



## Minutes of the 16<sup>th</sup> GST Council Meeting held on 11 June 2017

The sixteenth meeting of the GST Council (hereinafter referred to as 'the Council') was held on 11 June, 2017 in Vigyan Bhawan, New Delhi, under the Chairpersonship of the Hon'ble Union Finance Minister, Shri Arun Jaitley. The list of the Hon'ble Members of the Council who attended the meeting is at **Annexure 1**. The list of officers of the Centre, the States, the GST Council and the Goods and Services Tax Network (GSTN) who attended the meeting is at **Annexure 2**.

2. The following agenda items were listed for discussion in the 16<sup>th</sup> Meeting of the Council: –
  1. Confirmation of the Minutes of the 15<sup>th</sup> GST Council Meeting held on 3 June 2017
  2. Approval of amendments to draft GST Rules (details to be informed subsequently)
  3. Rate adjustments, if any, based on representations received from Trade and Industry
  4. Any other agenda item with the permission of the Chairperson
  5. Date of the next meeting of the GST Council
3. The Hon'ble Chairperson welcomed all the Hon'ble Members to the 16<sup>th</sup> Council Meeting.

### Discussion on Agenda Items

#### Agenda Item 1: Confirmation of the Minutes of the 15<sup>th</sup> GST Council Meeting held on 3 June, 2017:

4. The Hon'ble Chairperson invited comments of the Hon'ble Members on the draft Minutes of the 15<sup>th</sup> Meeting of the Council (hereinafter referred to as 'Minutes') held on 3 June, 2017 before its confirmation.

4.1.1. The Secretary informed that a written request had been received from the Commissioner of Commercial Tax (CCT), Odisha, to replace the version of the Hon'ble Minister from Odisha recorded in the following paragraphs of the Minutes:

(i) In paragraph 9.8.8, to replace the version recorded in the Minutes ('the Hon'ble Minister from Odisha suggested that handloom should be charged to Nil rate of tax.....that the products of handloom were used by common people') with the following version: 'Handloom fabrics and handicraft goods were exempt in Odisha. Livelihood of more than 3.5 lakh artisan families depended on it. Handloom products were not only in demand outside the State, but were also used by the common people. He stated that he was in favour of exempting handloom fabrics and sarees.' The Council agreed to record this version in the Minutes.

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(ii) In paragraph 9.8.12, to replace the version recorded in the Minutes ('the Hon'ble Minister from Odisha supported this proposal and stated that tax on *zari* would affect the livelihood of artisans') with the following version: 'The Hon'ble Minister from Odisha supported this proposal and stated that tax on **handicrafts** would affect the livelihood of artisans'. The Council agreed to record this version in the Minutes.

(iii) In paragraph 9.9.2, to replace the version recorded in the Minutes ('The Hon'ble Minister from Odisha stated that his State was *tendu* leaf bearing State and suggested to keep the rate of tax at zero or 5% on *tendu* leaves and 18% on *bidi*') with the following version: 'The Hon'ble Minister from Odisha stated that the rate of tax on *tendu* leaf in Odisha was 5% and tax rate of *Bidi* was 10%. His State being a *tendu* leaf bearing State, he suggested to keep the rate of tax at 5% on *tendu* leaves and 18% on *bidi*'. The Council agreed to record this version in the Minutes.

(iv) In paragraph 18.5, to replace the version recorded in the Minutes ('The Hon'ble Minister from Odisha stated that the present system should continue till such period when GSTN created e-Way Bill system') with the following version: 'The Hon'ble Minister from Odisha stated that in Odisha, waybills were generated online and waybills were for inter-State movement of goods only and not for intra-State movement of goods. However, the present system should continue till such period when GSTN created e- waybill system.' The Council agreed to record this version in the Minutes.

4.1.2. The Secretary informed that there was a typographical error in paragraph 10(i) of the Minutes and a corrigendum was circulated in the Meeting today to replace the decision recorded therein ('to put cereals, pulses and flour put up in unit container and bearing a registered brand name in the exempt category instead of the proposed rate of 5%') with the following: 'to ~~put~~ **tax** cereals, pulses and flour put up in unit container and bearing a registered brand name ~~in the exempt category at the rate of 5%~~ **instead of the proposed rate of 5% keeping them in the exempt category**'. The Council agreed to the proposed replacement in paragraph 10(i) of the Minutes.

4.1.3. The Secretary stated that during the officers' meeting held in the morning today, Shri Raghwendra Kumar Singh, Commissioner, Commercial Taxes (CCT), Madhya Pradesh, had pointed out that in paragraph 9.10.4. of the Minutes, the statement attributed to the Hon'ble Minister from Madhya Pradesh regarding expressing a preference for taxing gold at the rate of 5% was actually made by the CCT, Madhya Pradesh, and suggested to make a suitable modification in the paragraph to this effect. The Council agreed to this suggestion.

4.1.4. The Hon'ble Minister from Punjab stated that in paragraph 4.4.1. with reference to the discussion on licence fee for liquor in the GST regime, it was recorded that 'the ACS, Haryana, stated that the decision of the Hon'ble Chairperson was that for the transition phase, some decision would be taken so that the States did not lose financially'. He observed that the Hon'ble Chairperson had also agreed to the suggestion of the ACS, Haryana, and this should be recorded in the Minutes. The Council agreed to this suggestion and to record the following: 'The Hon'ble Chairperson observed that the officers of the Central Government and the State Governments should sit together and take a view on the issue'.

5. In view of the above discussion, for Agenda item 1, the Council decided to adopt the Minutes of the 15<sup>th</sup> Meeting of the Council with the changes as recorded below: -

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5.1. In paragraph 9.8.8., to replace the version of the Hon'ble Minister from Odisha with the following version: 'Handloom fabrics and handicraft goods were exempt in Odisha. Livelihood of more than 3.5 lakh artisan families depended on it. Handloom products were not only in demand outside the State, but were also used by the common people. He stated that he was in favour of exempting handloom fabrics and sarees.'

5.2. In paragraph 9.8.12, to replace the version of the Hon'ble Minister from Odisha with the following version: 'The Hon'ble Minister from Odisha supported this proposal and stated that tax on handicrafts would affect the livelihood of artisans'.

5.3. In paragraph 9.9.2, to replace the version of the Hon'ble Minister from Odisha with the following version: 'The Hon'ble Minister from Odisha stated that the rate of tax of *tendu* leaf in Odisha was 5% and tax rate on *Bidi* was 10%. His State being a *tendu* leaf bearing State, he suggested to keep the rate of tax at 5% on *tendu* leaves and 18% on *bidi*'.

5.4. In paragraph 18.5, to replace the version of the Hon'ble Minister from Odisha with the following version: 'The Hon'ble Minister from Odisha stated that in Odisha, waybills were generated online and waybills were for inter-State movement of goods only and not for intra-State movement of goods. However, the present system should continue till such period when GSTN created e-waybill system.'

5.5. To replace the text in paragraph 10(i) with the following: 'to tax cereals, pulses and flour put up in unit container and bearing a registered brand name at the rate of 5% instead of keeping them in the exempt category'.

5.6. To suitably modify paragraph 9.10.4. to indicate that the statement attributed to the Hon'ble Minister from Madhya Pradesh regarding expressing a preference for taxing gold at the rate of 5% was made by the CCT, Madhya Pradesh.

5.7. To add the following in paragraph 4.4.2. after the version of ACS, Haryana: 'The Hon'ble Chairperson observed that the officers of the Central Government and the State Governments should sit together and take a view on the issue.'

**Agenda Item 2: Approval of amendments to draft GST Rules and related Forms (i) Accounts and Records Rules; (ii) Accounts and Records Forms:**

6.1. Introducing this Agenda item, the Secretary stated that the draft GST Rules on Accounts and Records were put in the public domain for comments of the stakeholders. He stated that based on the comments received, the Law Committee of Officers had suggested certain changes to the Rules. He added that two additional changes were proposed during the meeting of officers of the Central Government and the State Governments held on 11 June, 2017 and these were circulated in writing to the Hon'ble Members of the Council just before the start of the Meeting. He invited Shri Upender Gupta, Commissioner (GST Policy Wing), CBEC, to brief the Council about the changes proposed. The Commissioner, (GST Policy Wing), CBEC, stated that four important changes had been proposed by the Law Committee and two changes were proposed today during the officers' meeting which were as follows:

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(i) Sub-rule (2) of Rule 1 provided that accounts and records shall be maintained separately for each activity like manufacturing, trading and provision of services. The trade had represented that this would be very cumbersome and the relevant rule was proposed to be amended which would permit a taxpayer to maintain a combined record for all his economic activities.

(ii) Sub-rule (5) of Rule 1 provided that a taxpayer shall maintain particulars of all the suppliers from whom he received goods or to whom he supplied goods. Based on representations received, it was now proposed to limit this requirement of record keeping only for transactions with registered persons.

(iii) Sub-rule (8) of Rule 1 provided that a log of all changes in registers, accounts and documents shall be maintained but, taking into account the representations received, it was now proposed that log of changes need not be maintained for those changes which were for correcting mistakes of clerical nature.

(iv) It was proposed to make an addition in sub-rule (16) of Rule 1 to provide that where accounts and documents were maintained manually, these would be kept at every related place of business mentioned in the certificate of registration and if these were maintained electronically, they shall be accessible at every related place where these were maintained digitally.

(v) The Law Committee of Officers had proposed to delete sub-rule (3) of Rule 2 which provided that a registered person, would on demand, produce accounts of the audit trail and interlinkages, including the source documents, whether paper or electronic, and the financial accounts, record layout, data dictionary and explanation of codes used. However, during the meeting of officers of the Central Government and the State Governments on 11 June, 2017, the consensus was that this provision should not be deleted and should be kept in a modified form to facilitate access to documents of the taxpayers. The revised provision is as follows: "Where the accounts and records are stored electronically by any registered person, he shall, on demand, provide the details of such files, passwords of such files where necessary for access and any information which is required for such access along with sample copy in print form of the information stored in such files".

(vi) During the meeting of officers of the Central Government and the State Governments on 11 June, 2017, it was also suggested to make an amendment in sub-rule (4) of Rule 3 to provide that any person engaged in the business of transporting goods shall maintain record of goods transported, delivered and goods stored in transit by him **along with GSTIN of the registered consignor or consignee**, for each of his branches.

6.2. After discussion, the Council approved the Rules and related Forms on Accounts and Records including the changes made therein.

7. For **agenda item 2**, the Council approved the GST Rules on Accounts and Records and the related Form along with the amendments proposed by the Law Committee of Officers and during the officers' meeting held just prior to the Council meeting on 11 June 2017 as enumerated at paragraph 6 above.

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**Agenda Item 3: Rate adjustments, if any, based on representations received from Trade and Industry:**

**Discussion on GST rates for goods:**

8.1. Introducing the above agenda item, the Secretary recalled that during the 15<sup>th</sup> Meeting of the Council (held on 3 June, 2017), it was decided that all representations regarding reduction in rates were to be submitted within a day or two of the conclusion of the 15<sup>th</sup> Council Meeting, and these were to be considered by the Fitment Committee and its recommendations were to be placed before the Council in its next Meeting. He informed that the Fitment Committee met on 7-8 June, 2017 and examined the representations received from the Central Government and/or State Governments, subsequent to the declaration of the GST rates as approved by the Council in its 14<sup>th</sup> Meeting (held in Srinagar on 18-19 May 2017). He informed that the Fitment Committee examined these representations with reference to the present tax incidence [estimates based on present Central Excise duty/embedded Central Excise duty, VAT rates/weighted average VAT rates {provided by the Fitment Committee members during the meeting}, cascading on account of VAT on excise duty, CST, octroi, entry tax, etc.] and has recommended reduction of tax rates in 66 cases. He further drew attention to the addendum to agenda item 3 circulated on 10 June 2017 in which certain IGST exemptions and rate of tax on job work services related to printing of books, journals and periodicals were proposed.

8.2. The Hon'ble Deputy Chief Minister of Delhi stated that before taking up discussion on individual items, he wanted to place before the Council a general point relating to small scale industries. He stated that in Delhi, 90% of units in sectors like footwear, toys, electrical fittings and plastic goods had a turnover below Rs. 1.5 crore and due to Central Excise exemption, they paid a lower rate of tax than the present rate slabs of 18% to 28% recommended by the Council. He stated that this would adversely affect the 'Make in India' campaign. He added that keeping this in mind, he would suggest certain changes in tax rates during discussion on individual items. The Hon'ble Minister from Telangana stated that a large number of small and medium enterprises (SMEs) in his State had a turnover below Rs. 1.5 crore. He stated that the marble industry was very big in his State, which was exempt from Central Excise duty up to a turnover of Rs. 1.5 crore and it was now proposed to be taxed at the rate of 28%. He stated that there were several cheap varieties of marble slabs costing between Rs. 10 and Rs. 15 per square feet and the rate of tax for such goods should be lower.

