

The 43rd GST council meeting was held on Friday 28th May 2021. The meeting was chaired by finance minister Nirmala Sitharaman .

HIGHLIGHTS OF THE GST COUNCIL MEETING

1. Import of Covid-19 related goods and equipment for donation to the government or any relief agencies on recommendation of state government will be exempted up to 31st August 21 from IGST. These items already exempted from basic custom duty. Black fungus medicine Amphotericin B will be also exempted from IGST.
2. A group of ministers will be constituted for the relief of Covid-19 related individual items under GST immediately. The GOM shall give its report by 8th June 2021.
3. **SERVICES RELATED DECISION**
 - i. Provide services by way of serving of food including mid-day meals (MDM) sponsored by government to education institution including anganwari is exempted from GST irrespective of funding from government grants or corporate donations.
 - ii. It is clarify that fee charge for examination including entrance examination by national board of examination (NBE) or similar central or State educational boards and inputs services related thereto to GST exempted from GST.
 - iii. It is made clear that land owner promoter could utilise credit of GST charge by developer promoter on apartments provided to him. Developer promoters will be allowed to pay GST for such apartment at the time for before anytime issuance of completion certificate.
 - iv. GST on MRO (maintenance, repair and operations) services in respect of public vehicles vessels shall be reduced to 5%
place of supply of B2B supply of such services in respect of ships/vessels would be location of recipient of services.
 - v. Services by way of milling of white / paddy into flour/ rice to government/local authority for distribute under PDS scheme is exempted from GST if the value of such composite supply is not exceeding 25%. Otherwise for such services GST @ 5% applicable to any registered person including a person registered for payment of TDS.
 - vi. It is clarify that GST is payable on annuity payments received as deferred payment for construction of roads. Benefit of exemption is for such annuities which are paid for the service by way of access to road or a bridge.
 - vii. It is clarified that services provided to government entity for the construction of of rope-way is attract GST @ 18%.
 - viii. It is clarified that services provided by government to its undertaking/PSU by way of guaranteeing loans taken by such entity from banks and financial institutions is exempted from GST.

4. GST AMNESTY SCHEME AND OTHER MEASURES

1) **Amnesty Scheme for pending GSTR-3B returns from July, 2017 to April, 2021 has been reduced / waived as under: -**

(i) **Nil tax liability** is Rs 500 (Rs 250 CGST+Rs 250 SGST) per return.

(ii) **For Other Rs 1000/- (Rs. 500 CGST + Rs. 500 SGST) per return;**
(The reduced rate of late fee would apply if GSTR-3B returns for these tax periods are furnished between 01.06.2021 to 31.08.2021).

2) **Rationalization of late fee u/s 47 of the CGST Act**

To reduce late fee burden on small tax payers the **maximum late fee** is being rationalized to align with tax liability/ turnover of the taxpayers, as follows .

A. For GSTR-3B and GSTR-1 per return

(i) **For taxpayers having nil tax liability in GSTR-3B or nil outward Supplies in GSTR-1** is Rs 500 (Rs 250 CGST+Rs 250 SGST)

(ii) **For Other Taxpayers having Annual Aggregate Turnover (AATO) in Preceding year**

a. Up to Rs 1.5 cr. is Rs 2000 (1000 CGST+1000 SGST);

b. Between Rs 1.5 cr. to Rs 5 cr. is Rs 5000 (2500 CGST+2500 SGST)

c. Above Rs 5 cr. is Rs 10000 (5000 CGST+5000 SGST).

B. For FORM **GSTR-4** (composition taxpayers) per return.

(i) if having tax liability is nil is Rs 500 (Rs 250 C GST+Rs 250 SGST)

(ii) **For Others is** Rs 2000 (Rs 1000 CGST + Rs 1000 SGST)

C. For **FORM GSTR-7 per return** is Rs 2000/- (Rs.1,000 CGST + Rs 1,000 SGST) subject to Rs.50/- per day (Rs. 25 CGST + Rs 25 SGST) .

5 . COVID-19 RELATED RELIEF TO TAXPAYERS: Details in table as annexed

6. CUMULATIVE APPLICATION OF RULE 36(4)

for availing ITC for tax periods April, May and June, 2021 in the return for the period June, 2021.

7. EVC ALLOWING TO COMPANIES TO FILING OF RETURNS:-

Allowing To companies by using Electronic Verification Code (EVC), instead of Digital Signature Certificate (DSC) till **31.08.2021**.

8. RELAXATIONS UNDER SECTION 168A OF THE CGST ACT:

Time limit for completion of various actions

1. by any authority or
2. by any person,

under the GST Act, which falls during the period from **15th April, 2021 to 29th June, 2021**, to be extended upto **30th June, 2021**, subject to some exceptions.

[Wherever the timelines for actions have been extended by the Hon'ble Supreme Court, the same would apply]

9. SIMPLIFICATION OF ANNUAL RETURN FOR FINANCIAL YEAR 2020-21:

- A. Amendments in section 35 and 44 of CGST Act made through Finance Act, 2021 to be notified to make **ease the compliance requirement** in furnishing reconciliation statement in **FORM GSTR-9C**, as taxpayers would be able to **self-certify** the reconciliation statement, instead of getting it certified by chartered accountants.
- B. The filing of annual return in **FORM GSTR-9 / 9A** for FY 2020-21 to be **optional** for taxpayers having aggregate annual turnover upto Rs 2 Crore;
- C. The reconciliation statement in **FORM GSTR-9C** for the FY 2020-21 will be required to be filed by taxpayers with annual aggregate turnover above Rs 5 Crore.

10. RETROSPECTIVE AMENDMENT IN SECTION 50 :-

Retrospective amendment in section 50 of the CGST Act with effect from 01.07.2017, providing for payment of interest on net cash basis, to be notified at the earliest.

11. TO DECLARE GSTR-1/3B AS DEFAULT RETURN:-

GST Council recommended amendments in certain provisions of the Act so as to make the present system of **GSTR-1/3B** return filing as the default return filing system in GST.

12. TAX RATE CLARIFICATION

- 1) To support the *Lymphaetic Filariasis* (an endemic) elimination programme being conducted in collaboration with WHO, the GST rate on Diethylcarbamazine (DEC) tablets has been recommended for reduction to 5% (from 12%).
- 2) Certain clarifications/clarificatory amendments have been recommended in relation to GST rates. Major ones are, -
 - a. Levi ability of IGST on repair value of goods re-imported after repairs
 - b. GST rate of 12% to apply on parts of sprinklers/ drip irrigation systems falling under tariff heading 8424 (nozzle/laterals) to apply even if these goods are sold separately.