, were unhappy with these proposals of the centre. They were in no mood to borrow money as it would increase their debt servicing liabilities. Instead, they insisted that the centre should borrow money and compensate them for the shortfalls. These states considered it a breach of trust and violation of the provisions of the Compensation Act. They reminded the centre that they had agreed to give up their constitutional right (and hence financial autonomy) to levy 9 taxes/duties to make way for GST upon the assurance that it would not cause any loss of revenue to them. Hence, responsibility for paying GST compensation lied entirely with the centre.

The matter was deferred for consideration in the next meeting of the Council.

The 42nd meeting of the GST Council held on October 5, 2020 failed to resolve the issue and the matter is hanging fire.

6.24 Forty-second Meeting, October 5, 2020, via Video Conferencing

The Council took the following decisions:

- Compensation cess collected during the year (2020-21) so far, amounting to Rs. 20,000 crore be disbursed to all the states immediately.
- From January 1, 2021, taxpayers with annual turnover of less than Rs. 5 crore would not be required to file monthly returns (GSTR-3B and GSTR-1). They would only file quarterly returns.
- To encourage domestic launching of satellites, particularly by young start-ups, the satellite launch services supplied by Indian Space Research Organization (ISRO), Antrix Corporation Ltd., and New Space India Ltd. (NSIL), would be exempted.
- The Council extended the levy of compensation cess beyond June 2022 until as long as it takes to close the revenue gap.
The deadlock on payment of compensation could not be resolved.

6.25 Forty-third Meeting, October 12, 2020, via Video Conferencing

This meeting was a continuation of the 42nd meeting to discuss the issue of borrowing, extension of cess and so on. GST Council failed to arrive at a consensus on borrowing to meet the revenue shortfall of Rs. 2.35 lakh crore.

6.26 Forty-fourth Meeting, June 12, 2021, via Video Conferencing

On May 28, 2021, Finance Minister Nirmala Sitaraman had announced that a Group of Ministers (GoM) would be formed to discuss the need for further reduction of rates and decide on any new exemptions for Covid essentials and treatment of black fungus. Forty-fourth meeting took a decision to reduce the GST rates on the drugs used to treat Covid-19 and other related medical supplies. These rate reductions or exemptions were to remain in force only up to September 30, 2021.

6.27 Forty-fifth Meeting, September 17, 2021, Lucknow (Uttar Pradesh)

The meeting was held physically for the first time after one and a half years of virtual meetings. The meeting decided as under:

- Certain expensive life-saving drugs were exempted from GST.
- Concessions on drugs used for Covid-19 treatment were extended till December 31, 2021.
- Rate on cancer-related drugs was reduced from 12 percent to 5 percent.
- GST rate on retro fitment kits used by disabled persons was reduced to 5 percent.
- GST rate on bio-diesel supplied to oil marketing companies was reduced from 12 percent to 5 percent.

- Transport of goods exported by vessels and air were exempted from GST till September 30, 2022.
- National Permit Fee for granting permits to goods carriages to operate throughout India was exempted from GST.

6.28 Forty-sixth Meeting, December 31, 2021, New Delhi

It was a very brief meeting with the GST hike on textiles as the only item on the agenda. It was called to reconsider the decision of forty-fifth meeting of GST Council to correct inversion in the tax structure of the textile sector. Hence, the Council decided to keep the GST hike on textiles from 5 percent to 12 percent on hold.

6.29 Forty-seventh Meeting, June 28-29, 2022, Chandigarh

Decisions were taken on GST rate rationalization, facilitation of trade, and ease of GST compliance for businesses. The Council also revised GST rates for some key consumables and removed GST exemptions on some items. GST at the rate of 5 percent was imposed on pre-packaged and labelled food products sold in containers up to 25 kilogrammes.

7.0 Summary of Decisions Taken by GST Council in Various Meetings

The major decisions taken in its various meetings are summarized in Table 2.