8.3. The Hon'ble Minister from Chhattisgarh suggested to increase the turnover limit for availing Composition scheme from the present Rs. 50 lakh to Rs. 1 crore and to reduce the rate of tax for the manufacturing sector under the Composition scheme from 2% to 1%. The Hon'ble Deputy Chief Minister of Delhi and the Hon'ble Minister from Punjab supported this suggestion and expressed that this would help the SMEs. The Hon'ble Minister from Maharashtra suggested that the turnover limit for availing Composition scheme for manufacturers and restaurants should be increased to Rs. 1 crore. The Hon'ble Minister from Telangana supported this proposal. The Secretary stated that the Composition scheme might not be attractive to relatively bigger units as they could not avail the input tax credit on their purchases and their buyers could not get input tax credit on sales made

  
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by them. The Hon'ble Minister from Chhattisgarh stated that the traders had the choice not to opt for the Composition scheme. The Secretary invited comments from the officers as well. The Hon'ble Chairperson stated that discussion on this subject should also cover the revenue aspect.

8.4. Shri R.K. Tiwari, Additional Chief Secretary (ACS), Uttar Pradesh, stated that his State had a large number of SMEs falling within the annual turnover of Rs. 1 crore and if all of them opted for Composition scheme, they would suffer a very large-scale revenue loss to the tune of about Rs. 5,000 crore. The Hon'ble Deputy Chief Minister of Gujarat stated that his State also had a very large number of SMEs. He proposed to increase the turnover limit for Composition scheme to Rs. 75 lakh so that loss of revenue to the Government was comparatively less and suggested to keep the rate of tax at 2%. Dr. P.D. Vaghela, CCT, Gujarat, stated that originally, they had opposed the proposal to extend the benefit of Composition scheme to manufacturers as this could lead to evasion of tax. He stated that some industries should not be extended the benefit of Composition scheme as this could lead to windfall profit for them, particularly where the rate of tax on inputs was Nil. He gave the example of the ice cream manufacturing units which would procure milk at the Nil rate of tax and pay minimal duty on their final product. He further observed that the rate of tax of 2% under the Composition scheme for manufacturers was too low. He also pointed out that only three States extended the benefit of Composition scheme to manufacturers.

8.5. The Hon'ble Minister from Andhra Pradesh stated that SMEs in his State as well as in the country as a whole were in doldrums and seeking concessions. He stated that GST should not have adverse impact on SMEs and there should be a different treatment for them as the largest number of employment came from this sector. He suggested to increase the turnover limit for Composition scheme to Rs.1 crore. The Hon'ble Minister from Telangana stated that the small-scale industries would be adversely affected as no Central Excise duty was presently charged on the units with a turnover upto Rs. 1.5 crore. The Secretary stated that States were charging VAT on all units with turnover of more than Rs. 10 lakh and except for three States, Composition scheme for manufacturers was to be extended for the first time in the other States.

8.6. The Hon'ble Minister from Rajasthan stated that there was a mistake in calculation of total tax incidence on granite and marble. He observed that marble was not a luxury item and its price ranged from Rs. 15 per square feet to Rs. 1,500 per square feet and there were mostly small suppliers of marble. He added that marble was a labour intensive sector which provided employment to lakhs of people and mostly MSME units with turnover of less than Rs.1.5 crore are engaged in this and they are not liable to pay excise duty. He suggested that marble should be taxed at the rate of 18% instead of 28%. He added that if tax rate on marble was kept very high, it would lead to large scale evasion of tax and there were also chances of the consumer shifting from local marble to imported marble. The Hon'ble Minister from Uttarakhand suggested to keep the turnover limit of Composition scheme at Rs. 1.5 crore and to reduce the rate of tax to 1% as otherwise the SME sector would collapse. The Hon'ble Chairperson enquired regarding the revenue impact of this suggestion. The Hon'ble Minister from Uttarakhand stated that if the rate was kept low, the turnover of these units would increase and more revenue would come to the State. The Hon'ble Minister from West Bengal stated that there was a need to strike a balance between safeguarding revenue for the States and to protecting the interest of SMEs. He expressed his support for the proposal made by the Hon'ble Minister from Chhattisgarh. He observed that manufacturers with turnover below



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Rs. 1.5 crore did not pay any Central Excise duty but units with turnover above Rs. 10 lakh were paying VAT, and hence there was justification to levy some tax on them. He suggested that the turnover limit for Composition scheme could be kept at Rs. 75 lakh. He observed that if the scheme of Composition was extended to units having annual turnover upto Rs. 1 crore, the rate of tax under the Composition scheme could be tweaked but if the turnover limit for Composition was kept at Rs. 75 lakh, then the present rate of tax could be maintained. He observed that it was important to safeguard the SME sector as they had made an investment of Rs. 1,000 crore in this sector which gave employment to about 6,000 workers.

8.7. The Hon'ble Minister from Kerala stated that the turnover limit for Composition scheme should be increased to Rs. 1 crore and the rate of tax under the Composition scheme could be increased for various segments: for traders 2%, for manufacturers 3% and for restaurants 5% but have a differentiated rate of tax between air-conditioned and non-air-conditioned restaurants, with the latter being taxed only at the rate of 2%. The Hon'ble Chairperson observed that the principles enunciated by the Hon'ble Minister from West Bengal were valid and there was merit in the suggestions made by the Hon'ble Deputy Chief Minister of Delhi and the Hon'ble Minister from Chhattisgarh to safeguard the interest of SMEs. The Hon'ble Minister from Telangana stated that, in his State, about 49,377 units had turnover between Rs. 20 lakh and Rs. 1.5 crore from which revenue came to only Rs. 565 crore. He suggested to keep the turnover limit for availing Composition scheme for SMEs to Rs. 1.5 crore but to increase the rate of tax. He observed that this would encourage local industries. The Hon'ble Minister from Jammu & Kashmir stated that if the turnover limit for availing Composition scheme was kept at Rs. 1 crore or Rs. 1.5 crore, in some States, almost 100% of units could fall in the Composition scheme. He observed that the description of SMEs would differ from State to State and data was needed to analyse gains and losses to different States. The Hon'ble Minister from Haryana agreed with the observations of the Hon'ble Minister from Jammu & Kashmir and stated that there was a need to protect SMEs to generate employment but it was equally important to arrive at a rational limit for availing Composition scheme. He suggested that an officers' committee could examine this issue further.

8.8. The Hon'ble Chief Minister of Puducherry stated that the impact of increasing the turnover threshold for availing Composition scheme would need to be examined and to be placed before the Council. He observed that if a dealer had a daily turnover of Rs. 15,000, he would cross the threshold of Rs. 20 lakh and would start paying tax. He observed that 28% tax rate for hotels with room rent above Rs. 5,000 per night would affect the business of hotels and suggested that hotels with room rent between Rs. 5,000 and Rs. 10,000 per night should be charged at the rate of 18% and hotels with room rent above Rs. 10,000 per night should be charged at the rate of 28%. The Principal Secretary, Telangana, stated that the main problem was in calculating the incidence of tax rate. He informed that the granite industry was willing to pay tax at the rate of 14.5% but for units with turnover below Rs. 1.5 crore, the tax rate of 28% was very high. He suggested that to calculate the tax incidence for units with turnover below Rs. 1.5 crore, only the tax incidence of VAT should be taken into account and as a general principle, such units should be charged tax at one slab lower than the presently proposed rate. The Hon'ble Minister from Kerala stated that the revenue of the consuming State should also be protected and the proposed reduction in the rate of tax would adversely affect the revenue of the consuming States.



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8.9. The CCT, Gujarat, stated that the scheme of Composition was discussed at length in the Officers' Committee and the rate of 2% for manufacturers was fixed as a thumb rule, rather than after any scientific analysis. He pointed out that if all manufacturers got the benefit of the Composition scheme, then Gujarat would lose about Rs. 150 crore of revenue from ice cream manufacturers alone as their input, namely, milk was exempt from tax whereas ice cream was taxed at the rate of 28%. He informed that his State had worked out a GST rate for composition for different manufacturing sectors but after discussion, it was felt that this would not be viable. He stated that revenue of the States of North-East would be hit very hard if all manufacturers were allowed to come under the Composition scheme. The Secretary stated that a negative list of industries that would not be extended the benefit of Composition scheme would be prepared. The CCT, Gujarat, informed that they had already prepared such a list. The Hon'ble Deputy Chief Minister of Gujarat suggested that it would be desirable to discuss first the negative list of manufacturers under the Composition scheme before discussing the Composition rate so that revenue was protected.

8.10. Shri Sanjeev Kaushal, ACS, Haryana, stated that the Composition scheme was presently available to a very few manufacturers. They extended the benefit of Composition scheme to plywood manufacturers at the rate of Rs. 9.7 lakh for one press and taking an approximate monthly turnover for a press to be Rs. 3 crore to Rs. 5 crore, the tax came to about 3% per month. He stated that the Composition scheme was also allowed for brick kiln owners at the rate of about 2% to 3% per month. He stated that the preponderance of SMEs was in those sectors which were reserved for small scale industries till 2006-07, and suggested that the sectors with preponderance of SMEs could be listed and incidence of Central Excise could be reduced by half and the combined incidence of tax could be worked out accordingly. The ACS, Uttar Pradesh, stated that extending the Composition benefit to manufacturing units which were presently paying VAT would bring down the effective rate of taxation from the present about 10% (VAT rate 14.5% minus input tax credit roughly at the rate of 4%) to 2%. He also expressed an apprehension that this gave an opportunity to the units to split their books of account. He further stated that if the Composition limit was increased to Rs. 1 crore, their State would suffer a loss of revenue of about Rs. 7,000 to Rs. 10,000 crore. He suggested that if the turnover limit under the Composition scheme was proposed to be increased to Rs. 1 crore, the Composition rate for manufacturing units should be fixed at the rate ranging from 7% to 10% to make the rate revenue neutral.

8.11. The Hon'ble Deputy Chief Minister of Delhi pointed out that for manufacturers of goods like electrical fittings, footwear and toys, there was strong competition from goods imported from China. Even a slight increase in the rate of tax would make them uncompetitive *vis-à-vis* the imported goods leading to closure of SMEs in Delhi which in turn would lead to loss of jobs and decline in consumption and people might even move out of Delhi. The Hon'ble Deputy Chief Minister of Gujarat stated that imports from China would also attract IGST, and therefore, they would not become cheaper. The Hon'ble Chairperson enquired whether the proposal was to increase the Composition limit only for manufacturers or also for traders and restaurants. The Hon'ble Minister from Punjab stated that the Composition limit should be increased only for manufacturers and that manufacturers of marble, granite and air-conditioners should be kept in the negative list. He also expressed a fear that units might create multiple entities by splitting them amongst the family members. Shri V.K. Garg, Advisor (Financial Resources) to Chief Minister,

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Punjab, stated that for products falling under the tax bracket of 28%, the Composition rate could be kept at 5% to 6% and observed that the scheme of Composition would normally be availed by those units which directly sold their products to consumers.

8.12. The Secretary invited Shri Prakash Kumar, Chief Executive Officer (CEO), Goods and Services Tax Network (GSTN), to present the data available with GSTN on the Composition dealers. The CEO, GSTN, stated that he had sought data on the Composition dealers from the States one year back and the data was received from 10 States. He stated that as per the data, the Composition dealers as a percentage of the total dealers and the threshold for composition dealers (in brackets) were as follows: Andhra Pradesh – 36% (Rs. 50 lakh); West Bengal – 22% (Resellers - Up to Rs. 50 lakh and Works Contractors - Unlimited; Karnataka – 8% (Hoteliers - Rs. 25 lakh and Contractors – No limit); Maharashtra – 4% (Restaurant, Caterers, Eating houses, etc/Second hand Motor Car Dealers – No turnover limit, Bakers – First Rs. 50 lakh and Retailers – Previous Year turnover should be less than Rs. 50 lakh and Works Contractors – No limit); Kerala – 12% (Rs. 60 lakh); Chhattisgarh – 17% (Rs. 60 lakh); Tamil Nadu – 7% (Rs. 50 lakh); Jharkhand – 2% (Rs. 50 lakh); Haryana – 4% (Ply board and Brick kiln – According to capacity) and Odisha – 7% (Rs. 50 lakh).

8.13. Shri Udai Singh Kumawat, Joint Secretary (Revenue) stated that the Committee on Dual Control, Threshold and Exemptions set up by the Empowered Committee had estimated in its report that the VAT revenue from dealers with turnover of less than Rs. 1.5 crore was 7.2% of the total VAT revenue collected. He further stated that the total VAT revenue for 2015-16 reported by the State Governments was around Rs. 4.2 lakh crores. This would translate to Rs. 30,000 crore of revenue only from VAT from this category of taxpayers. He further mentioned that if one calculated the tax incidence on this sector on a Compounding basis pre-GST, a 30% value added estimation with 14.5% VAT rate of products made by taxpayers of this sector (as had been mentioned by the Principal Secretary from Uttar Pradesh) translated to 4.35%. If embedded Central Excise duty on the products were added to the tune of about 4%-5% even on a conservative estimate, the tax incidence on this category of tax payers on a compounding basis pre-GST came to 8%-9%. He further mentioned that against this, the Council had already approved a Compounding rate of 2% on taxpayers with turnover below Rs. 50 lakh. Any further increase in threshold for compounding along with the fact that compounding option encouraged taxpayers to split up their units, as the Hon'ble Deputy Chief Minister of Gujarat mentioned, could have serious adverse revenue implications.

