

## **Decisions relating to Services in 23rd GST Council meeting at Guwahati**

In the 23rd meeting of GST Council held at Guwahati, Assam on 10.11.2017, the following decisions relating to exemptions / changes in GST rates / ITC eligibility criteria, rationalization of rates / exemptions and clarification on levy of GST on services were taken. 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 / circulars which shall have force of law.

### **EXEMPTIONS / CHANGES IN GST RATES / ITC ELIGIBILITY CRITERIA**

1. All stand-alone restaurants irrespective of air conditioned or otherwise, will attract 5% GST without ITC. Food parcels (or takeaways) will also attract 5% GST without ITC.
2. Restaurants in hotel premises having room tariff of less than Rs 7500 per unit per day will attract GST of 5% without ITC.
3. Restaurants in hotel premises having room tariff of Rs 7500 and above per unit per day (even for a single room) will attract GST of 18% with full ITC.
4. Outdoor catering will continue to be at 18% with full ITC.
5. GST on Services by way of admission to "protected monuments" will be exempted.
6. 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, shall be reduced to 5% with full ITC.

### **RATIONALIZATION OF EXEMPTION ENTRIES**

7. The existing exemption entries with respect to services provided by Fair Price Shops to Central Government, State Governments or Union territories by way of sale of food grains, kerosene, sugar, edible oil, etc. under Public Distribution System (PDS) against consideration in the form of commission or margin, is being rationalized so as to remove ambiguity regarding list of items and the category of recipients to whom the exemption is available.
8. In order to maintain consistency, entry at item (vi) of Sr. No.3 of notification No. 11/2017-CT(R) will be aligned with the entries at items (ii), (iii), (iv) and (v) of SI.No.3. [The word "services" in entry (vi) will be replaced with "Composite supply of Works contract as defined in clause 119 of Section 2 of CGST Act, 2017"].
9. In order to obviate disputes and litigation, it is proposed to place-
  - (i) permanent transfer of Intellectual Property other than Information Technology software in the goods rate of 12%; and

- (ii) permanent transfer of Intellectual Property in respect of Information Technology software in the goods rate list of 18%.

## **CLARIFICATIONS**

10. It is proposed to clarify that credit of GST paid on aircraft engines, parts & accessories will be available for discharging GST on inter-State supply of such aircraft engines, parts & accessories by way of inter-state stock transfers between distinct persons as specified in section 25 of the CGST Act, notwithstanding that credit of input tax charged on consumption of such goods is not allowed for supply of service of transport of passengers by air in economy class at GST rate of 5%.
11. A suitable clarification will be issued by way of a Circular that processed products such as tea (i.e. black tea, white tea etc.), processed coffee beans or powder, pulses (de-husked or split), jiggery, processed spices, processed dry fruits, processed cashew nuts etc. fall outside the definition of agricultural produce given in notification No. 11/2017-CT(R) and 12/2017-CT(R) and therefore the exemption from GST is not available to their loading, packing, warehousing etc.
12. A suitable clarification is being issued that (i) services provided to the Central Government, State Government, Union territory under any insurance scheme for which total premium is paid by the Central Government, State Government, Union territory are exempt from GST under Sl. No. 40 of notification No. 12/2017-Central Tax (Rate); (ii) services provided by State Government by way of general insurance (managed by government) to employees of the State government/ Police personnel, employees of Electricity Department or students are exempt vide entry 6 of notification No. 12/2017-CT(R) which exempts Services by Central Government, State Government, Union territory or local authority to individuals.

These changes will come into force with effect from 14/15<sup>th</sup> November, 2017, to be effective from 00:00 hrs on 15<sup>th</sup> November, 2017.