Table 2: Major Decisions Taken by GST Council in its Various Meetings

Prior to the Introduction of GST on July 1, 2017
First Meeting, September 22-23, 2016, New Delhi
<ul style="list-style-type: none"> • Businesses with an annual turnover of less than 20 lakh to be exempted from GST. • Threshold of annual turnover to be 10 lakh in the North-Eastern and hill States. • Financial year 2015-16 to be the base year for compensating the States in case of any revenue loss to States following the implementation of GST. • Under composition scheme traders with gross annual turnover cut-off of 50 lakh can pay tax at specified rates.
Second Meeting, September 30, 2016, New Delhi
<ul style="list-style-type: none"> • Five sets of draft rules governing payments, refunds, returns, invoices, debt and credit notes were approved. • Decisions were taken with regard to the exemptions from various tax laws and taxes in place currently with which the Centre and States incentivise a variety of industries to invest.
Third Meeting, October 18-20, 2016, New Delhi

<ul style="list-style-type: none"> • GST Council failed to reach a decision on the GST tax rates. The Council discussed possible GST rates, including a four-slab structure of 6, 12, 18 and 26 percent with lower rates for essential items and highest band for luxury goods. • Centre proposed the imposition of a cess over and above the GST on ultra luxury and demerit goods such as big cars, aerated beverages and tobacco products. • Centre proposed the cess as a means to fund compensation to States for tax revenue loss during the first five years of GST. • Most States objected to the proposal to levy an additional cess on demerit goods.
<p>Fourth Meeting, November 3-4, 2016, New Delhi</p>
<ul style="list-style-type: none"> • GST Council agreed on a four-slab GST rates of 5, 12, 18 and 28 percent on goods. • The broad objective was to maintain equivalence to the existing tax burden on various goods.
<p>Fifth Meeting, December 2-3, 2016, New Delhi</p>
<ul style="list-style-type: none"> • Consensus could not be reached on the issue of sharing of administrative powers between the Centre and the States. • Certain headway was made on finalization of the draft legislations. • Due to the delay in building of consensus, GST implementation from April 1, 2016 became uncertain. • GST Council also deliberated on the impact of demonetisation on revenue.
<p>Sixth Meeting, December 11-12, 2016, New Delhi</p>
<ul style="list-style-type: none"> • This two-day meeting was convened to sort out the vexed issue of cross empowerment, or dual control of assesseees. • The meeting was also expected to finalise three legislations—Central GST, Integrated GST and the Compensation Law—with the intent of placing these in Parliament during its ongoing Winter Session that ended on December 16, 2016. • However, the deadlock continued on the issue of dual control between the Centre and the States in the December 11 meeting. • December 12 meeting was cancelled.
<p>Seventh Meeting, December 22-23, 2016, New Delhi</p>
<ul style="list-style-type: none"> • It was decided to redraft the Compensation Bill to include other receipts apart from previously agreed cess on luxury and demerit goods as the source to fund compensation. • States voiced their concerns about a likely decline in their revenues following the scrapping of high-denomination currency notes. • Centre and the States failed to make a breakthrough over the vexed issue of division of control over tax assesseees.
<p>Eighth Meeting, January 3-4, 2017, New Delhi</p>
<ul style="list-style-type: none"> • The issue of dual control remained unresolved. • Some States raised a new issue of split in tax rate in the ratio of 60:40 between States and the Centre instead of equally dividing GST between the Centre and the States.