8.14. The Hon'ble Minister from Chhattisgarh stated that in order to increase employment in the States, 10-year Sales Tax holiday for large industries was part of the industrial policy of almost all States. Under the GST regime too, to encourage industrial investment, many States were planning to reimburse SGST portion to the industries. He added that the SMEs had the largest employment potential and that the Central Excise exemption to SMEs should, to the extent possible, be protected under the GST regime. He, therefore, suggested to increase the turnover limit for Composition scheme to Rs. 1 crore and to reduce the rate of Compounding tax to 1% and expressed that this would not lead to large scale revenue loss. The Hon'ble Minister from Goa stated that States had been giving subsidies for water, power, etc. to encourage industrial investment for employment generation. He added that SMEs should not be seen only through the prism of revenue. He observed

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that SMEs had a big role to play in the success of 'Make in India' policy. He supported the proposal to increase the threshold limit for Composition scheme and observed that this might lead to gain for some States and loss for others but it would serve the larger national purpose of encouraging 'Make in India' policy. The ACS, Tamil Nadu, stated that if the turnover limit for Composition was increased to Rs. 75 lakh, the revenue loss would not be much. He stated that keeping in view the fact that all inter-State suppliers would be outside the scheme of Composition and the method of calculation of turnover was based on all-India aggregate turnover of persons having the same Permanent Account Number (PAN), increasing the turnover limit for Composition scheme to Rs. 1 crore annually would not affect the revenue much. He pointed out that the limit of Rs. 50 lakh turnover for Composition scheme was set in 2006 and keeping in view the inflation, there was justification to increase this turnover limit to Rs. 75 lakh or Rs. 1 crore. The Hon'ble Minister from Telangana suggested to make a Committee of officers to assess the gains and losses. He supported the view of the Hon'ble Minister from Goa that employment was a very important issue and for this, States were already giving subsidies on power, water and land.

8.15. The Hon'ble Chairperson observed that many States were agreeable to increase the turnover threshold to Rs. 1 crore per annum and enquired the views of the Hon'ble Members regarding what should be the tax rate and whether it should be graded in respect of turnover up to Rs. 50 lakh and above Rs. 50 lakh to Rs. 1 crore. The Hon'ble Chief Minister of Puducherry suggested that data could be collected from all States and also sounded a note of caution that increasing the turnover limit could lead to traders splitting their units to remain within the threshold limit. The Hon'ble Minister from West Bengal stated that a turnover limit of Rs. 1 crore annually for Composition scheme appeared acceptable though as per their rough calculation, it could lead to loss of revenue of about 3%-4%. He observed that the Composition scheme was voluntary and many taxpayers in his State chose not to opt for this scheme. As regards rates of tax, he suggested that traders could be taxed at the rate of 1%-2% and manufacturers at the rate of 3%-4%. The Hon'ble Chairperson stated that rough calculation indicated that products in the 28% rate slab would, in terms of revenue, break even if the Composition rate was fixed at 5% and products in the 18% rate slab would break even, if the Composition rate was fixed at 3%. The Hon'ble Minister from West Bengal stated that this could be a sensible approach but it could lead to complications in the tax regime.

8.16. The Hon'ble Chairperson observed that as rates were prescribed in the law (Section 10 of the CGST Act and the SGST Acts), changing the rate of Composition would require amendment in the law which was not possible at this stage. He, therefore, suggested to only increase the annual turnover threshold for Composition from Rs. 50 lakh to Rs. 75 lakh and to keep the rates unchanged. The Secretary stated that on a rough calculation, taking into account items in the 18% rate slab, on which there was no Central Excise duty and 9% VAT, an annual turnover limit of Rs. 80 to Rs. 85 lakh for Composition would be the break-even point and so he suggested to keep the annual turnover threshold at Rs. 75 lakh. The Hon'ble Minister from Chhattisgarh reiterated to keep the Composition threshold as Rs. 1 crore annual turnover and stated that raw materials would attract Nil rate of tax only where they came from mining sector whereas in many cases, the raw materials would also attract tax at the rate of 28%. He stated that it would not be possible to make an estimate of revenue calculation for increasing the Composition threshold. He also suggested that there was no necessity to have a negative list of manufacturers for exclusion from the Composition scheme. The Hon'ble Chairperson observed that the considerations of protection of revenue and that of the

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interest of SMEs needed to be balanced and the revenue loss could be minimized by having a negative list of manufacturers ineligible for the Composition scheme. The Hon'ble Minister from Maharashtra and the Hon'ble Deputy Chief Minister of Gujarat also stated that there should be a negative list of manufacturers who would not be allowed to avail the Composition scheme. The ACS, Uttar Pradesh, stated that only smaller SMEs should be kept under the Composition scheme and the bigger ones should come under the normal system of taxation with input tax credit and audit. He pointed out that under the Composition scheme, the raw materials also went out of the audit trail. He observed that for new units under the SME sector, a provision could be made to refund VAT and this would maintain the sanctity of accounts. He observed that the Composition scheme was distortionary and it should not be allowed for the larger units. The CCT, Gujarat, also observed that the Composition scheme was distortionary and did not permit an audit trail. He suggested that States could give incentive to SMEs through Direct Benefit Transfer (DBT) route. The Hon'ble Minister from West Bengal observed that if the annual turnover limit for Composition was kept at Rs. 1 crore, then a negative list of manufacturing sectors could be kept but if the turnover threshold was Rs. 75 lakh, the revenue loss would not be very high and the Council could take a decision regarding keeping a negative list of manufacturing sectors. The Hon'ble Minister from Telangana once again suggested to keep the turnover threshold for the Composition scheme at Rs. 1 crore. The Hon'ble Chairperson suggested that since the rates under the Composition scheme could not be changed, the annual turnover threshold could be kept at Rs. 75 lakh for all taxpayers eligible for the scheme and to have a list of manufacturers who shall be ineligible for Composition scheme. The Council agreed to these proposals.

8.16.A. The Hon'ble Minister from Tamil Nadu circulated a written speech during the meeting. He thanked the Council for having agreed to the request of Tamil Nadu regarding the rates of tax on footwear; palmyra jaggery; glass for corrective spectacles and cashew nut. He also commended the decision to levy tax on Textiles at a uniform lower rate of tax. He reiterated that handloom textiles, roasted gram locally known as "fried gram", sago, sea shells and handicraft items made from them, hand-made jewellery made by goldsmiths from the economically weaker sections, and fishnet and fishnet twine should be Nil-rated; water sold in Refill Cans (bubble top) and small plastic pouches, curry, other spices and mixture of spice powder known as masala powder, unbranded biscuits, *bidi*, concrete blocks/bricks, and films made in the local language of the State should be taxed at a lower rate; unbranded sugar confectionery, pickles, power driven pumps, fly ash bricks and rate of tax for supply of food and drinks in restaurants without air-conditioning should be brought down to 5%; frames and mountings for spectacles, and attachments of tractors should be taxed at 12%; cess should be restricted to Motor Cycles above 500 cc; and wet grinder, air compressors and weighing machineries, and electrical apparatus irrespective of capacity should be brought down to 18%.

**Discussion on rate of tax for specific goods:**

8.17. The Secretary stated that the Fitment Committee had reviewed 133 items and in several cases, it had recalculated the weighted VAT rate after getting the VAT rates from the States. He said that due to such recalculation, the Committee had suggested a lower incidence of tax on several goods. He added that on some goods like school bags and rucksacks, a higher rate of 28% appeared to be odd and were proposed to be reduced to 18%. He stated that the rate reduction was suggested for 66 items and further suggested that the Council should take up for discussion only those goods

  
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where Hon'ble Members had some objection and the proposed rate for other goods could be taken as approved. With this understanding, he invited comments of the Hon'ble Members on the list of products presented in the agenda notes for agenda item 3 and the discussion on the same is recorded as below:-

(i) **Pasta, Macaroni (Sl. No. 14 of the List):** The Hon'ble Minister from Uttarakhand stated that pasta and macaroni should not be taxed at the rate of 18% as they were made from *maida* and the procedure was almost similar to that for *sewiyān* which was to be taxed at the rate of 5%. Shri Alok Shukla, Joint Secretary (TRU-I), CBEC, stated that the present incidence of tax on pasta and macaroni was about 23% and these goods were already recommended to be taxed at a lower rate of 18%. The Council agreed not to change the already approved rate of tax for pasta and macaroni at the rate of 18%.

(ii) **Cakes:** The Hon'ble Minister from Goa stated that when *mithai* was to be taxed at the rate of 5%, cakes should also be taxed at the rate of 5% as it was made at every home in Goa. Shri Anurag Goel, CCT, Assam, stated that cakes made at home would be Nil rated and if the tax rate was reduced, the benefit would go to the bakery industry which was not warranted. The Council agreed not to change the already approved rate of tax of 18% for cakes.

(iii) **Fishnet:** The Hon'ble Minister from Goa stated that when tyre cord fabric was proposed to be taxed at the rate of 5%, there was no justification to tax fishnet at the rate of 18%. He further stated that the tax rate of 18% on fishnet would lead to increase in the cost of fish by Rs. 30 to Rs. 50 per kg. The Secretary stated that the raw material for fishnet was polyester which was to be taxed at the rate of 18% and if fishnet was taxed at 5%, large scale refund would arise due to duty inversion. The Hon'ble Minister from Goa stated that they did not want input tax credit on fishnet nor refund due to duty inversion and simply wanted the tax rate to be lowered from 18% to 5%. The Joint Secretary (TRU-I), CBEC, stated that fishnet was taxable at the rate of 12% and not 18% and that value addition in the manufacture of fishnet was such that the difference in the rate between the raw material and the finished goods could be absorbed and the entire tax could be paid through input tax credit. He added that if tax rate was reduced to 5%, fishnet would get imported in large quantities. The Hon'ble Chairperson stated that fishnet manufacturers would get input tax credit on raw material which was also proposed to be taxed at the rate of 12% . The Council agreed not to change the already approved rate of tax of 12% for fishnet.

(iv) **Farsan (Sl. No. 24 of the List):** The Hon'ble Minister from Maharashtra suggested to tax *farsan* at the rate of 5% at par with the rate of tax for sweets. The Joint Secretary (TRU-I), CBEC, stated that the present incidence of tax on *farsan* was more than 12%. The Council agreed not to change the already approved rate of tax for *farsan* at the rate of 12%.

(v) **Malt (Sl. No. 10 of the List):** The Hon'ble Minister from Haryana pointed out that the present incidence of tax on malt was about 29.58% whereas the proposed rate of tax under GST was 18% and wanted to know why there was so much variation in the rate and why there was a departure from the agreed principle of fitment of rates. The Secretary explained that all intermediate products were proposed to be taxed at the rate of 18% and malt was also an intermediate product used for making drinks like Horlicks and it was for this reason that it was kept in the 18% tax bracket. The Council agreed not to change the already approved rate of tax for malt at the rate of 18%.

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(vi) **LT Switch Gears and Switch Boards and Electronic components (Sl. No. 114 & 115 of the List):** The Hon'ble Minister from Haryana pointed out that for these goods, the proposed 28% rate of tax was higher than the current incidence of tax of about 21.89%. The CCT, Gujarat, stated that there were different rates of VAT for switches for household use and industrial use due to which the current incidence of tax was coming lower than the proposed tax rate and that the issue was discussed in the Fitment Committee and it was felt that in order to avoid the scope for mis-declaration and duty evasion, a uniform rate of 28% could be kept on these goods. The Council agreed not to change the already approved rate of tax for these goods at the rate of 28%.

(vii) **Other Dry Fruits and Nuts (Sl. No. 8 of the List):** The Hon'ble Minister from Uttar Pradesh stated that since cashew nut was being taxed at the rate of 5%, *singhada* and *makhana* should not be taxed at the rate of 12%. He further stated that as it was consumed by people during fasting, it was exempt from VAT and proposed that it should also be exempted under GST. The Secretary raised a question whether these goods would fall in the category of dry fruits and the ACS, Uttar Pradesh, clarified that they would fall in this category. Joint Secretary (TRU-I), CBEC clarified that fresh *singhada* (chestnut) was classifiable under HS 0802 and was at 0% rate of tax whereas dried *singhada* (chestnut) was to be taxed at the rate of 12%, as in the case of other dry fruits (other than cashew and raisins). Similarly, *makhana* fresh was at 0% whereas *makhana* dried was at 12%. After discussion, the Council agreed not to make any change in the tax rate of 12% for these products.

(viii) **Masala powder (Sl. No. 19 of the List):** The Hon'ble Minister from Tamil Nadu stated that curry, other spices and mixture of spice powder known as *masala* powder should be taxed at a lower rate of 5% instead of the proposed rate of 18%. He stated that condiments, being mixed seasonings, could be taxed at a different rate but pure spice mixture should be at a lower rate and the entry should also be clarified suitably. The Joint Secretary (TRU-I), CBEC stated that the Supplementary Note (3) to Chapter 9 provides that the addition of other substances to spices shall not affect their inclusion in spices provided the resulting mixtures retain the essential character of spices and spices also include products commonly known as "masalas" and it would be taxable at the rate of 5% under Chapter 9. The Council agreed to this proposal.

