

## Recommendations made in 38<sup>th</sup> GST Council Meeting

The 38<sup>th</sup> meeting of the GST Council met under the Chairmanship of Smt. Nirmala Sitharaman, Hon'ble Union Minister for Finance & Corporate Affairs. **The GST Council recommended the following relating to changes in GST rates, exemptions:**

- To exempt upfront amount payable for long term lease of industrial/ financial infrastructure plots by an entity having 20% or more ownership of Central or State Government. Presently, the exemption is available to an entity having 50% or more ownership of Central or State Government. This change shall become effective from 1st January, 2020.
- To levy a single rate of GST at 28% on both State run and State authorized lottery. This change shall become effective from 1st March, 2020.
- The Council also considered the rate of GST rate on Woven and Non-Woven Bags and sacks of polyethylene or polypropylene strips or the like, whether or not laminated, of a kind used for packing of goods (HS code 3923/6305) in view of the requests received post the changes recommended on such goods in last meeting and recommended to raise the GST to a uniform rate of 18% (from 12%) on all such bags falling under HS 3923/6305 including Flexible Intermediate Bulk Containers (FIBC). This change shall become effective from 1st January, 2020.

**The GST Council recommended the following regarding Law and Procedure related changes:**

- Grievance Redressal Committees (GRC) will be constituted at Zonal/State level with both

CGST and SGST officers and including representatives of trade and industry and other GST stakeholders (GST practitioners and GSTN etc.). These committees will address grievances of specific/ general nature of taxpayers at the Zonal/ State level.

- Due date for annual return in **FORM GSTR-9** and reconciliation statement in **FORM GSTR-9C** for FY 2017-18 to be extended to 31.01.2020.
- Following measures would be taken to improve filing of **FORM GSTR-1**:
  - waiver of late fee to be given to all taxpayers in respect of all pending FORM GSTR-1 from July 2017 to November 2019, if the same are filed by 10.01.2020.
  - E-way Bill for taxpayers who have not filed their FORM GSTR-1 for two tax periods shall be blocked.
- Input tax credit to the recipient in respect of invoices or debit notes that are not reflected in his **FORM GSTR-2A** shall be restricted to 10% of the eligible credit available in respect of invoices or debit notes reflected in his **FORM GSTR-2A**.
- To check the menace of fake invoices, suitable action to be taken for blocking of fraudulently availed input tax credit in certain situations.
- A Standard Operating Procedure for tax officers would be issued in respect of action to be taken in cases of non-filing of **FORM GSTR 3B** returns.
- Due date of filing GST returns for the month of November, 2019 to be extended in respect of a few North Eastern States.
- The Council also approved various law amendments which will be introduced in Budget 2020.

Further, a presentation was made to the 38<sup>th</sup> GST Council on the issue of revenue, GST rate structure and compensation needs of the States. A constructive discussion followed the presentation covering a wide range of issues such as measures for encouraging voluntary compliance, expanding tax base, measures to improve return filing and tax collection and rate rationalisation. Automation measures such as e-invoice, new return system, QR code on bills were also discussed. To exchange knowledge about best practices of tax administration, State of Uttar Pradesh and Union Territory of Jammu & Kashmir made presentation on their effort

to improve GST collection, as in the recent past they have shown a healthy growth in compliance.

GST Council gave necessary guidance on further analysis regarding exemption and concession impact analysis, tax base analysis, sensitivity analysis and compliance measures needed to keep pace with revenue needs. The Council also directed for expeditious implementation of IT and other initiatives.

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Warm Regards,

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