<ul style="list-style-type: none"> • Issues relating to administrative powers were left to be deliberated in the next meeting.
Ninth Meeting, January 16, 2017, New Delhi
<ul style="list-style-type: none"> • The possibility of implementing GST by the targeted deadline of April 1, 2017 receded with the Council failing to agree on the contentious issue of administrative control of GST. • The States wanted exclusive control on businesses with turnover below 1.5 crore (the existing threshold for central excise), including the service taxpayers. • Consensus was almost reached on the territorial control issue of levying GST on the high seas.
Tenth Meeting, February 18, 2017, Udaipur
<ul style="list-style-type: none"> • The Council managed to approve only one draft law pertaining to compensation to States, even as three crucial draft laws—Central GST (CGST), Integrated GST (IGST) and State GST (SGST)—got caught in a tussle between the States and the Centre. • There were clashes between the Centre and the States over the drafting of minutes of the previous GST Council meeting. • The dispute over the minutes related to the wordings over the division of new registrants, permission to States to tweak division of taxpayers and referral of disputes relating to imports and exports to the Centre.
Eleventh Meeting, March 4, 2017, New Delhi
<ul style="list-style-type: none"> • This meeting cleared the Central GST and Integrated GST Bills. • The State GST and the UT-GST Bills were under the review of the Law Commission and were postponed to be taken up in the next meeting of the Council. • Small restaurants and dhabas became eligible for composition scheme and they would pay GST of 5 percent, to be shared equally between the Central and the State Governments.
Twelfth Meeting, March 16, 2017, New Delhi
<ul style="list-style-type: none"> • The Council approved the Draft Bills for implementing GST in States and Union Territories (UTs). • The Council decided to levy cess on five categories of products (pan masala, chewing tobacco and cigarettes, luxury cars, aerated drinks and mineral water, coal and lignite) to create a fund with a corpus of around 50,000 crore for meeting potential compensation liability. • The Council, however, kept the option of adding more items to the list later. • It cleared a proposal to cap the cess on luxury cars and aerated drinks at 15 percent over the peak rate of 28 percent. • The Council also cleared a proposal for the nil rate to be applied for goods and services going to special economic zones (SEZs).
Thirteenth Meeting, March 31, 2017, New Delhi

<ul style="list-style-type: none"> • This meeting finalized five sets of rules relating to registration, refunds, returns, payment and invoice debit and credit. • It also gave its tentative nod to four more sets of rules dealing with composition scheme, valuation, input tax credit (ITC), and transitional provisions. • The Council was left with the vexatious and time-consuming work of fitting the various goods and services into the four tax slabs.
<p>Fourteenth Meeting, May 18-19, 2017, Srinagar (J&K)</p>
<ul style="list-style-type: none"> • The Council agreed on a four-tier tax structure for services, mirroring the GST rates on goods. • The fitment of rates of goods was discussed during the meeting and the Council approved the rate structure on majority of the goods and services. • The Council also approved seven sets of rules (out of nine), barring two sets of rules (related to transitional provisions and returns) which were still to be vetted.
<p>Fifteenth Meeting, June 3, 2017, New Delhi</p>
<ul style="list-style-type: none"> • The main objective of this meeting was to decide tax rates on certain remaining items which included gold, textiles and footwear. • The Council decided to tax gold, gems, and jewellery at 3 percent. A nominal rate of 0.25 percent was decided on rough diamond. • The Council cleared all the pending rules related to transitional provisions and returns. • It decided to set up a committee to look into complaints regarding anti-profiteering clause. • All the States agreed to rollout GST from July 1, 2017.
<p>Sixteenth Meeting, June 11, 2017, New Delhi</p>
<ul style="list-style-type: none"> • The Council lowered tax rates on 66 goods and services which included packaged food, insulin, school bags and movie tickets. • The levy on job work for textiles, gems and jewellery, printing and leather was lowered from 18 percent to 5 percent. • The Council also widened the scope of a concessional tax payment scheme for small businesses and restaurants. It relaxed the turnover ceiling of 50 lakh to 75 lakh per annum for businesses to take part in the GST composition scheme. • Centre and all the States (except West Bengal) decided to rollout GST from July 1, 2017. • Tax rate for lottery, rules for electronic way (e-way), bills to replace the challans and anti-profiteering rules were left to be decided in the subsequent meetings of the Council.
<p>Seventeenth Meeting, June 18, 2017, New Delhi</p>
<ul style="list-style-type: none"> • Transport of goods by a vessel was made subject to GST rate of 5 percent with ITC in respect of input services and GST paid on ships, vessels including bulk carriers and tankers. • Accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes where room tariff is 2,500 and above but less than 7,500 per room per day to attract GST rate of 18 percent with full ITC.