(ix) **Instant Coffee (Sl. No. 17 of the List):** The Hon'ble Chief Minister of Puducherry observed that 28% rate of tax on instant coffee was too high. The Secretary explained that such coffee was sold only by multinational brands and the benefit of lower tax rate might not get passed on to the consumers. He further clarified that coffee powder other than instant coffee was to be taxed at a lower rate of 5%. The Council agreed not to change the already approved rate of tax for instant coffee at the rate of 28%.

(x) **Fruit and vegetable items and other food products; Pickles, Murabba, Chutney; Ketchup and Sauces (Sl. No. 15, 16 & 18 of the List):** The Hon'ble Minister from Uttarakhand stated that the tax on these goods was proposed to be lowered from 18% to 12% but in order to encourage reprocessing of agricultural products, they should be taxed at a still lower rate of 5%. He stated that fruits worth crores were lost every year in India due to spoilage of vegetables and fruit. He further stated that in India, only 2% of agricultural and fruit products were reprocessed whereas it was done on a very large scale in countries like USA and China. He added that VAT was only charged at the rate of 5%, and therefore, the rate of tax could be brought down to 5% and this would encourage



the growth of food processing industry in India. The Secretary stated that the combined incidence of tax on fruit, vegetables, pickles, etc. was about 13% and the proposed tax rate at the rate of 12% was reasonable. The Council agreed to change the proposed rate of tax from 18% to 12% on these products.

(xi) **Ayurvedic medicines (Sl. No. 33 of the List):** Hon'ble Deputy Chief Minister of Delhi suggested that ayurvedic medicines should be taxed at a lower rate of 5%. The Secretary stated that the current incidence of tax on ayurvedic medicines was about 13%, and therefore, it would be reasonable to tax them at 12%, as proposed in the agenda notes. The Council agreed to this proposal.

(xii) **Granite Slabs (Sl. No. 29 of the List):** The Hon'ble Minister from Telangana stated that presently there was only 2% CST (Central Sales Tax) on granite slabs and levying 28% tax on them was too high. He stated that lakhs of people were employed in this sector and the cost of slabs varied from Rs. 16 per square feet to Rs. 80 per square feet. He suggested to reduce the rate of tax on granite slabs. He further stated that the present incidence of tax on granite slabs was only about 16.32%, and therefore, it should be taxed at the rate of 12%. The Hon'ble Minister from Karnataka stated that it was ironic that on a luxury consumption item like granite slab, there was no Central Excise duty. He added that there could be evasion of tax if the rate of tax was kept at 28%. The Secretary stated that evasion was earlier possible due to lower rate of CST at 2% but now all suppliers of this good supplying inter-State would be required to pay tax at the rate of 28%. He added that taxpayers whose annual turnover was below Rs. 75 lakh could sell these goods in the State at a lower Composition rate and the rest would pay tax at the rate of 28%. The Hon'ble Minister from Telangana warned that the granite industry would be finished due to such high incidence of tax. The Hon'ble Minister from West Bengal stated that if the rate was reduced, import of granite slabs would go up. The Hon'ble Chairperson observed that other States were not agreeable to reduce the rate of tax on this good. Joint Secretary (TRU-I), CBEC clarified that the issue was deliberated during the 14<sup>th</sup> Council Meeting (held on 18-19 May, 2017) and after discussion, it was decided to prescribe a uniform rate of 28% on marble slabs as well as granite slabs to avoid misclassification and disputes. The Council agreed not to change the already approved rate of tax for granite slabs at 28%.

(xiii) **Insulin (Sl. No. 34 of the List):** The Hon'ble Minister from Jharkhand stated that rate of medicines had been generally reduced and the rate of tax on insulin should also be reduced from the proposed rate of 12%. The Hon'ble Deputy Chief Minister of Gujarat stated that a very large number of people used insulin and it should be taxed at the rate of 5%. He added that since tax on dental wax was proposed to be reduced from 28% to 18%, tax on insulin should also be reduced from 12% to 5%. The Hon'ble Ministers from Maharashtra and West Bengal supported this proposal. The Secretary suggested that insulin formulations of all types could be taxed at the rate of 5%. The Council agreed to tax insulin of all types at the rate of 5%.

(xiv) **Bio gas (Sl. No. 31 of the List):** The Hon'ble Minister from Haryana suggested that bio gas should be kept in the exempt category like e-vehicle. The Secretary stated that the rate of tax on bio gas plants was kept at par with other renewable energy devices such as wind and solar energy and thus, a tax rate of 5% on bio gas would enable pass through of the input tax credit. The Hon'ble Minister from Haryana stated that the input for bio gas was waste, and therefore, no input tax credit

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was involved. The Hon'ble Minister from Uttar Pradesh suggested that machines operated on bio diesel should also be taxed at the rate of 5%. The Secretary stated that all machines were in the tax slab of 18%. The Secretary stated that for bio gas, tax was proposed to be lower at 5% instead of the earlier approved rate of 12% as the current incidence of tax was about 8.6%. The Council agreed to the proposed rate of 5% for bio gas.

(xv) **Marble slabs (Sl. No. 30 of the List):** The Hon'ble Minister from Rajasthan stated that there was no Central Excise duty on marble and granite for manufacturers up to an annual turnover of Rs. 1.5 crore and that a tax rate of 28% would make the domestic products very costly. The Secretary stated that imported marble would also be charged to IGST at the rate of 28% and in addition, Customs Duty was also leviable. The Hon'ble Minister from Telangana stated that the current incidence of tax on granite slabs was about 16.32% and enquired why it was proposed to be taxed at the rate of 28%. The Joint Secretary (TRU-I), CBEC, stated that the rate of tax on granite and marble tiles was 28%, and therefore, the intermediate products i.e. the granite and marble slabs were also kept in the tax bracket of 28%. He further clarified that the issue was deliberated during the 14<sup>th</sup> Council Meeting (held on 18-19 May, 2017) and after discussion, it was decided to prescribe a uniform tax rate of 28% on marble slabs as well as granite slabs to avoid misclassification and disputes. The CCT, Assam, stated that the revenue for his State would be affected if the tax rate was reduced from 28%. The Council agreed not to change the already approved rate of tax for marble slabs and granite slabs at the rate of 28%.

(xvi) **Mineral Water (Sl. No. 27 of the List):** The Hon'ble Minister from Tamil Nadu stated that water was sold in bottles, sachets and 20-litre cans and a lower rate of tax should be applied for sachets and 20-litre cans. The Joint Secretary (TRU-I), CBEC, stated that the rate of tax on mineral water was 18% as approved earlier by the Council and the same rate was proposed to be retained by the Fitment Committee and the rate shown against both columns as 28% was a typographical error. The Secretary stated that water supplied in 20-litre cans could be taxed at a lower rate of 12%. The CCT, Gujarat, stated that States had removed such classification and it was not desirable to reintroduce them. Shri Ritvik Pandey, CCT, Karnataka supported the view of the CCT, Gujarat. He also expressed an apprehension that as cans could be refilled, the taxpayer would declare even supplies of bottled water as supplies in 20-litre cans. The Secretary stated that it would not be difficult to detect this kind of mis-declaration. The Hon'ble Deputy Chief Minister of Delhi stated that there would be more scope for evasion of tax if more rate slabs were kept. The ACS, Uttar Pradesh, supported the proposal to keep the same tax rate on mineral water supplied in different forms. The Hon'ble Minister from Jharkhand observed that very few people drank mineral water and suggested to increase the tax rate to 28%. After discussion, the Council agreed not to change the already approved rate of tax for mineral water at 18%.

(xvii) **Children's picture, drawing or coloring books (Sl. No. 57 of the List):** The Hon'ble Minister from Jharkhand suggested that the tax on these items should be reduced from the proposed rate of 12% to 5% as it was meant for use by children. The Hon'ble Minister from West Bengal stated that it would be bad optics to tax these goods at the rate of 12% and the Council should not be seen to be taxing coloring books for children at a high rate. The Secretary stated that if tax was lowered, the producers of these goods would become eligible to claim refund on the input tax credit on paper leviable to tax at the rate of 12%. The Hon'ble Deputy Chief Minister of Delhi stated that



since books were kept at Nil rate, there was no justification to levy tax on children's picture, drawing or coloring books. He added that today young parents from all strata of society gave such books to their children. The Secretary informed that even the producers of books had requested to levy tax on them as they suffered an embedded tax of 8% to 9% but this suggestion was not acted upon as levying tax on books would have caused public uproar as it was connected to the freedom of speech. The Hon'ble Deputy Chief Minister of Delhi stated that text books and picture books did not have much difference. The Hon'ble Deputy Chief Minister of Gujarat stated that in his State, books were given free to about 1 crore children. After discussion, the Council agreed to exempt tax on children's picture, drawing or coloring books instead of the proposed tax rate of 12%.

**(xviii) Spectacle Cases; Glasses for Corrective Spectacles and Flint Buttons (Sl. No. 49 & 67 of the List):** The Hon'ble Deputy Chief Minister of Delhi stated that manufacturers of spectacle cases were small entrepreneurs and instead of taxing them at 28%, it would be desirable to tax them at the rate of 12%, particularly when glasses for corrective spectacles were proposed to be taxed at the rate of 12%. The Joint Secretary (TRU-I), CBEC stated that the present incidence of tax on the spectacle cases was around 29.58% and that the manufacturers would get credit of tax paid on inputs. He suggested that no rate rationalization was required. The Council agreed not to change the rate of tax on spectacle cases proposed at the rate of 28%.

**(xix) Ply board (Particle board, fiber board) and Plywood (Sl. No. 53 of the List):** The Hon'ble Minister from Kerala stated that ply boards made of agro-waste products and other particle boards were competitive products, and therefore, there should be no rate differential between them. The Secretary stated that the particle boards were made of saw dust and if rate for both kinds of product was kept the same, then there would not be much market for boards made out of bagasse. The Hon'ble Minister from Kerala stated that saw dust was also virtually the same as an agro waste product. The Hon'ble Minister from Uttarakhand stated that when timber and wood was being charged to tax at the rate of 18%, the tax rate on ply board should be reconsidered and should be taxed at a lower rate of 18%. The Hon'ble Chairperson stated that the present incidence of tax on this product was 29.58%. The Hon'ble Minister from Uttarakhand stated that the rate of tax on ply board should be reduced so that the forest cover was not cut for use in construction activities. The Hon'ble Minister from Haryana stated that ply board industry supported agro-forestry programme of the Government and informed that poplar and eucalyptus were new agriculture produce developed for industrial production of ply board, etc. He also observed that it was a labour intensive industry; was presently in the Compounding scheme and did not have much input tax credit. He pointed out that if malt was to be charged at the rate of 18% on the consideration that it was an intermediate product, then ply board should also be considered as an intermediate product used in making houses, furniture, etc. The Hon'ble Minister from Punjab supported the view of the Hon'ble Minister from Haryana. The Secretary stated that ply board was in the nature of finished goods. The Hon'ble Minister from Kerala stated that rubber wood based board (at Sl. No. 51 of the List) should be treated as plywood as they were competitive products. The Hon'ble Minister from Jammu & Kashmir stated that if rate of tax on goods was to be based on goods of special importance in various States, then this was akin to going back to the VAT regime. The Hon'ble Chairperson stated that if rate was to be reduced on a large number of goods, then one would need to consider how to make up for the lost revenue. The Hon'ble Minister from Haryana stated that taxing ply board at the rate of 18% would improve compliance as a high rate of 28% would make it highly evasion prone

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commodity. The CCT, Assam observed that while deciding the rates, the interest of the consuming States should also be kept in mind. After discussion, the Council agreed to keep the tax rate on ply board (Particle board, fiber board) and plywood at the proposed rate of 28%.

(xx) **Laundry detergents and dish washing products (Sl. No. 38 of the List):** The Hon'ble Minister from Odisha stated that laundry detergent was an item of mass consumption and also played an important role in *Swacha Bharat* campaign and suggested that it should be taxed at a lower rate. The Hon'ble Minister from Karnataka stated that as soaps were being taxed at the rate of 18%, laundry detergents should also be taxed at the rate of 18%. The Secretary stated that the volume of turnover of these products was very high and reduction in rate of duty would lead to a loss of revenue of about Rs. 5,000-10,000 crore. He suggested that any lowering of rate could be considered after observing the revenue trend. The Hon'ble Chairperson observed that the current incidence of tax on these products was about 29.58%. The Council agreed to keep the rate of tax for these products at 28%.

(xxi) **Kites (Sl. No. 56 of the List):** The Hon'ble Minister from Jharkhand stated that there was no justification to tax kites at the rate of 5% as it was not a mass consumption item and today kite flying was limited to some specific festival. In this view, he suggested to tax it at a higher rate. The Hon'ble Deputy Chief Minister of Gujarat stated that in his State, all sections of society, including the poor, flew kite during the festival season and it was also manufactured by the poor artisans and so the proposed rate of 5% was justified. The Council agreed to keep the rate of tax for kite at 5%.

