

AIR Spotlight: 49th GST Council Meeting

AIR Spotlight is an insightful program featured daily on the All India Radio News on air. In this program, many eminent panellists discuss issues of importance which can be quite helpful in [IAS exam](#) preparation.

This article is about the discussion on: **Decisions taken at the 49th GST Council Meeting**

Participants:

1. A.N Jha: Member of Finance Commission, Former Finance Secretary
2. Arjun J Chaudhary: AIR Correspondent

Context - The 49th GST Council Meeting was held on February 18, 2023, to discuss and make recommendations on several issues related to the [Goods and Services Tax](#). The Council proposed several recommendations, including compensation for GST, GST Appellate Tribunal, capacity-based taxation, and special composition schemes for certain sectors.

GST Council

The GST Council is a federal body that aims to bring together states and the Centre on a common platform for the nationwide rollout of indirect tax reforms.

- The [Goods and Services Tax Council](#) was set up by the President as per Article 279(A).
- The Union Finance Minister is the Chairman of the Council with ministers nominated by the state governments as its members.
- The council is devised in such a way that the centre has 1/3rd voting power and the states have 2/3rd. The decisions are taken by a 3/4th majority.

Key Outcomes of the 49th GST Council Meet

The 49th GST Council Meeting was held on February 18, 2023, under the Chairpersonship of Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman in New Delhi. The key outcomes of the meeting are discussed below.

GST Compensation

The GST Council has decided to clear the entire pending balance GST compensation of Rs. 16,982 crores for June 2022. With this release, the Centre would clear the entire provisionally admissible compensation due for five years as envisaged in the GST (Compensation to States) Act, 2017. In addition, the Centre would also clear the admissible final GST compensation to those States that have

provided the revenue figures as certified by the Accountant General of the States amounting to Rs. 16,524 crores.

Recommendations relating to GST Rates on Goods and Services

- Raab (liquid jaggery) rate reduced from 18% to nil (if loose).
- Raab (liquid jaggery) rate reduced from 18% to 5% (pre-packaged & labelled).
- Pencil sharpener rate reduced from 18% to 12%.
- The GST Council also extended the tax exemption available to educational institutions including [National Testing Agency](#) (NTA) for conducting entrance examinations for admission to educational institutions.

Rationalisation of Late-fee for Annual Returns

The Council has recommended rationalising the late fee for delayed filing of annual returns in FORM GSTR-9 for registered persons with an aggregate turnover of up to Rs. 20 crores, with the late fee being reduced to Rs 50 per day for those with a turnover of up to Rs. 5 crores and Rs 100 per day for those with a turnover of more than Rs. 5 crores and up to Rs. 20 crores.

GoM (Group of Ministers) Reports

- **GST Appellate Tribunal**
 - The Council adopted the report of the Group of Ministers with certain modifications on establishing GST appellate tribunals to resolve disputes under the tax regime launched in 2017.
 - This raises hopes of quicker disposal of GST disagreements that are adding to the courts' caseload.
 - The tribunals will have representation from the [judiciary](#) and also technical members.
- **GST on Tobacco and Pan Masala**
 - Tax evasion in this industry is common and steep. In order to curb tax evasion by pan masala and gutka industries, the GST council approved the recommendations of GoM which include - a capacity-based tax system will not be introduced, compliance and tracking measures to plug leakages/evasions, exports of these items will be done based on LUT, etc.
 - To collect compensation cess on these items at the first stage, the proposal is to change the system of levy from "Ad Valorem to Specific Duty".

Petroleum excluded from GST

GST is a comprehensive indirect tax levied on the supply of goods and services in India, and petroleum products have been kept outside the purview of GST. The decision to exclude petroleum products from

GST was taken keeping in mind the revenue implications and the fact that petroleum products significantly impact the country's economy.

- Petroleum products are taxed separately by the central and state governments in India through specific taxes and duties such as customs duty, excise duty, and value-added tax (VAT). The tax collected from these contributes a big part of the government's (both centre and states) revenue.
 - If these items are brought under the GST framework, there would be a substantial reduction in fuel prices.
 - Apart from petroleum, real estate, electricity and alcohol are outside the domain of the GST framework.
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