<ul style="list-style-type: none"> • Accommodation in hotels including 5 star and above rated hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes, where room rent is 7,500 and above per day per room to attract GST rate of 28 percent with full ITC. • Supply of food/drinks in air-conditioned restaurant in 5-star or above rated hotels shall attract GST rate of 18 percent with full ITC. • It was decided that supply of lottery shall attract GST rates as under: <ul style="list-style-type: none"> ○ Lottery run by State Governments: 12 percent of face value of lottery ticket. ○ Lottery authorized by State Governments: 28 percent of face value of lottery ticket.
Eighteenth Meeting, June 30, 2017, New Delhi
<ul style="list-style-type: none"> • This meeting of the Council was held hours before the final GST rollout on July 1, 2017. • The Council reduced the tax on fertilizers from 12 percent to 5 percent. • Another decision, which also brought relief to farmers, was to reduce the tax rate on exclusive parts of tractors from 28 percent to 18 percent. • While issues relating to farmers were discussed, the meeting was originally called just to thank the Council members for helping in the implementation of GST.
After the Introduction of GST on July 1, 2017
Nineteenth Meeting, July 17, 2017, Through Video Conferencing
<ul style="list-style-type: none"> • This was the first meeting of the Council since the launch of the GST on July 1, 2017. • Unlike the earlier meetings, when the Centre and the States used to sit across the table and decide on a plethora of issues, this time the interaction was through video conferencing. • Showing its ability to take quick decisions, the Council increased the fixed cess on cigarettes by 48 paise to 79 paise per stick (or 485 to 792 per thousand sticks). • It is noteworthy that this fixed cess is over and above the GST rate of 28 percent plus 5 percent ad valorem cess on the commodity in question.
Twentieth Meeting, August 5, 2017, New Delhi
<ul style="list-style-type: none"> • The Council gave in-principle approval to the e-way bill rules, which envisaged a technology-driven tracking of movement of goods worth more than 50,000 and for sale beyond 10 kilometres distance. • Approval was also given to constitution of Standing Committee and State-level Screening Committees as provided in the provisions relating to anti-profiteering. • It was decided to cut the tax rate for job work throughout the textile chain and even for textile-related items (such as apparels, shawls, carpets) to 5 percent. • The rate for certain tractor parts was reduced to 18 percent from 28 percent. • Tax rate on agricultural services of post-harvest and storage nature was reduced to 12 percent from the earlier rate of 18 percent. • The GST rate for government work contracts, for both Central and State Governments, was also cut to 12 percent with input tax credit from the earlier decided rate of 18 percent.
Twenty-first Meeting, September 9, 2017, Hyderabad
<ul style="list-style-type: none"> • A registered person (whether migrated or new registrant), who could not opt for composition

scheme, was given the option to avail composition scheme till September 30, 2017 and such registered person was permitted to avail the benefit of composition scheme with effect from October 1, 2017.

- Previously, any person making inter-State taxable supplies was not eligible for threshold exemption of 20 lakh (10 lakh in special category states except J&K) and was liable for registration. It was decided to allow an exemption from registration to persons making inter-State taxable supplies of handicraft goods up to aggregate turnover of 20 lakh as long as the person has a permanent account number (PAN) and the goods move under the cover of an e-way bill, irrespective of the value of the consignment.
- Similarly, a job worker making inter-State taxable supply of job work service was not eligible for threshold exemption of 20 lakh (10 lakh in special category states except J&K) and was liable for registration. It was decided to exempt those job workers from obtaining registration who are making inter-State taxable supply of job work service to a registered person as long as the goods move under the cover of an e-way bill, irrespective of the value of the consignment.