(xxii) **Human hair, dressed, thinned, bleached or otherwise worked (Sl. No. 60 of the List):** The Hon'ble Minister from Jharkhand stated that poor persons did not use wigs and there was no justification to keep the rate of tax on human hair as Nil and that this product should be taxed. The Joint Secretary (TRU-I), CBEC stated that the products mentioned under this heading were intermediate products which were subject to chemical treatment, combing, etc. before they were made into wigs. He informed that the rate of tax on wigs was fixed at 28%. The Hon'ble Minister from West Bengal stated that very poor people collected hair in its normal state, cleaned and bleached it and then sent it to Gujarat for making wigs which was a high-end product. The Hon'ble Minister from Haryana raised a question as to why the rate of tax on this product was proposed to be brought down from 28% to Nil on the recommendation of only one State whereas Council was not agreeable to reduce the rate of tax on ply board which was demanded by at least five States. The Secretary stated that the volume of sale of ply board was very high and there would be substantial revenue loss if rate of tax on ply board was reduced. The Council agreed to keep the rate of tax for human hair dressed, thinned, bleached or otherwise worked at Nil.

(xxiii) **Bamboo based products (Sl. No. 50 of the List):** The Hon'ble Minister from Kerala suggested that rate of tax on bamboo based products should be reduced. The Joint Secretary (TRU-I), CBEC stated that the present incidence of tax on these products was about 18.65%. After discussion, the Council agreed to keep the rate of tax for bamboo based products at 18%.

(xxiv) **Coir mats, matting and floor covering (Sl. No. 58 of the List):** The Hon'ble Minister from Kerala suggested that the products coming from handloom industry should be exempted and the other categories of coir mats, etc. should be taxed at the rate of 5%. The Secretary stated that handloom was made across various sectors and it was a very big item in the textile industry. He



added that it was very difficult to distinguish between textiles made from handloom and power loom, and therefore, all were proposed to be taxed at same rate. He stated that the same logic applied for coir mats etc. The Council agreed to keep the rate of tax for coir mats etc. at 5%.

(xxv) **Agarbatti (Sl. No. 37 of the List):** The Hon'ble Minister from Karnataka stated that they had earlier suggested that *agarbatti* should be taxed at a lower rate but it was not considered and the tax rate was kept at 12% and now it was suddenly reduced to 5%. He stated that he was happy at this reduction in rate but wanted to bring the position of his State on record.

(xxvi) **Fly Ash Bricks (Sl. No. 61 of the List):** The Hon'ble Minister from Telangana stated that the rate of tax on fly ash bricks should be reduced to 5% instead of the presently proposed rate of 12% as a lot of fly ash was produced as waste material in the large number of thermal power stations located in his State and these thermal power stations had to spend money to dispose of fly ash. The Secretary stated that the Fitment Committee had recommended a tax rate of 18% which had already been reduced to 12% during the 14<sup>th</sup> Council Meeting (held on 18-19 May, 2017) and requested not to reopen this issue. The Hon'ble Chairperson stated that there was no strong justification to further reduce the tax rate on fly ash bricks. The Council agreed to keep the rate of tax for fly ash brick, along with fly ash blocks at 12%.

(xxvii) **Electric Conductors not exceeding 1000 V; Electric Wires and Cables Industrial (Sl. No. 105, 106 and 109 of the List):** The Hon'ble Minister from Bihar suggested that the rate of tax on electric conductors and electric wires and cables for industrial use should be reduced from the presently proposed rate of 28% as these goods were used for village electrification and increase in price of these goods would cause higher financial burden to the States. The Secretary stated that the rate of tax on these goods was fixed on the basis of the present incidence which was in the range of around 29.5% to 26.9%. The Council agreed to keep the rate of tax for electric conductors and electric wires and cables for industrial use at the rate of 28%.

(xxviii) **Tractor Components (Engines; Tyres and Tubes; Transaxles and parts thereof, Gear box and parts thereof and Hydraulics) (Sl. No. 75, 76 and 77 of the List):** The Hon'ble Minister from Haryana stated that when tractors were to be taxed at the rate of 12%, it was not justifiable to tax parts and components of tractors at the rate of 18% and 28%. He observed that a lot of repair activities took place for tractors and their spare parts were easily distinguishable and were only used in tractors. The Joint Secretary (TRU-I), CBEC, stated that tractor parts that were distinguishable as exclusively being used in tractors were proposed to be taxed at the rate of 18% by taking a carve out in Chapter heading 4011 (tyres and tubes) and in Chapter heading 8708 (parts and accessories of motor vehicles) and other parts, including engines, were proposed to be taxed at the rate of 28% in order to avoid misclassification and duty evasion. The Hon'ble Chief Minister of Puducherry stated that when the rate of tax on fixed speed diesel engines (Sl. No.74 of the List) was reduced from 28% to 12%, there was no justification to levy tax on tractor engines at the rate of 28%. The Secretary clarified that for the sake of parity, the rate of tax on submersible pumps and fixed speed diesel engines of up to 15HP was kept at 12%. He further pointed out that tractor engines would get full input tax credit and would be eligible for refund of input tax credit because the final goods, namely, tractors were charged to tax at the rate of 12%. After further discussion, the Council agreed not to further reduce the rate of tax on these goods.

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(xxxix) **Phul-jhadoo (Sl. No. 130 of the List):** The Hon'ble Deputy Chief Minister of Delhi stated that even plastic *jhadoo* should be kept at Nil rate of tax instead of being taxed at 5%. The Secretary stated that other than *phul-jhadoo*, there would be input tax credit for other types of *jhadoo*, and therefore, they were proposed to be taxed at the rate of 5% to avoid embedding of tax in the final product. The Council agreed to keep Nil rate of tax for *phul bahari jhadoo* and 5% for other types of *jhadoo*.

(xxx) **Rough precious and semi-precious stones (Sl. No. 68 of the List):** The Hon'ble Minister from Rajasthan stated that these should be taxed at Nil rate instead of the proposed rate of 0.25% because these were not that precious in nature and all of them were exported. The Secretary stated that a very low rate of 0.25% was proposed on these goods as it was only meant to establish an audit trail. The Council agreed to keep the proposed rate of tax at 0.25% for rough precious and semi-precious stones.

(xxxii) **Bamboo furniture (Sl. No. 127 of the List):** The Hon'ble Minister from Kerala stated that the proposed 28% rate of tax on bamboo furniture was prohibitively high and this would affect the producers of North-Eastern States. The Hon'ble Minister from Maharashtra stated that the Government of India had been encouraging bamboo products and the rate of 28% was too high. He added that China had developed bamboo furniture on a large scale and India should also encourage the same. The Hon'ble Chairperson suggested that the rate of tax on bamboo furniture could be brought down to 18% from 28%. The Council agreed to this suggestion.

(xxxiii) **Hybrid cars:** The Hon'ble Minister from Karnataka stated that due to imposition of 15% Compensation Cess on large hybrid cars, the rate of tax under GST would become higher than the present incidence of tax on hybrid cars. He stated that this could not be the intention of the Council and it was not fair to penalize an environment friendly good. The Secretary stated that a detailed note on costing of hybrid cars would be shared with him. He added that fuel efficiency of hybrid cars was 20%-25% more than normal cars and this was incentive enough for the consumers to pay a higher price inclusive of a higher tax. He added that the study had indicated that even when duty was reduced, the car manufacturers did not pass the benefit of the same to the consumers. The Hon'ble Minister from Karnataka reiterated that in addition to the cost of fitting extra equipment, there would be an additional cost for these cars due to imposition of 15% Compensation Cess, which was not desirable for an environment-friendly product. The Hon'ble Minister from Kerala stated that he did not support taxing an environment-friendly product at a high rate. The Hon'ble Minister from Goa stated that 15% Compensation Cess should not be imposed on environment-friendly car. The Hon'ble Chairperson stated that the note on hybrid cars should be circulated by the Secretariat to all the Hon'ble Members of the Council after which, if need be, it could be discussed during the next meeting of the Council.

(xxxiiii) **Molasses:** The Hon'ble Minister from Karnataka stated that they had concerns on the rate of tax on molasses and invited the CCT, Karnataka, to explain the issue. The CCT, Karnataka, stated that under the VAT regime, the tax paid on molasses was set off against the excise duty on clearance of alcoholic liquor for human consumption. In the GST regime, as alcoholic liquor for human consumption was out of GST, credit could not be taken for the tax paid on molasses. The

  
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Secretary stated that this kind of cascading would be an issue for all commodities which were not being subsumed in GST.

(xxxiv) **Textiles:** The Hon'ble Minister from Punjab stated that they had sent in writing that the tax rate for man-made fibre should be 18%, for yarn 12% and for cloth 5%. The Secretary stated that man-made fibre and man-made yarn were to be taxed at the rate of 18%. He stated that on fabric, 5% tax would help in the flow of credit and no tax would need to be paid in cash though refund of the accumulated credit was not allowed. The Hon'ble Minister from Punjab stated that fabric was being taxed at the rate of 5% but tax on job workers' charges would be 18%. He suggested to reduce the rate of tax on job work to 5% since no tax refund was being allowed. The Advisor (Financial Resources) to Chief Minister, Punjab stated that small job workers, who bought yarn and made cloth, would be wiped out as no refund was being allowed on credit overflow whereas the bigger manufacturers who bought fibre and made yarn and fabric in their own units would not suffer any disadvantage. The Hon'ble Minister from Rajasthan stated that there should be fibre neutrality for textile industry so that there was lesser accumulation of input tax credit for smaller units, in ratio of integrated textile units. He added that accumulation of input tax credit would make all the difference and would put the small units at a disadvantage. The Advisor to Chief Minister, Punjab stated that this distortion could be addressed by charging tax on fibre at the rate of 18%, on yarn at the rate of 12% and on garments at the rate of 5%. The Secretary stated that Agenda Item No. 3 also included a proposal to levy 5% tax on job work services in relation to Textile yarns (other than man-made fibre/filament) and textile fabrics instead of the present rate of 18%. After discussion, the Council decided not to change the rates for man-made fibre and yarn.

(xxxv) **Cullet and other waste and scrap of glass; glass in the mass:** The CCT, Madhya Pradesh, stated that the rate of tax on these products should be reduced from 18% to 5% as presently, alcohol industry mostly used recycled bottles, which gave employment to a large number of rag pickers. He added that this also helped to reduce pollution which could be caused due to piling of scrap bottles in the environment, if they were not reused. He added that the present rate of VAT on this item varied from 0% to 5%. After discussion, the Council decided not to change the rate of tax on these goods.

(xxxvi) **IGST Exemptions:** The Secretary stated the certain IGST exemptions were proposed to be continued/introduced due to reasons like bilateral commitments between India and Pakistan/Bangladesh for regulation of bus services (notification 4/99-Customs dated 08.01.1999); technical exemption for temporary import/re-import (notification 40/2015-Cus dated 21.07.2015; 9/2012-Cus dated 09.03.2012); and declaring inter-State movement of any mode of conveyance for carrying goods or passengers or both or for repairs and maintenance as neither a supply of goods nor a supply of service. The Council approved these proposals.

9. For **agenda item 3**, the Council approved the rates of GST on **supply of goods** as presented in the agenda notes with the following modifications: -

(i) For Composition scheme, to increase the annual turnover threshold from Rs. 50 lakh to Rs. 75 lakh for eligible taxpayers and to have a list of manufacturers who shall be ineligible for Composition scheme. However, no clear decision was taken regarding the applicability of this decision to the Special Category States;

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(ii) To tax insulin formulations of all types at the rate of 5% instead of the proposed rates of 12%/5%;

(iii) to exempt tax on children's picture, drawing or coloring books instead of the proposed tax rate of 12%;

(iv) To tax bamboo furniture at the rate of 18% instead of the proposed rate of 28%;

(v) Approved the exemption from IGST on certain imports, namely. bilateral commitments between India and Pakistan/Bangladesh for regulation of bus services; technical exemption for temporary import/re-import; and to declare inter-State movement of any mode of conveyance for carrying goods or passengers or both or for repairs and maintenance as neither a supply of goods nor a supply of services.

#### **Discussion on GST rates of tax for services:**

10. Presenting the agenda item regarding rates for services, the Secretary stated that the Fitment Committee of Officers in its meeting held on 8<sup>th</sup> June, 2017 at New Delhi had considered various proposals in respect of exemptions and rates of tax relating to services covering the following issues: (i) Proposals for exemption from tax; (ii) Tax rate on job work services provided in Textile, Diamond processing and jewellery sector and printing of books, journals and periodicals (Chapter heading 4901, 4902 of HSN); (iii) Tax proposals on Legal Services; (iv) Tax proposals on Sponsorship Services; (v) tax rate on admission to cinema theatres. He took up discussion on each of these issues separately.

#### **Proposals for exemption from tax:**

10.1. The Secretary stated that the Fitment Committee had recommended exemption from GST on four different categories of services. He stated that the first proposal was a recommendation to exempt from tax the Insurance services provided under *Mukhya Mantri Vyapari Durghatna Beema Yojana*. The ACS, Uttar Pradesh informed that traders were issued *Mukhya Mantri Vyapari Durghatna Beema Yojana* for an amount of Rs. 5 lakh and the Government paid the entire premium and that it should be exempted from tax. The Council agreed to the proposal.

10.2. The Secretary stated that the second proposal on exemption related to services provided to Government, a local authority or a Governmental authority by way of any activity in relation to any function entrusted to a Panchayat under Article 243G of the Constitution or to any function entrusted to a Municipality under Article 243W of the Constitution. He stated that in the Officers meeting held in the morning, it had been suggested that only supply of pure service contract provided to Government, a local authority or a Governmental authority by way of any activity in relation to any function entrusted to a Panchayat under Article 243G of the Constitution or any function entrusted to a Municipality under Article 243W of the Constitution may be exempted. After discussion, the Council agreed to the proposal.

