
TSMT UPDATE

| Goods & Services Tax | One Nation One Tax | 25th GST Council Meeting

The all-powerful GST Council in its 25th council meeting held on 18th January 2018, has recommended certain relief measures with respect to compliance, further rationalization of the rate of tax and also issued certain clarification with respect to levy of tax.

The Highlights of council recommendation is given below:

Compliance:

- Reduction in late fee to Rs. 50/- per day for non-filing of GSTR-1 and Rs. 20/- in case of Nil GSTR-1 returns
- Extension of time limit to 31st March 2018 for the migrated taxpayer to apply for cancellation of registration
- Facility for cancellation of GST returns for a taxable person who applied for voluntary registration
- Certain modifications have been made in the e-way bill for the smooth rollout of e-way bill nationwide starting from 1st February 2018

Rationalization of the rate of tax:

The council has recommended the reduction in the rate of tax for 29 items and 54 categories of services with effect from 25th January 2018. The government is yet to notify the complete list of goods and services. The reduction of rates, inter alia, covers the following:

Goods:

Reduction in rate of tax for:

- Old and used motor vehicles to 18% in case of medium, large and SUV's and 12% in case of small cars
- Bio-diesel, Biopesticides and drinking water packed in 20-litre bottles - 18% to 12%
- Scientific and technical instruments - 12% to 5%
- Diamonds and precious stones - 3% to 0.25%
- Removal of compensation cess on used and old cars

Services:

Reduction in rate of tax

- Tailoring service, housekeeping services provided through e-commerce platform - 18% to 5% without Input Tax Credit
- Admission to theme parks, water parks, joy rides - 28% to 18%
- Enhance exemption limit to Rs. 7,500/- in respect of service provided by Resident Welfare Association
- To exempt services relating to admission to, or conduct of examination provided to all educational institution.
- Reduction in rate of tax for works contract service provided to Government.
- Exempt services provided by way of renting of transport vehicles provided to a person providing services for transportation of students, faculty, and staff to an educational institution providing education upto higher secondary or equivalent.

Clarifications:

- Services provided by senior doctors/consultants/technicians hired by the hospitals, whether employees or not, are healthcare services which is exempt.
- Food supplied to the in-patients, advised by the doctor/nutritionists to be exempt.

The council is likely to meet again before the Union budget to address other pressing issues.

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