Twenty-second Meeting, October 6, 2017, New Delhi

- In this meeting, various decisions and changes pertaining to composition scheme, GST return filing, reverse charge mechanism were announced which significantly benefited the micro, small and medium enterprises (MSMEs).
- The composition scheme was made available to taxpayers having annual aggregate turnover of up to 1 crore as compared to the existing turnover of 75 lakh.
- This threshold of turnover for special category States, except Jammu and Kashmir (J&K) and Uttarakhand, was increased to 75 lakh from 50 lakh.
- The turnover threshold for J&K and Uttarakhand was decided to be 1 crore.
- It was also decided to constitute a Group of Ministers (GoM) to examine measures to make the composition scheme more attractive.
- Goods Transport Agencies (GTAs) were not willing to provide services to unregistered persons and were, in many cases, asking for GSTIN for transporting goods. In order to remove the hardship being faced by small unregistered businesses on this account, the services provided by a GTA to an unregistered person shall be exempted from GST.

Twenty-third Meeting, November 10, 2017, Guwahati (Assam)

- Decisions were taken relating to changes in GST rates, ITC eligibility criteria, and exemptions and clarifications on levy of GST on services.
- The Council decided to reduce tax rate on a wide range of mass use items from 28 percent to 18 percent. These items included, inter alia, chewing gums, detergents, chocolates, preparation for facial make-up, shaving and after-shave items, shampoo deodorants, washing powder, granite and marble.
- There was unanimity that in 28 percent category there should be only sin and demerit goods. Thus, the Council took a historic decision that in the 28 percent slab there will be only 50

<p>items. Paints, cement, washing machines and air conditioners were retained in the 28 percent tax bracket.</p> <ul style="list-style-type: none"> • The rate of GST on job work services in relation to manufacture of those handicraft goods in respect of which the casual taxable person has been exempted from obtaining registration, was reduced to 5 percent with full ITC. • GST on services by way of admission to <i>protected monuments</i> was exempted.
<p>Twenty-fourth Meeting, December 16, 2017, Through Video Conferencing</p> <ul style="list-style-type: none"> • The Council decided to make inter-State e-way bill compulsory from February 1, 2018. The system was to be ready by January 16, 2018. It was decided to introduce uniform system of e-way bill for inter-State as well as intra-State movement of goods across the country by June 1, 2018. • Till such time as the nation-wide e-way bill was ready, the States were authorized to continue with their own separate e-way bill systems.
<p>Twenty-fifth Meeting, January 18, 2018, New Delhi</p> <ul style="list-style-type: none"> • The Council declared yet another downward revision of GST rates on a number of goods and services. Specifically, the Council decided to reduce tax rate on 29 items and 53 categories of services with effect from January 25, 2018. • GST rate on used (second-hand) medium and large cars and SUVs was reduced from 28 percent to 18 percent. The GST on used small cars and motor vehicles was reduced from 28 percent to 12 percent. • GST on bio-diesel, drinking water packed in 20-litre bottles, drip irrigation system, mechanical sprayer, bio-pesticides, sugar boiled confectionery etc. was brought down from 18 percent to 12 percent. • Tax on sales of liquefied petroleum gas (LPG) by private firms for domestic use and scientific equipment for satellite launch was reduced from 18 percent to 5 percent. • Tax on diamonds and precious stones was reduced from 3 percent to 0.25 percent. • A large number of essential services were exempted from GST tax entirely. These included services like education admission, the conduct of examinations, entrance fees for entrance examinations and transportation of students up to higher secondary schools. • Decision on inclusion of real estate in GST was deferred.
<p>Twenty-sixth Meeting, March 10, 2018, New Delhi</p> <ul style="list-style-type: none"> • Implement of inter-state e-way bill from April 1, 2018. • Implement of intra-state e-way bill from April 15, 2018 in a phased manner by categorizing the states into 4 lots. • Reverse charge mechanism (in case of supplies made by unregistered persons to registered persons) was delayed till July 1, 2018. • Tax deduction at source (TDS) and tax collection at source (TCS) applicability was postponed until June 30, 2018.
<p>Twenty-seventh Meeting, May 4, 2018, Through Video Conferencing</p>

