

GST BULLETIN

Bhasin Sethi & Associates

5/29/2017

Volume II, Issue XXIII

[GST Council revises rates of 66 products](#)

The GST Council on Sunday reduced the rates for 66 items and expanded the scope of the composition scheme for the benefit of small traders, manufacturers, and restaurateurs. The composition scheme is a presumptive taxation scheme allowing small traders, manufacturers and restaurants to pay a 1-5 per cent GST rate on sales without tax credits.

Insulin, pickles, printers, *agarbattis*, school bags, and cashew nuts are among the 66. Those were among 133 items whose rates were reviewed following

[Railways seeks exemption internal supplies](#)

Indian Railways has asked the Goods and Services Tax (GST) Council to treat it as a unified entity under the new indirect tax regime, so that it needs only a single registration. It also wants internal supplies to be exempted from taxes.

The demands, along with a number of issues raised by the railways, will be

industry representation. However, the GST rates for telecom services, marbles, granite, spectacles, among others, were retained, which drew flak from the respective sectors.

Union Finance Minister Arun Jaitley, who is the head of the Council, said in certain cases the rate fitment committee went beyond the equalization principle of maintaining the current tax incidence.

COMMENT: [There have been many representations. It is good initiative by the council to revise and reduce the rates of these 66 items to ensure](#)

considered by the GST council. Railway Minister Suresh Prabhu has spoken to Finance Minister Arun Jaitley, the chairman of the Council, regarding this. Railway officials are also likely to present their case before the GST Council on Sunday.

“We have requested the Council to consider us a unified entity for the whole of India,” said a senior railway official who did not want to be named. He added, “An exemption should be made for the transfer of our own goods and materials. It is

[there is no extra tax burden due to transition into new tax regime.](#)

[Textile industry “positive” about GST rate: Official](#)

• • •

The GST rate of five per cent on the textile sector has seen a lot of “positive response” from the industry, a top Central government official said today. Whether cotton, jute or silk, “we said that the textile sector should have a five per cent GST,” A Madhukumar Reddy, Joint Secretary, Ministry of Textiles, told reporters here. The same rate applied to the sale of garments with a value of less than Rs. 1,000, he added. “In terms of items of mass consumption, the GST rate has been limited to 5 per cent and because of this the entire industry has welcomed it,” he said.

Comment: [The industry on the whole benefit from the rate of 5%](#)

not logical that a train coach made in Alambagh, which we use internally, is again charged IGST in another state.”

COMMENT: The ticketing is reported on bulk as of now. However, under GST, each ticket has to be submitted as a spate invoice. This will create a huge technical and accounting problem.

Jewellers welcome GST cut on making charges

While announcing the decision along with similar reduction on GST rate on various other products and services, Union Finance Minister Arun Jaitley said, “The GST Council has received 133 representations. An officers’ committee made recommendations after studying these representations. Thus, the GST Council has reduced the tax levels in 66 out of 133 cases...The diamond processing and others would attract a levy of five per cent now.” Nitin Khandelwal, chairman, All India Gems and Jewellery

Govt warns pharma firms to comply with anti-profiteering clause under GST

• • •

The government on Friday warned pharmaceutical companies to comply with the anti-profiteering clause in the Goods and Services Tax rules and pass on to consumers any benefit arising out of lower tax rates under the indirect tax regime.

The notification by the Department of Pharmaceuticals also says that, for scheduled drug formulations on which excise duty is levied on the maximum retail price, the revised price ceiling exclusive of GST would be 95% of the current price ceiling.

“In case of savings due to lower rate of tax, the benefit may be passed on to the consumers as per the anti-profiteering clause in GST rules,” the notification said.

“In case of scheduled formulations, where presently excise duty is levied on MRP, the revised ceiling price exclusive of applicable GST rates would be calculated by applying a factor of 0.95905 to the existing notified ceiling price,” the notification added.

COMMENT: The pharma industries should reduce the prices of the medicine to pass on the benefit of reduction in rates.

Trade Federation, sought clarity on the finance minister only mentioning diamond processing in his remarks to journalists and others, without specifying making charges on gold. “We are sure the GST Council meant it for also making charges on gold jewellery. If it is true, we welcome the government’s move,” he said.

Comment: This comes as a huge relief for the jewelry industry.

Disclaimer: Information in this newsletter is for educational purpose only. Bhasin Sethi & Associates assumes no responsibility of any mistakes which, despite of all precautions, may be found therein. The material contained in this document does not constitute any professional advice that may be required before acting on any matter