10.3. The Secretary stated that the third proposal on exemption related to services provided to the Government under any insurance scheme for which total premium was paid by the Government. He informed that the recommendation of the Fitment Committee was to exempt services provided

  
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to the Government under any insurance scheme provided 100% premium was paid by the Central Government or the State Government. The ACS, Uttar Pradesh recalled that during the Officers' meeting held today in the morning, he had stated that under some of the Government of India schemes, even if part premium was paid by the Government, Service Tax on the same was exempted. The Secretary stated that where 100% premium was paid by the Government, the exemption from tax already stood approved by the Council. However, if there were other schemes where Government paid part premium and if a State Government wanted exemption from tax, it should be brought before the Council for approval. Secretary also added that since insurance schemes where 100% premium was paid by the Government have been decided to be exempted, there would be no need to separately exempt *Mukhya Mantri Vyapari Durghatna Beema Yojana* of Uttar Pradesh. The Council approved the proposal.

10.4. The Secretary informed that the fourth proposal on exemption related to services provided to the Government under any training programme for which total expenditure was borne by the Government. He informed that the recommendation of the Fitment Committee was to exempt services provided to the Government under any training programme provided hundred percent expenditure for training programme is borne by the Central Government or the State Government. After discussion, the Council approved the proposal.

**GST Rate on job work services provided in the sectors of Textile; Diamond processing and Jewellery; and Printing of books, journals and periodicals**

10.5. The Secretary stated that the appropriate rate of tax on job work services provided in the sectors of textiles, diamond cutting and polishing and gold jewellery and printing of books, journals and periodicals were examined by the Fitment Committee in its meeting held on 8<sup>th</sup> June, 2017. The Committee noted that the Council had decided the rate of tax on textile fabrics at 5%, and on cut and polished diamonds and gold jewellery at 3%, but various job work services provided in these sectors would attract tax at the standard rate of 18%. The Committee felt that this could create tax inversion and consequent input tax credit accumulation in these sectors. It would also create a tax disadvantage for manufacturers who outsourced intermediate processes to job workers *vis-a-vis* those manufacturers who carried out all the processes in house. This would discourage outsourcing and would be against the interest of a large number of small job workers in these sectors. He recalled that in the 14<sup>th</sup> Meeting of the Council (held on 18-19 May 2017), it was decided to withdraw the exemption in respect of job-work services relating to textiles and cut and polished diamonds and gold jewellery and as a result, these job-work services would attract the standard rate of 18%.

10.5.1. The Secretary informed that to resolve this issue, the Fitment Committee had recommended that job work services in relation to (a) textile yarns (other than manmade fibre/filament) and textile fabrics and (b) cut and polished diamonds; precious and semi-precious stones, or plain and studded jewellery of gold and other precious metals, falling under chapter 71 of the HS Code, could be taxed at the rate of 5%. He explained that tax on job-work service charge was with reference to job charges only while tax on supply of goods was with reference to the full value of goods supplied.

10.5.2. The Secretary informed that an additional agenda note had been circulated pointing out similar difficulties for job work services in relation to printing of books, journals and periodicals.

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He explained that the tax rate on supply of newspapers, journals, periodicals and printed books (including braille books) was Nil and the rate on selling of space for advertisements in print media was at 5%. He recalled that keeping in view the fact that sale of space for advertisements in newspapers would attract tax at the rate of 5%, the Council had decided that job work services in relation to printing of newspapers would attract tax at the rate of 5%. However, job work services in relation to printing of books, journals and periodicals would attract the tax rate of 18% as against the currently applicable Nil rate of Service Tax. He recalled that the Council in its 14<sup>th</sup> Meeting (held on 18-19 May 2017) had decided to withdraw the exemption in respect of job-work services relating to printing and as a result, these job-work services would attract the standard rate of 18%. He observed that this could create tax inversion and consequent input tax credit accumulation in case of journals and periodicals and additional cost in case of books. This would also create a tax disadvantage for publishers of books, journals and periodicals who outsourced printing to job workers *vis-a-vis* those publishers who carried out all processes in house. This would discourage outsourcing and would be against the interest of job workers in these sectors. He added that this would also create disparity between job workers/printers who printed newspapers and those who printed books, journals and periodicals. In view of this, it had been decided in the officers meeting that like job work services in relation to printing of newspapers, job work services in relation to printing of books (including braille books), journals and periodicals, could also be taxed at the rate of 5%. He requested that the Council may approve this recommendation.

10.5.3. The Hon'ble Minister from West Bengal stated that he supported the proposed tax rate on job work for textile; diamond processing and jewellery; and printing of books, journals and periodicals. He suggested that a similar rate of tax at 5% should also be prescribed for job work on raw hide and tanned hide. He stated that presently, the rate of tax on such job work was 18% whereas the rate of tax on finished leather was 12% and on the same analogy, this would lead to accumulation of input tax credit. The Council approved this suggestion.

### Legal Services

10.6. The Secretary explained that the Fitment Committee had proposed to tax the services provided by partnership firm of advocates and LLPs (Limited Liability Partnership) under forward charge. He stated that this would help them utilise their input tax credit. However, it was proposed to exempt individual advocates (including senior advocates) from obtaining registration under CGST/SGST Act [section 23 (2) of the CGST Act].

10.6.1. Explaining the rationale for the proposal, he stated that services provided by (i) an individual advocate or a partnership firm of advocates to another advocate or partnership firm of advocates or (ii) an individual advocate or a partnership firm of advocates to any person other than business entity were exempt from tax under GST regime. Services provided by an individual advocate or firm of advocates by way of legal services were under reverse charge for payment of tax. He further explained that a partnership firm did not include an LLP, but a firm of advocates was said to include LLP. Therefore, an individual advocate providing services to LLP would be taxable under reverse charge in the GST regime and legal services provided by an LLP to a business entity would also be liable to tax under reverse charge. He stated that some of the law firms had asked for putting tax liability for them in forward charge instead of reverse charge. He added that in this proposal,

  
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individual advocates are proposed to be exempted from registration under GST so that they did not face compliance burden and the liability was cast on business entity on reverse charge basis for GST compliance.

10.6.2. The Secretary informed that this issue was discussed during the Officers' meeting held today in the morning and it was felt that *status quo* should be maintained and tax should be paid on reverse charge basis. The Council decided not to approve the proposal to tax the services provided by partnership firms of advocates and LLPs under forward charge and to maintain *status quo* of charging tax under reverse charge. The Council approved that individual advocates (including senior advocates) shall be exempt from registration requirement but decided to maintain *status quo* in respect of mode of taxation of legal services by partnership firm of advocates and LLP.

**Sponsorship Services**

10.7. The Secretary explained that under this agenda item, it was proposed to tax the sponsorship services provided by body corporate [as defined in section 2 (11) of Companies Act 2013] under forward charge as this would help them utilise their input tax credit. He stated that the Fitment Committee had proposed to exempt individual sponsorship service providers (including players) from obtaining registration under CGST/SGST Act [section 23 (2) of the CGST Act]. He stated that the justification for exemption from registration for individuals providing sponsorship service was that they would face no compliance burden and the same would be cast on business.

10.7.1. The Secretary further informed that during the Officers' meeting held today in the morning, similar concerns were raised on this proposal as in respect of the law firms and it was felt that tax on sponsorship services provided by body corporates should not be allowed under forward charge basis and it should continue to be under reverse charge. The Council approved this proposal. Council approved the proposal to exempt individual sponsorship service providers (including players) from registration but decided to maintain *status quo* in respect of mode of taxation of sponsorship services.

**GST Rate on admission to Cinema Theatres**

10.8. The Secretary informed that the Fitment Committee could not reach a consensus on the rate of tax on admission to cinema theatres; It had presented in the agenda note, the view points of the different States. Gujarat wanted the rate of tax on admission to cinema theatres to be reviewed and to be reduced from 28% to 18%, so that the local bodies were also able to tax the same. West Bengal wanted a lower rate of tax for regional films or no tax below a certain threshold, say Rs 100 per ticket for regional films. West Bengal had informed that presently Bengali films attracted lower rate of entertainment tax, and their representative was of the view that a lower rate was required to support and promote the regional film industry. Karnataka stated that they had issued a Government Order that no cinema theatre including multiplexes would charge more than Rs. 200 per ticket for a regional film. Rajasthan and Kerala supported the rate of tax at 28% (as approved by the Council) for admission to cinema theatres for all films. They did not want a carve-out for regional films as it would be distortionary. Haryana wanted to continue with the tax rate of 28% for admission to cinema theatres. Uttar Pradesh did not support a lower rate for regional films and stated that if a lower rate was provided for films in regional language of the States, the benefit should also be extended to Hindi films screened in Uttar Pradesh as Hindi was the regional language in their State. The Hon'ble Minister from Odisha stated that Odia films were exempt in Odisha. He was of the

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view that the regional film made in the regional language should be exempt under GST to promote regional film industry.

10.8.1. During the deliberations of the Fitment Committee, the officers of the Central Government had explained that the weighted average all-India incidence of entertainment tax rates on admission to cinema theatres was about 30.8%. Further, revenue to be protected worked out to about Rs. 4,500 crore per year (based on 2015-16 data of entertainment tax of the Department of Revenue). Moreover, as Entry 62 of List II had been replaced with an entry that enables the local bodies to levy entertainment tax, it was decided that compensation cess may not be levied on admission to cinema theatres. It was also pointed out that regional films enjoyed a lower tax rate only in the State concerned. The States did not levy a lower rate of entertainment tax on all regional films but only films in their language. As the country was going in for One India-One Tax under GST, it might not be possible to have a lower rate in different States for different regional films. It would be better if the States reimbursed the regional film industry or the cinema theatres screening regional films in any manner that would best promote regional films.

10.8.2. The Hon'ble Minister from West Bengal stated that almost 90% of the States had Nil rate of tax on regional cinema and not to have a lower rate of tax on regional cinema would tantamount to killing regional diversity. The Hon'ble Minister from Andhra Pradesh stated that there should be difference between the rate of tax for national films and regional films. He suggested that the rate of tax for regional films should be Nil. The Hon'ble Minister from Kerala suggested that tax should be imposed on all cinema tickets. The Hon'ble Minister from Tamil Nadu stated that films made in the local language of the State should be subject to a lower rate of tax. He suggested that if the rate of tax on all types of films was kept at 28% and then local bodies also imposed additional tax on the films, it would amount to double taxation and would put a very heavy burden on the public. He suggested that the tax rate on films should be kept at 12%. The Hon'ble Minister from Telangana suggested to keep the rate of tax at 12% so that local bodies could impose additional tax and get some revenue. The Hon'ble Minister from Karnataka stated that regional language cinema was a sign of cultural diversity and it should be encouraged. The Hon'ble Chairperson stated that the rate of entertainment tax across the States varied from 20% to 110% and the weighted all-India average rate of entertainment tax was about 31%. He observed that several States granted tax exemption to regional films and it was the only item under GST where local bodies could also impose tax. He observed that States could give refund of SGST for regional language films as each State would have different regional language. The Hon'ble Chief Minister of Puducherry stated that States did not have adequate resources to provide reimbursement. The Hon'ble Minister from Uttar Pradesh opposed the suggestion of exempting regional cinema from tax and stated that this would lead to loss of revenue for every State. The Hon'ble Deputy Chief Minister of Delhi stated that the Government as well as the society supported some kinds of cinema and theatre, and this should be encouraged through imposition of lower rate of tax. The Hon'ble Chief Minister of Puducherry stated that there was still some difference in the film viewing habits between rural and urban areas/population. The Hon'ble Minister from Kerala stated that he had discussed this issue with a few film organisations and they had expressed willingness to pay tax at the rate of 28% as they would be eligible for input tax credit. He proposed that for supporting regional cinema, the States could resort to Direct Benefit Transfer scheme.





## MINUTE BOOK

10.8.3. The Hon'ble Minister from West Bengal stated that during discussion on CSD (Canteen Stores Department) in the 15<sup>th</sup> Meeting of the Council (held on 3 June 2017), it was decided that the Central Government and the State Governments would equally share the burden of refunding the tax to CSD. He suggested that the same approach should be adopted in the case of regional films. The Hon'ble Minister from Karnataka supported this suggestion. The Hon'ble Chairperson suggested that there could be two rates of entertainment tax - one 28% normal rate and the second 18% for tickets sold below a certain value. The Hon'ble Minister from West Bengal suggested that the ticket value for 18% tax rate could be Rs. 200. The Secretary suggested that the ticket rate could be Rs. 100. The Hon'ble Deputy Chief Minister of Delhi stated that no cinema in Delhi would be covered under the exemption scheme if the ticket value was kept at Rs. 100. The Hon'ble Minister from Maharashtra suggested that the rate of tax on admission to cinema theatres should be kept at 18% so that there was room for local bodies to levy tax over and above this rate. He added that a service charge of 10% was also being charged by every State for cleaning the theatres. The Hon'ble Chairperson stated that normal ticket for cinema theatres, particularly multiplexes, was Rs.400 to Rs.500 per head. The Hon'ble Minister from Karnataka stated that differential rate of tax on cinema theatre based on the ticket price would not serve the purpose of the vernacular language. The Principal Secretary, Telangana, stated that the rate of 28% was optically very high and suggested to keep the rate at 18%. He stated that this would also enable local bodies to levy additional tax.