<ul style="list-style-type: none"> • The Council paved the way for single form GST return, based on the recommendations of the Group of Ministers (GoM) on IT simplification. • GST return filing was made to happen only once every month compared to the three returns a month followed earlier. • The Council gave green signal to making the GST Network a government entity as it was set to take over the 51 percent stake that was currently held by the private entities.
<p>Twenty-eighth Meeting, July 21, 2018, New Delhi</p>
<ul style="list-style-type: none"> • The Council recommended certain amendments to the CGST Act, 2017, IGST Act, 2017, UT-GST Act, 2017, and GST (Compensation to States) Act, 2017. • GST rates were reduced on a variety of goods to provide relief to a cross-section of taxpayers. • Threshold exemption limit for registration in the States of Assam, Arunachal Pradesh, Himachal Pradesh, Meghalaya, Sikkim and Uttarakhand was increased to 20 lakh from 10 lakh. • Upper limit of turnover for opting for composition scheme was decided to be raised from 1 crore to 1.5 crore. • Composition dealers were allowed to supply services (other than restaurant services), for up to a value not exceeding 10 percent of turnover in the preceding financial year, or 5 lakh, whichever is higher. • Reverse Charge Mechanism (RCM) would remain suspended until September 2019. • The Council approved new return formats and associated changes in law. • The Council approved quarterly filing of return for the small taxpayers having turnover below 5 crore as an optional facility.
<p>Twenty-ninth Meeting, August 4, 2018, New Delhi</p>
<ul style="list-style-type: none"> • The Council decided to set up a sub-committee, headed by Minister of State for Finance, to look into various issues and concerns of micro, small and medium enterprises (MSMEs). • The Council also decided to experiment with a scheme to provide cash back for digital transactions.
<p>Thirtieth Meeting, September 28, 2018, Through Video Conferencing</p>
<ul style="list-style-type: none"> • The proposal of the State of Kerala for imposition of cess on SGST for rehabilitation and flood-affected works was discussed in this meeting of the Council. The Council decided to constitute a 7-member Group of Ministers (GoM) to examine the issue regarding modalities for revenue mobilization in case of natural calamities and disasters. The GoM was asked to submit its report by October 31, 2018.
<p>Thirty-first Meeting, December 22, 2018, New Delhi</p>
<ul style="list-style-type: none"> • 6 commodities were shifted from 28 percent to 18 percent rate category; 1 item from 28 percent to 5 percent; 3 items from 18 percent to 12 percent; 1 item from 18 percent to 5 percent; 3 items from 12 percent to 5 percent; 1 item from 12 percent to nil; and 2 items from 5 percent to nil rate category.

<ul style="list-style-type: none"> • GST rate on cinema tickets above 100 was reduced from 28 percent to 18 percent and on cinema tickets up to 100 from 18 percent to 12 percent. • GST rate on third-party insurance premium of goods-carrying vehicles was reduced from 18 percent to 12 percent. • Exemption from GST on supply of gold by nominated agencies to exporters of article of gold Jewellery.
Thirty-second Meeting, January 10, 2019, New Delhi
<ul style="list-style-type: none"> • The Council decided to provide two threshold limits for supplier of goods for exemption from registration and payment of GST: 20 lakh and 40 lakh. • Threshold limits for service providers was kept unchanged, i.e. 20 lakh (10 lakh for Special Category States). • The limit of annual turnover in the preceding financial year for availing composition scheme for goods was increased from 1 crore to 1.5 crore. • Persons enrolled under the composition scheme were earlier required to file return every quarter. They were allowed to file one annual return, but making quarterly payment of taxes due. • Suppliers of services (or mixed suppliers) having an annual turnover in the preceding financial year up to 50 lakh were made eligible to enrol for the composition scheme. • Kerala was allowed to levy cess on intra-State supply of goods and services at a rate not of not more than 1 percent for a period not exceeding 2 years.
Thirty-third Meeting, February 24, 2019, New Delhi
<ul style="list-style-type: none"> • GST rate for non-affordable housing was reduced from 12 percent to 5 percent without the benefit ITC. • GST rate for affordable housing was slashed from 8 percent to 1 percent without the benefit of input tax credit (ITC). Affordable housing was redefined under the GST law with a twin definition.
Thirty-fourth Meeting, March 19, 2019, via Video Conferencing
<ul style="list-style-type: none"> • Draft circulars/notifications on the rate cuts on housing announced in the Thirty-third Meeting were passed. • The Council approved the transition plan for the implementation of the new tax structure for housing units.
Thirty-fifth Meeting, June 21, 2019, New Delhi
<ul style="list-style-type: none"> • Tenure of NAA extended by 2 years to November 2021. • Electronic invoicing (e-invoicing) for business-to business (B2B) transactions. • Electronic ticketing (e-ticketing) for multiplexes. • Aadhaar allowed as proof for obtaining registration under GST.
Thirty-sixth Meeting, July 27, 2019, via Video Conferencing
<ul style="list-style-type: none"> • Tax rate on electric vehicles (EVs) reduced from 12 percent to 5 percent. • Tax rate on EV chargers and charging stations reduced from 18 percent to 5 percent.

