

GST Rates on Services

Decisions taken by the GST Council in the 22nd meeting held on 6th October 2017

The following decisions were taken by the GST Council at its 22nd meeting held in VigyanBhavan on 6th October, 2017. The information is being uploaded immediately after the GST Council's decision and it will be subject to further vetting during which the list may undergo some changes. The decisions of the GST Council are being communicated for general information and will be given effect to through gazette notifications which shall have force of law.

Relief to small units:

1. GST rates on job work services is being rationalised as follows:-

S.No	Description of Service	Rate
1	Job work services in relation to all products falling in Chapter 71 (including imitation jewellery)	5%
2	Job work services in relation to food and food products falling under Chapters 1 to 22 of the HS Code (except packing of processed milk into packets)	5%
3	Job work services in relation to products falling under Chapters 23 of the HS Code except dog and cat food put up for retail sale (CTH 23091000)	5%
4	Job work in relation to manufacture of umbrella	12%
5	Job work in relation to manufacture of clay bricks falling under CTH 69010010	5%
6	Services by way of printing on job work basis or on goods belonging to others in relation to printing of all goods falling under Chapter 48 or 49, which attract GST @ 5% or Nil [Heading 9988]	5%
7	Services by way of printing on job work basis or on goods belonging to others in relation to printing of all goods falling under Chapter 48 or 49, which attract GST @ 12% [Heading 9988]	12%
8	Services by way of printing on job work basis or on goods belonging to others in relation to printing of goods falling under Chapter 48 or 49, other than those covered by (6) and (7) above, [Heading 9988]	18%
9	Services by way of printing in relation to printing of all goods falling under Chapter 48 or 49, which attract GST @ 5% or Nil, where only content is supplied by the publisher and the physical inputs including paper used for printing belong to the printer [(Heading 9989)]	12%
10	Services by way of printing of all goods falling under Chapter 48 or 49 which attract GST @ 12%, where only content is supplied by the publisher and the physical inputs including paper used for printing belong to the printer	12%
11	Services by way of printing of all goods falling under Chapter 48 or 49 which attract GST @ 18% or above, where only content is supplied by the publisher and the physical inputs including paper used for printing belong to the printer	18%
12	To issue a clarification with regard to classification of printing products/services.	

2. If a dealer who makes supplies of goods and services referred to in clause (b) of paragraph 6 of Schedule II of CGST Act and /or also receives interest income or makes supply of any exempt service, (s)he will not be ineligible for the Composition Scheme under Section 10 provided all other conditions are met. Further, in computing his aggregate turnover in order to determine his eligibility for composition scheme, interest income and value of supply of any exempt service shall not be taken into account. Removal of Difficulty order under section 172 of CGST/SGST/UTGST Act will be issued.

3. The services provided by a GTA to an unregistered person (under GST law) including unregistered casual taxable person other than the recipients liable to pay tax on GTA services under reverse charge shall be exempted from GST.

4.1 Leasing of vehicles purchased and leased prior to 1.7.2017, shall be taxed at 65% of the applicable GST + Cess rate. This reduced rate would be applicable for a period of 3 years with effect from 1st July 2017;

4.2 The vehicles covered by the above leases (i.e. leases of vehicles purchased and leased prior to 1.7.2017), when disposed off/ sold shall also be taxed at 65% of the applicable GST + Cess rate. This reduced rate would be applicable for a period of 3 years with effect from 1st July 2017;

4.3 Sale/supply of vehicles by a registered person, who had procured the vehicle prior to 1st July 2017 and has not availed input tax credit of central excise duty, VAT or any other taxes paid on such vehicles, would be taxed at 65% of the applicable GST + Cess rate. This reduced rate would be applicable for a period of 3 years with effect from 1st July 2017.

4.4 Sale by way of auction etc. of used vehicles, seized and confiscated goods, scrap etc by Central Government, State Government, Union Territory or a local authority, to any person, to be subjected to GST under reverse charge under section 9 (3) of the CGST Act.

5. Transport of passengers by motor cab/ renting of motor cab:-

(i) GST of 5% without ITC and 12% with full ITC available to transport of passengers by motor cab/ renting of motor cab shall be extended to any motor vehicle;

(ii) ITC of input services shall be allowed in the same line of business at GST rate of 5%

Other rate changes in services:

1. Works contract services involving predominantly earth works (that is, constituting more than 75% of the value of the works contract) supplied to Central Government, State Governments, Local Authority, Governmental Authority or Government Entity shall be taxed at 5%.

2. To expand the existing definition of *Governmental Authority* so as to include any authority set up to carry out any functions entrusted to a Panchayat under Article 243G of the Constitution.

- 3.** Supply of service or goods by a Government Entity to Central Government, State Government, Union Territory, Local Authority or any person specified by them against consideration received from them in the form of grants, shall be exempted. “Government Entity” shall be defined as an authority or a board or any other body including a society, trust, corporation which is, -
- (i) set up by an Act of Parliament or State Legislature, or
 - (ii) established by any government,
- with 90% or more participation by way of equity or control, to carry out a function entrusted by the Central Government, State Government or a local authority.
- 4.** The reduced rate of 12% on specified works contract services supplied to the Central Government, State Government, Union Territory, Local Authority and Governmental Authority shall be extended to a Government Entity, where such specified works contract services have been procured by the government entity in relation to the work entrusted to it by the Central Government, State Government, Union Territory or Local Authority.
- 5.** GST shall be levied @ 12% on works contract services in respect of offshore works contract relating to oil and gas exploration and production (E&P) in the offshore area beyond 12 nautical miles.
- 6.** GST shall be levied @ 12% with ITC or 5% without ITC for transportation of natural gas through pipeline.
- 7.** Exemption to annuity paid by NHAI (and State authorities or State owned development corporations for construction of roads) to concessionaires for construction of public roads.
- 8.** Upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable in respect of service, by way of granting of long term lease of thirty years, or more) of industrial plots or plots for development of infrastructure for financial business, provided by the State Government Industrial Development Corporations/ Undertakings or any other entity having 50% or more ownership of Central Government, State Government, Union Territory to (a) industrial units or (b) developers in any industrial or financial business area, may be exempted from GST .
- 9.** The services provided by Overseeing Committee members to RBI shall be taxed under the reverse charge mechanism under section 9(3) of the CGST Act, 2017.
- 10.** Some other technical changes/amendments shall be made in notifications issued under CGST, IGST, UTGST and SGST Acts.
