

# Recommendations of 55th GST Council Meeting

The Goods and Services Tax ('GST') Council held its 55th Council Meeting on December 21, 2024 and made the following recommendations with the aim to streamline the tax structure, compliances and for facilitation of trade.

**01**

## Recommendations on goods

### Product

- Fortified rice kernels
- Gene therapy
- Food inputs for preparations intended for free distribution to economically weaker sections under a government program
- Autoclaved Aerated Concrete (ACC) blocks with more than 50% fly ash content
- Fresh or dried black pepper/dried raisins when supplied by agriculturist

### Existing rate

18%

12%

Higher rates as applicable

5%

5%

### Proposed rate

5%

Exempted

5%

12%

Exempted

Product	Existing rate	Proposed rate
• Old and used two wheelers	12%	18%
• Old and used Electrical Vehicles	12%	18%
• Old and used petrol, LPG and CNG cars with engine capacity < 1200 cc and length < 4000 mm	12%	18%
• Old and used diesel cars with engine capacity < 1500 cc and length < 4000 mm	12%	18%
• Popcorn mixed with salt & spices sold in loose	5%	5%
• Pre-packed popcorn mixed with salt & spices	5%	12%
• Popcorn mixed with sugar	5%	18%
• Import of systems, sub-systems, equipment, parts, sub-parts, tools, software meant assembly or manufacture of Long Range Surface to Air Missile System (LRSAM)	Rates as applicable	Exempted
• Compensation cess on supplies to merchant exporters	Rates as applicable	0.1%
• Import of equipment and samples by inspection team of International Atomic Energy Agency (IAEA)	Rates as applicable	Exempted

**Sponsorship services**

Sponsorship services provided by body corporates that are currently charged to GST under **Reverse Charge Mechanism** is to be brought into the purview of **Forward Charge Mechanism**

**Motor insurance**

Contributions made by general insurance companies to the Motor Vehicle Accident Fund using the third-party motor vehicle premiums collected by them is to be exempted

**Restaurant services in Hotels**

- Option to choose 18% with ITC, if value of supply exceeded INR 7,500 for any unit of accommodation in the preceding financial year
- 5% without ITC, if otherwise

**Penal Charges**

**Penal charges** levied and collected by **banks and NBFCs** from borrowers for non-compliance with loan terms are to be exempted from the ambit of GST.

**Renting of Commercial Property**

Taxpayer registered under **Composition Scheme** will be exempted from paying tax under RCM for renting of commercial property.

**Payment Aggregators**

Services by **RBI regulated payment aggregators** to any person in relation to a payment settlement **up to INR 2,000 in a single transaction** is to be exempt from GST.

**Goods warehoused in SEZ or FTWZ**

- Supply of Goods Warehoused in Special Economic Zone ('SEZ') or Free Trade Warehousing Zone ('FTWZ') before clearance of exports will neither be treated as supply of goods nor as supply of services.
- This brings transactions relating to supply of goods warehoused in SEZ or FTWZ at par with the existing provision in GST for transactions in Customs bonded warehouse.

**Taxability of vouchers**

- Transactions in vouchers will not be treated as supply of goods/ services.
- Distribution of vouchers on principal to principal basis will not be liable to GST.
- Additional services such as advertisement, customer support etc. related to vouchers would be leviable to GST on the amount paid for these services.
- Any unredeemed vouchers would not be considered as supply under GST.

1

No proportionate reversal of ITC will be required to be made by e-commerce operators in respect of supplies for which they are required to pay tax under Section 9(5).

2

In case of ex-works contract, if the property in goods transfers to the recipient at the point when goods are delivered by the supplier to the recipient, the goods are considered to be 'received' by the recipient and the same may claim ITC on such goods.

3

Late fee leviable on filing of GSTR 9C in excess of the amount of late fee payable till the date of filing of Form GSTR 9 pertaining to the period 2017-18 to 2022-23 will be waived, provided said Form GSTR 9C is filed on or before March 31, 2025.

4

Definition of pre-packaged and labelled is to be amended to cover all commodities that are intended for retail sale and containing not more than 25 kgs or 25 liters.

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## Measures to streamline compliances

### Track and Trace Mechanism

- Government to introduce a Track and Trace mechanism for specified evasion prone commodities.
- This system shall be based on Unique Identification Marking which shall be affixed on the said goods or the packages thereof.
- This will provide a legal framework for developing such a system and will help in implementation of mechanism for tracing specified commodities throughout the supply chain.

### Online services to unregistered person

- The supplier will have to record the recipient's State on the tax invoice for supply of online services such as online money gaming and OIDAR services to unregistered recipients
- Such state will be considered as the recipient's address for determining the place of supply as per the provisions of the IGST Act.

06

## Other measures on law & procedures

1

In section 17(5)(d) of CGST Act, 2017, the phrase 'Plant or machinery' will be replaced with 'Plant and Machinery' with retrospective effect from 1st July, 2017.

2

Payment of pre-deposit is to be made at 10% instead of 25% for filing appeals before Appellate Authority in cases involving only demand of penalty without involving any demand of tax.

3

Input of inter-state RCM transactions is to be included under the ISD mechanism with effect from April 1, 2025 by including reference to supplies subject to tax under section 5(3) and 5(4) of IGST Act.

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## Invoice Management System ('IMS')

1

The GST provisions will be amended to provide a legal framework in respect of generation of Form GSTR 2B based on the action taken by the taxpayers on the IMS.

2

The GST provisions are to be amended to specifically provide for requirement of reversal of input tax credit as is attributable to a credit note, by the recipient, to enable the reduction of output tax liability of the supplier.

3

Introduction of a new rule to prescribe the manner in which the output tax liability of the supplier shall be adjusted against the credit note issued by him.

4

The GST provisions are to be amended to provide that FORM GSTR-3B of a tax period shall be allowed to be filed only after FORM GSTR-2B of the said tax period is made available on the portal.

**CONTACT US FOR FURTHER QUERIES**



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