<ul style="list-style-type: none"> Local authorities exempted from paying GST on hiring of electric buses with a carrying capacity of more than 12 passengers.
<p>Thirty-seventh Meeting, September 19-20, 2019, Goa</p>
<ul style="list-style-type: none"> Hotels with daily tariff of up to Rs. 1,000 will continue to be exempted from GST. Hotels charging Rs. 1,001-7,500 will be taxed at 12 percent. Tariffs above Rs. 7,500 will be taxed at 18 percent. Rate of tax on outdoor catering services was slashed from 18 percent (with the benefit of input tax credit) to 5 percent (without the benefit of input tax credit). GST on caffeinated drinks was increased from 18 percent to 28 percent, at par with aerated beverages. Small businesses were exempted from filing annual returns for 2018-19 and 2019-20.
<p>Thirty-eighth Meeting, December 18, 2019, New Delhi</p>
<ul style="list-style-type: none"> The Council decided to levy a uniform 28 percent tax on both state-run and state-authorized lotteries. Hitherto, state-run lotteries attracted 12 percent GST while the tax on state-authorized lotteries was 28 percent. GST rate on woven and non-woven bags and sacks of polyethylene or polypropylene was fixed at 18 percent. Exemption was given on long-term lease for industrial plots to facilitate setting up of industrial parks. The Council decided to deliberate further on the issue of revenue augmentation in view of the concerns expressed by the states about falling revenue collections amidst current economic slowdown in the economy.
<p>Thirty-ninth Meeting, March 14, 2020, New Delhi</p>
<ul style="list-style-type: none"> Existing rate of 12 percent on mobile phones and specified parts was increased to 18 percent effective April 1, 2020 Existing rate of 5 percent on handmade matches and 18 percent on other matches was rationalized to a single rate of 12 percent for all type of matches (handmade and other matches) effective April 1, 2020.
<p>Fortieth Meeting, June 12, 2020, via Video Conferencing:</p>
<ul style="list-style-type: none"> The meeting was the first one after Covid-19 broke out in India. Rate of interest for late furnishing of GST returns by small taxpayers reduced. Possibility of rate reduction of certain items including brick kilns discussed. The Council discussed borrowing options for funding compensation to states.
<p>Forty-first Meeting, August 27, 2020, via Video Conferencing</p>
<ul style="list-style-type: none"> Differences emerged between the Centre and the States over compensation issue. As per calculations of the centre, compensation requirement for the year 2020-21 was expected to amount to 3 lakh crore of which the cess would cover only 65,000 crore, leaving a gap of 2.35 lakh crore.