10.8.4. The Hon'ble Chairperson stated that in order to encourage cinema as a means of entertainment for middle class, it would be desirable to keep a lesser rate of tax for them whereas others could be charged tax at the rate of 28%. He suggested to charge tax at a lower rate for tickets sold below Rs. 100. The Hon'ble Minister from Kerala stated that the tax imposed at the level of the producer and the distributor would be 18%, and if tax on the final product was 12%, then the question was as to who would bear this extra 6%. He suggested that the minimum rate of tax should be 18%. The Secretary stated that the ticket rate in multiplexes was never less than Rs. 100. The Hon'ble Minister from Kerala reiterated that tax on cinema tickets should not be less than 18% even for tickets sold at a price below Rs. 100. The Hon'ble Ministers from Haryana and Andhra Pradesh supported this proposal. The Hon'ble Minister from Maharashtra reiterated his reservation and suggested that the rate of tax on admission to cinema theatre should be 18%. After further discussion, the Council agreed that the rate of tax on admission to cinema theatres shall be 28% with the exception that the rate of tax shall be 18% if the price of the ticket for admission to cinema theatre was Rs. 100 or less.

11. For **agenda item 3**, in respect of rate of tax on supply of services, the Council approved the following-

11.1. To exempt from tax, supply of pure services provided to Government, a local authority or a Governmental authority by way of any activity in relation to any function entrusted to a Panchayat under Article 243G of the Constitution or any function entrusted to a Municipality under Article 243W of the Constitution;

  
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11.2. To exempt from tax, services provided to the Government under any insurance scheme provided hundred percent premium was paid by the Central Government or the State Government and this would also cover the *Mukhya Mantri Vyapari Durghatna Beema Yojana* of Uttar Pradesh;

11.3. If there were insurance schemes where Government paid part premium and if any Government wanted exemption from tax, it shall be brought before the Council for approval;

11.4. To exempt services provided to the Government under any training programme provided hundred percent expenditure for training programme is borne by the Central Government or the State Government;

11.5. To tax job work services in relation to the following services at the rate of 5%: (a) textile yarns (other than manmade fibre/filament) and textile fabrics; (b) cut and polished diamonds; precious and semi- precious stones, or plain and studded jewellery of gold and other precious metals; (c) printing of books (including braille books), journals and periodicals; (d) raw hide and tanned hide;

11.6. To exempt individual advocates (including senior advocates) from obtaining registration under CGST/SGST Act [Section 23 (2) of the CGST Act] and to continue with the status quo in respect of mode of taxation of legal services by partnership firm of advocates and LLPs;

11.7. To exempt individuals providing sponsorship service from registration under the GST regime and to continue with the status quo in respect of mode of taxation of sponsorship services;

11.8. To tax admission to cinema theatres at the rate of 28% with the exception that the rate of tax shall be 18% if the price of the ticket for admission to cinema theatre was Rs. 100 or less.

**Agenda Item 4: Any other agenda item with the permission of the Chairperson:**

12. Introducing this agenda item, the Secretary stated that with the permission of the Chairperson, the following two additional agenda items had been placed before the Council: (i) Notification of certain sections of the GST Acts; (ii) Amendment in Rule 19 of the Registration Rules for additional method of authentication. He took up discussion on these two agenda items.

**(i) Notification of certain sections of the GST Acts**

12.1. The Secretary recalled that in its 15<sup>th</sup> Meeting (held on 3 June 2017), the Council had approved to notify with effect from 19 June 2017, the Sections of the CGST Act (as also the SGST Acts in the States where the SGST Acts were enacted) containing provisions relating to registration and composition levy. He stated that some more provisions of the CGST and the SGST Acts needed to be notified. Section 2 of the CGST Act, 2017 and the IGST (Integrated Goods and Services Tax) Act 2017 contained definitions of various terms used in the respective Acts and since some of these defined terms were used in Sections relating to registration and composition levy, these would also need to be notified with effect from 19 June, 2017. Similarly, Section 14 of the IGST Act, which provides for the registration of the supplier of online information and database access or retrieval services under the Simplified Registration Scheme, was required to be notified so that such suppliers could be allowed to take registration. He further stated that during its 14<sup>th</sup> Meeting (held on 18-19 May 2017), the Council had approved the issuance of a notification under Section 146 of





the CGST Act to the effect that [www.gst.gov.in](http://www.gst.gov.in) shall be the Common Goods and Services Tax Electronic Portal for facilitating conduct of different business processes. Therefore, it was required that section 146 of the CGST Act should be notified. He further added that during the 14<sup>th</sup> and 15<sup>th</sup> Meeting of the Council, nine GST Rules namely, registration; composition levy; payment; refund; return; input tax credit; tax invoice; valuation; and transition were approved. Section 164 of the CGST Act and Section 22 of the IGST Act provided for power to the Government to make rules, on the recommendations of the Council, to carry out the provisions of the respective Acts. In order to notify the above mentioned nine Rules, in particular Rules on Registration and Composition levy, it was essential to notify Section 164 and Section 22 of the CGST Act and the IGST Act respectively.

12.1.1. The Secretary further stated that Section 15 of the CGST Act related to valuation provisions. Section 16 to 21 of the CGST Act related to Input Tax Credit provisions. Section 31 to 34 of the CGST Act related to invoice provisions. Section 37 to 48 of the CGST Act relates to return provisions. Section 49 to 50 of the CGST Act relates to payment provisions. Section 54 to 58 of the CGST Act relates to refund provisions. Section 140 to 142 of the CGST Act and Section 21 of the IGST Act related to transition provisions. In order to notify the above-mentioned Rules (Sections related to Registration and Composition levy have been already approved), it was essential that these Sections should be notified. Similarly, Sections 22 to 30 of the CGST Act contained provisions for registration of taxpayers under GST. In terms of section 22 (1) of the CGST Act, every supplier of goods or services crossing a specified threshold of aggregate turnover was required to get registered. Section 9 (3) of the CGST Act and Section 5 (3) of the IGST Act empowered the Government to notify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both. In the 14<sup>th</sup> Meeting of the Council (held on 18-19 May 2017), list of services on which reverse charge liability would be created under GST was approved by the GST Council. In some cases, the liability under the Act had been fully cast upon the recipient of supply (100% reverse charge). In terms of Section 9 (3) and Section 5 (3) of the CGST Act and IGST Act respectively, though the supplies were taxable but the liability of payment of tax and compliance with the law had been shifted upon the recipient. Therefore, suppliers, whose supplies were taxable under 100% reverse charge basis, were required to be exempted from registration. Sub-section (2) of section 23 of the CGST Act provided that the Government, on the recommendations of the Council, by notification, specify the category of persons who may be exempted from obtaining registration.

12.1.2 In view of the above, the Secretary proposed that the Council may approve the following:

- i. notifying Section 2 of the CGST Act and Section 2 of the IGST Act from 19 June, 2017;
- ii. notifying Section 14 of the IGST Act from 19 June, 2017;
- iii. notifying Section 146 of the CGST Act with effect from 19 June, 2017;
- iv. notifying Section 164 of the CGST Act and Section 22 of the IGST Act with effect from 19 June, 2017;

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v. notifying Section 15 (Valuation), Sections 16-21 (Input Tax Credit), Sections 31-34 (Invoice), Sections 37-48 (Returns), Sections 49-50 (Payment), Sections 54-58 (Refund) and Sections 140-142 (Transition) with effect from appointed date; and

vi. that the suppliers whose supplies are taxable under 100% reverse charge basis may be exempted, using powers under sub-section (2) of section 23, from obtaining registration;

vii. that those States which had enacted their SGST Acts could also notify the same Sections.

12.1.3. The Secretary explained that this agenda item proposed to notify all those Sections where Rules were approved so that the relevant Rules could be notified. He suggested that as Rules on Accounts and Records had been approved, Sections 35 and 36 relating to accounts and records could also now be added to the list of Sections to be notified from the appointed date. The Council approved the proposal to notify various Sections of the CGST Act contained in the agenda notes as also Sections 35 and 36 of the CGST Act. The Council also approved that the States that had enacted their SGST Acts could also notify the same Sections.

**(ii) Amendment in Rule 19 of the Registration Rules for additional method of authentication**

12.2. Introducing this agenda item, the Secretary stated that the Council had approved the GST Registration Rules in its 14<sup>th</sup> Meeting (held on 18-19 May, 2017). He stated that Rule 19 of the Rules provided for three modes of authentication for filing applications, including reply, if any, to the notices, returns including the details of outward and inward supplies, appeals or any other document required to be submitted under the GST Rules. Presently, the modes of authentication provided in Rule 19 of the GST Registration Rules were: (i) with digital signature certificate; (ii) with e-signature; (iii) verification through aadhaar based electronic verification code. He stated that Aadhaar had not yet been implemented in Assam due to illegal immigration problem. The Hon'ble Supreme Court has directed to first update the National Register of Citizens (NRC) and after the publication of final NRC list, the Aadhaar implementation was feasible. Presently, the process of NRC updation was going on. Therefore, the taxpayers in Assam could submit the enrolment application only with Digital Signature Certificate (DSC) which was costly (approximately Rs. 2500, valid for a period ranging from one year to three years) and cumbersome with several documentary requirements. The companies giving one-time e-signature were limited in number and their quality of service was uneven. The taxpayers in other States were able to migrate with Aadhaar based EVC which was free of cost. He stated that it was reported that this had effectively prevented the small and medium dealers of Assam from migrating to GST from the existing tax regime. Similar problem was being faced in the State of Meghalaya where Aadhaar had not yet been implemented. He stated that keeping in view the problems faced by Assam and Meghalaya, it was proposed to provide another alternative for authentication in Rule 19 of the GST Registration Rules, namely, authentication based on bank account of the taxpayer and that a suitable text in this regard was presented, in Rule 19, namely "through electronic verification service provided by banks based on net-banking or any other mode of verification provided by bank."



12.2.1. The Secretary further informed that during the meeting of the officers of the Central Government and the State Governments held on 11 June, 2017, a view was expressed that only those methods of authentication be mentioned in the Rules which were mentioned in the Information Technology Act 2000 and all other means of verification could be notified by the Central Board of Excise Customs (CBEC). The Council agreed to this proposal.

13. In respect of **agenda item 4**, the Council approved the following:

13.1. To notify Sections 2, 146 and 164 of the CGST Act, 2017 with effect from 19 June 2017 and the States that had enacted their SGST Acts could also notify the same Sections with effect from 19 June 2017;

13.2. To notify Sections 2, 14 and 22 of the IGST Act, 2017 from 19 June 2017;

*13.3. To notify Sections 15, 16-21, 31-34, 35, 36, 37-48, 49, 50, 54-58, 140-142 of the CGST Act, 2017 and of the SGST Acts with effect from the appointed date;*

13.4. Suppliers whose supplies are taxable under 100% reverse charge basis shall be exempted from obtaining registration by exercising powers under sub-section (2) of Section 23 of the CGST Act and the SGST Acts;

13.5. To amend Rule 19 of Registration Rules and retain only those methods of authentication as mentioned in the Information Technology Act 2000 and all other means of verification to be notified by the Central Board of Excise Customs (CBEC).

**Other issues**

14. The Hon'ble Minister from West Bengal stated that there was a front-page news in today's edition of the Times of India that Delhi traders were not ready for GST implementation and that there would be serious problems if GST was implemented from 1 July, 2017 as many tasks were still to be completed. He stated that States were in a comfortable situation as they were assured of compensation for five years at a fixed annual growth rate of 14% but it should be considered at the national level and the deadline for GST implementation should be extended by one month. The Hon'ble Chairperson stated that whenever new ideas came, there would always be some people who would not be ready for implementation and this would be true even if implementation was extended to September, 2017. He further observed that when a new system was introduced, there was bound to be some glitches irrespective of the date when it was implemented. He stated that the need was to start the implementation and to be ready to address the problems that might arise. The Hon'ble Minister from West Bengal stated that the date for implementation should be reviewed objectively in the next Meeting of the Council. The Hon'ble Chief Minister of Puducherry stated that after the GSTN website was opened on 1 June, 2017, the dealers were finding it difficult to access it. He added that it was also a problem to get the digital signature certificate. He requested that the technical issues should be resolved.

15. The Hon'ble Deputy Chief Minister of Delhi stated that about six or seven States had not yet passed the SGST Act and this could potentially create problems in GST roll out. The Hon'ble

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Chairperson stated that all States which had not yet passed the SGST Act had indicated tentative dates by when they were likely to pass their SGST Acts.

**Agenda Item 5: Date of the next meeting of the GST Council:**

16. The Hon'ble Chairperson suggested that the Council could meet again on next Sunday, 18 June, 2017 in New Delhi to take up remaining issues for discussion. The Council agreed to this suggestion.