<ul style="list-style-type: none"> • It was pointed out that the shortfall of 2.35 lakh crore had two components: 97,000 crore accruing from GST implementation and the rest 1.38 lakh crore on account of the coronavirus pandemic, an act of God. This decomposition of the shortfall presumably meant that the centre ignored the amount (1.38 lakh crore) attributable to pandemic. • Meanwhile, the states were offered the following two options (or two kinds of borrowing) to plug the shortfall in their GST revenue, estimated at 2.35 lakh crore. • States, particularly under non-BJP governments, were unhappy with these proposals of the centre.
Forty-second Meeting, October 5, 2020, via Video Conferencing
<ul style="list-style-type: none"> • Compensation cess collected during the year (2020-21) so far, amounting to Rs. 20,000 crore be disbursed to all the states immediately. • From January 1, 2021, taxpayers with annual turnover of less than Rs. 5 crore would not be required to file monthly returns (GSTR-3B and GSTR-1). They would only file quarterly returns. • To encourage domestic launching of satellites, particularly by young start-ups, the satellite launch services supplied by Indian Space Research Organization (ISRO), Antrix Corporation Ltd., and New Space India Ltd. (NSIL), would be exempted. • The Council extended the levy of compensation cess beyond June 2022 until as long as it takes to close the revenue gap. • The deadlock on payment of compensation could not be resolved.
Forty-third Meeting, October 12, 2020, via Video Conferencing
<ul style="list-style-type: none"> • This meeting was a continuation of the 42nd meeting to discuss the issue of borrowing, extension of cess and so on. GST Council failed to arrive at a consensus on borrowing to meet the revenue shortfall of Rs. 2.35 lakh crore.
Forty-fourth Meeting, June 12, 2021, via Video Conferencing
<ul style="list-style-type: none"> • GST rates on the drugs used to treat Covid-19 and other related medical supplies reduced.
Forty-fifth Meeting, September 17, 2021, Lucknow (Uttar Pradesh)
<ul style="list-style-type: none"> • Certain expensive life-saving drugs were exempted from GST. • Concessions on drugs used for Covid-19 treatment were extended till December 31, 2021. • Transport of goods exported by vessels and air were exempted from GST till September 30, 2022.
Forty-sixth Meeting, December 31, 2021, New Delhi
<ul style="list-style-type: none"> • It was a very brief meeting with the GST hike on textiles as the only item on the agenda. • It was called to reconsider the decision of forty-fifth meeting of GST Council to correct inversion in the tax structure of the textile sector. • Hence, the Council decided to keep the GST hike on textiles from 5 percent to 12 percent on hold.
Forty-seventh Meeting, June 28-29, 2022, Chandigarh

- Decisions were taken on GST rate rationalization, facilitation of trade, and ease of GST compliance for businesses.
- GST rates were revised for some key consumables and GST exemptions on some items were removed.
- GST at the rate of 5 percent was imposed on pre-packaged and labelled food products sold in containers up to 25 kilogrammes.

To sum up, GST Council is the linchpin of GST regime. So far, it has successfully resolved claims and counter claims of Central and State Governments. In the context of concurrent empowerment of the Centre and the States to levy and collect GST, GST Council is a unique institutional mechanism to ensure that decisions about the structure, design and operation of GST are taken jointly by the two layers of the government.

Endnotes

1. In the Constitution (One Hundred and Fifteenth Amendment) Bill, 2011, which lapsed with the dissolution of the 15th Lok Sabha, a Goods and Services Tax Dispute Settlement Authority was to be constituted. This body was judicial in nature and it was thought that its powers would override the supremacy of the Parliament and the State Legislatures. The Constitution (One Hundred and Twenty-second Amendment) Bill, 2014 departed from the lapsed GST Bill and proposed that the GST Council may decide about the modalities to resolve disputes arising out of its recommendation.
2. The gross annual turnover cut-off was increased to 75 lakh in the sixteenth meeting of the Council held on June 11, 2017 and further up to 1 crore in the twenty-second meeting of the council held on October 6, 2017.
3. It is noteworthy that presently funds are provided to cope with natural disasters under the National Disaster Relief Fund (NDRF).