17. The meeting ended with a vote of thanks to the Chair.

**(Arun Jaitley)**  
**Chairperson, GST Council**

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# MINUTE BOOK

## Annexure – 1

### List of Ministers who attended the 16<sup>th</sup> GST Council Meeting on 11 June 2017

<u>S No</u>	<u>State/Centre</u>	<u>Name of the Minister</u>	<u>Charge</u>
1	Govt. of India	Shri Arun Jaitley	Finance Minister
2	Govt. of India	Shri Santosh Kumar Gangwar	Minister of State (Finance)
3	Puducherry	Shri V. Narayanasamy	Chief Minister
4	Delhi	Shri Manish Sisodia	Deputy Chief Minister
5	Gujarat	Shri Nitinbhai Patel	Deputy Chief Minister
6	Andhra Pradesh	Shri Yanamala Ramakrishnudu	Minister - Finance, Planning, Commercial Taxes & Legislative Affairs
7	Bihar	Shri Bijendra Prasad Yadav	Minister - Commercial Taxes & Energy
8	Chhattisgarh	Shri Amar Agrawal	Finance Minister
9	Goa	Shri Mauvin Godinho	Minister - Panchayat
10	Haryana	Captain Abhimanyu	Minister - Excise & Taxation
11	Jammu & Kashmir	Dr. Haseeb Drabu	Finance Minister
12	Jharkhand	Shri C.P. Singh	Minister - Urban Development, Housing & Transport
13	Karnataka	Shri Krishna Byregowda	Minister - Agriculture
14	Kerala	Dr. Thomas Isaac	Finance Minister
15	Maharashtra	(i)Shri Sudhir Mungantiwar; (ii) Shri Deepak Kesarkar	Finance Minister Minister of State (Finance)
16	Mizoram	Shri Lalsawta	Minister - Taxation
17	Odisha	Shri Shashi Bhusan Behera	Finance Minister
18	Punjab	Shri Manpreet Singh Badal	Finance Minister
19	Rajasthan	Shri Rajpal Singh Shekhawat	Minister, Industries
20	Tamil Nadu	Shri D. Jayakumar	Minister - Fisheries, Finance, Personnel & Admin. Reforms
21	Telangana	Shri Etela Rajender	Finance Minister
22	Uttar Pradesh	Shri Rajesh Agrawal	Finance Minister
23	Uttarakhand	Shri Prakash Pant	Finance Minister
24	West Bengal	Dr. Amit Mitra	Finance Minister

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**Annexure – 2****List of Officials who attended the 16<sup>th</sup> GST Council Meeting on 11 June 2017**

<b>S No</b>	<b>State/Centre</b>	<b>Name of the Officer</b>	<b>Designation</b>
1	Govt. of India	Dr. Hasmukh Adhia	Revenue Secretary
2	Govt. of India	Ms. Vanaja N. Sarna	Chairman, CBEC
3	Govt. of India	Shri Mahender Singh	Member (GST), CBEC
4	Govt. of India	Shri R.K. Mahajan	Member (Budget), CBEC
5	Govt. of India	Shri P.K. Jain	Chief Commissioner, (AR), CESTAT, CBEC
6	Govt. of India	Shri B.N. Sharma	Additional Secretary, Dept. of Revenue
7	Govt. of India	Shri P.K. Mohanty	Advisor (GST), CBEC
8	Govt. of India	Shri P.K. Shrivastava	Joint Secretary, Ministry of Home Affairs
9	Govt. of India	Shri Alok Shukla	Joint Secretary (TRU), Dept. of Revenue
10	Govt. of India	Shri Upender Gupta	Commissioner (GST), CBEC
11	Govt. of India	Shri Udai Singh Kumawat	Joint Secretary, Dept. of Revenue
12	Govt. of India	Shri Amitabh Kumar	Joint Secretary (TRU), Dept. of Revenue
13	Govt. of India	Shri Manish Kumar Sinha	Commissioner, CBEC
14	Govt. of India	Shri G.D. Lohani	Commissioner, CBEC
15	Govt. of India	Shri Ranjit Kumar	Commissioner, CBEC
16	Govt. of India	Shri D.S.Malik	ADG, Press, Ministry of Finance
17	Govt. of India	Shri Hemant Jain	OSD to MoS (Finance)
18	Govt. of India	Shri Manu Tentiwal	PS to MoS (Finance)
19	Govt. of India	Shri S.K. Rai	Director (UT), Ministry of Home Affairs
20	Govt. of India	Shri G.G. Pai	Director, TRU
21	Govt. of India	Shri Reyaz Ahmed	Director, TRU
22	Govt. of India	Shri Somesh Chander	Director, TRU
23	Govt. of India	Ms. Aarti Saxena	Deputy Secretary, Dept. of Revenue
24	Govt. of India	Ms. Himani Bhayana	Joint Commissioner, GST Policy Wing


  
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<b>S No</b>	<b>State/Centre</b>	<b>Name of the Officer</b>	<b>Designation</b>
25	Govt. of India	Shri Pramod Kumar	OSD, TRU
26	Govt. of India	Shri Paras Sankhla	OSD to FM
27	Govt. of India	Shri Ravneet Singh Khurana	Deputy Commissioner, CBEC Policy Wing
28	Govt. of India	Shri Siddharth Jain	Assistant Commissioner, GST Policy
29	Govt. of India	Ms. Rachna	Technical Officer (TRU)
30	Govt. of India	Shri Hemant Singh	Office Assistant, PIB
31	GST Council	Shri Arun Goyal	Additional Secretary
32	GST Council	Shri Shashank Priya	Commissioner
33	GST Council	Shri G.S. Sinha	Joint Commissioner
34	GST Council	Shri Jagmohan	Joint Commissioner
35	GST Council	Ms. Thari Sitkil	Deputy Commissioner
36	GST Council	Shri Rakesh Agarwal	Assistant Commissioner
37	GST Council	Shri Kaushik TG	Assistant Commissioner
38	GST Council	Shri Shekhar Khansili	Superintendent
39	GST Council	Shri Mukesh Gaur	Superintendent
40	GST Council	Shri Sandeep Bhutani	Superintendent
41	GST Council	Shri Amit Soni	Inspector
42	GST Council	Shri Anis Alam	Inspector
43	GST Council	Shri Vikas Kumar	TA
44	GSTN	Shri Navin Kumar	Chairman
45	GSTN	Shri Prakash Kumar	CEO
46	GSTN	Shri Jagmal Singh	Vice President
47	Andaman & Nicobar	Shri S.C.L. Das	Principal Secretary (Finance)
48	Andaman & Nicobar	Shri Sanjeev Khirwar	Commissioner (Power/PWD)
49	Andhra Pradesh	Shri D.Sambasiva Rao	Special Chief Secretary
50	Andhra Pradesh	Shri J.Syamala Rao	Commissioner (Commercial Taxes)
51	Andhra Pradesh	Shri T.Ramesh Babu	Additional Commissioner (CT)

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<u>S No</u>	<u>State/Centre</u>	<u>Name of the Officer</u>	<u>Designation</u>
52	Andhra Pradesh	Shri D.Venkateswara Rao	OSD to Special Chief Secretary
53	Arunachal Pradesh	Shri Marnya Ete	Commissioner, Commercial Taxes
54	Arunachal Pradesh	Shri Tapas Dutta	Asst. Commissioner
55	Assam	Dr. Ravi Kota	Principal Secretary (Finance)
56	Assam	Shri Anurag Goel	Commissioner, Commercial Taxes
57	Bihar	Ms. Sujata Chaturvedi	Principal Secretary & Commissioner, Commercial Taxes
58	Bihar	Shri Arun Mishra	Additional Secretary, Commercial Taxes
59	Chandigarh	Shri Parimal Rai	Adviser/Chief Secretary
60	Chandigarh	Shri Ajit Joshi	Commissioner Excise & Tax
61	Chandigarh	Shri Bhartendu Shandilya	Deputy Resident Commissioner
62	Chhattisgarh	Shri Amitabh Jain	Principal Secretary (Finance)
63	Chhattisgarh	Shri Shankar Agrawal	Additional Commissioner, Commercial Taxes
64	Daman & Diu/Dadra & Nagar Haveli	Shri Gaurav Singh Rajawat	Commissioner, VAT
65	Delhi	Shri H. Rajesh Prasad	Commissioner, VAT
66	Delhi	Shri S.K. Kamra	Assistant Commissioner (GST)
67	Goa	Shri Dipak Bandekar	Commissioner, Commercial Taxes
68	Gujarat	Dr. P.D. Vaghela	Commissioner, Commercial Taxes
69	Gujarat	Ms. Mona Khandhar	Secretary (Economic Affairs)
70	Haryana	Shri Sanjeev Kaushal	Additional Chief Secretary (Finance)
71	Haryana	Shri Shyamal Misra	Excise & Taxation Commissioner
72	Haryana	Shri Vidya Sagar	Additional Excise & Taxation Commissioner
73	Haryana	Shri Rajeev Chaudhary	Deputy Excise & Taxation Commissioner
74	Haryana	Shri R. Mehra	Additional Commissioner
75	Himachal Pradesh	Dr. Shrikant Baldi	Additional Chief Secretary (Finance)
76	Himachal Pradesh	Shri Pushpendra Rajput	Excise & Taxation Commissioner
77	Jammu & Kashmir	Shri Naveen K. Choudhary	Principal Secretary

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<b>S No</b>	<b>State/Centre</b>	<b>Name of the Officer</b>	<b>Designation</b>
78	Jammu & Kashmir	Shri Shamim Ahmed Wani	Additional Commissioner
79	Jharkhand	Shri Sanjay Kumar Prasad	Joint Commissioner
80	Jharkhand	Shri G.S. Kapardar	Assistant Commissioner
81	Karnataka	Shri Ritvik Pandey	Commissioner, Commercial Taxes
82	Karnataka	Shri Basavaraj K.S	Joint Commissioner, Commercial Taxes
83	Karnataka	Dr. M.P. Ravi Prasad	Joint Commissioner, Commercial Taxes
84	Karnataka	Shri D. Jagannatha Sagar	Joint Commissioner, Commercial Taxes
85	Kerala	Dr. Rajan Khobragade	Commissioner, Commercial Taxes
86	Madhya Pradesh	Shri Raghwendra Kumar Singh	Commissioner, Commercial Taxes
87	Madhya Pradesh	Shri Sudip Gupta	Deputy Commissioner
88	Maharashtra	Shri Rajiv Jalota	Commissioner, Commercial Taxes
89	Maharashtra	Shri Dhananjay Akhade	Joint Commissioner
90	Manipur	Shri R.K. Khurkishor	Assistant Commissioner
91	Mizoram	Shri Vanlalchhuanga	Secretary
92	Mizoram	Shri H.T. Mawia	Superintendent
93	Nagaland	Shri Abhijit Sinha	Finance Commissioner
94	Nagaland	Shri Jyoti Kalash	Principal Resident Commissioner
95	Nagaland	Shri Asangba Chuba Ao	Commissioner, Commercial Taxes
96	Odisha	Shri Saswat Mishra	Commissioner, Commercial Taxes
97	Odisha	Shri Sahadev Sahu	Joint Commissioner
98	Puducherry	Shri G. Srinivas	Commissioner, Commercial Taxes
99	Punjab	Shri V.K. Garg	Advisor to CM
100	Punjab	Shri Anurag Agarwal	Financial Commissioner
101	Punjab	Shri Vivek Pratap Singh	Excise & Taxation Commissioner
102	Punjab	Shri Pawan Garg	Deputy Excise and Taxation Commissioner
103	Rajasthan	Shri Praveen Gupta	Secretary, Finance
104	Rajasthan	Shri Alok Gupta	Commissioner, Commercial Taxes

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<u>S No</u>	<u>State/Centre</u>	<u>Name of the Officer</u>	<u>Designation</u>
105	Rajasthan	Shri Ketan Sharma	Deputy Commissioner, Commercial Taxes
106	Sikkim	Ms. Dipa Basnet	Commissioner, Commercial Taxes
107	Sikkim	Shri Manoj Rai	Joint Commissioner, Commercial Taxes
108	Tamil Nadu	Dr. C. Chandramouli	Additional Chief Secretary
109	Tamil Nadu	Shri K. Gnanasekaran	Additional Commissioner, Commercial Taxes
110	Telangana	Shri Somesh Kumar	Principal Secretary
111	Telangana	Shri Anil Kumar	Commissioner, Commercial Taxes
112	Telangana	Shri Laxminarayan Jannu	Joint Commissioner
113	Tripura	Shri Shailendra Singh	Resident Commissioner, Tripura Bhavan
114	Uttarakhand	Shri Shridhar Babu Addanki	Commissioner, Commercial Taxes
115	Uttarakhand	Shri Vipin Chand	Additional Commissioner, Commercial Taxes
116	Uttarakhand	Shri Yashpal Singh	Deputy Commissioner, Commercial Taxes
117	Uttar Pradesh	Shri R.K. Tiwari	Additional Chief Secretary (Finance)
118	Uttar Pradesh	Shri Mukesh Kumar Meshram	Commissioner, Commercial Taxes
119	Uttar Pradesh	Shri S.C. Dwivedi	OSD
120	Uttar Pradesh	Shri Vivek Kumar	Additional Commissioner
121	West Bengal	Shri H K Dwivedi	Principal Secretary (Finance)
122	West Bengal	Ms. Smaraki Mahapatra	Commissioner, Commercial Taxes
123	West Bengal	Shri Khalid A. Anwar	Senior Joint Commissioner