

Ministry of Finance

# GST COUNCIL RECOMMENDS GST RATES REDUCTION ON SEVERAL GOODS & for specified handicraft items

GST rates have been recommended to be brought down to Nil on Sanitary Napkins & Rakhi & more Goods

GST Council recommends for allowing refund to fabrics on account of inverted duty structure

Rate change made in respect of footwear

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The GST Council in its 28<sup>th</sup> meeting held here today under the Chairmanship of Shri Piyush Goyal, Union Minister for Railways, Coal, Finance & Corporate Affairs took following decisions on GST Rate on Goods.

**I. GST rates reduction on 28% items:**

**A. 28% to 18%**

- Paints and varnishes (including enamels and lacquers)
- Glaziers' putty, grafting putty, resin cements
- Refrigerators, freezers and other refrigerating or freezing equipment including water cooler, milk coolers, refrigerating equipment for leather industry, ice cream freezer etc.
- Washing machines.
- Lithium-ion batteries
- Vacuum cleaners
- Domestic electrical appliances such as food grinders and mixers & food or vegetable juice extractor, shaver, hair clippers etc
- Storage water heaters and immersion heaters, hair dryers, hand dryers, electric smoothing irons etc
- Televisions upto the size of 68 cm
- Special purpose motor vehicles. e.g., crane lorries, fire fighting vehicle, concrete mixer lorries, spraying lorries
- Works trucks [self-propelled, not fitted with lifting or handling equipment] of the type used in factories, warehouses, dock areas or airports for short transport of goods.
- Trailers and semi-trailers.
- Miscellaneous articles such as scent sprays and similar toilet sprays, powder-puffs and pads for the application of cosmetics or toilet preparations.

**B. 28% to 12%**

- Fuel Cell Vehicle. Further, Compensation cess shall also be exempted on fuel cell vehicle.

**II. Refund of accumulated credit on account of inverted duty structure to fabric manufacturers:** Fabrics attract GST at the rate of 5% subject to the condition that refund of accumulated ITC on account of inversion will not be allowed. However, considering the difficulty faced by the Fabric sector on account of this condition, the GST Council has recommended for allowing refund to fabrics on account of inverted duty structure. The refund of accumulated ITC shall be allowed only with the prospective effect on the purchases made after the notification is issued.

• **III. GST rates have been recommended to be brought down from,-**

**A. 18%12%/5% to Nil:**

- Stone/Marble/Wood Deities
- Rakhi [other than that of precious or semi-precious material of chapter 71]
- Sanitary Napkins,
- Coir pith compost
- Sal Leaves siali leaves and their products and Sabai Rope
- PhoolBhariJhadoo [Raw material for Jhadoo]
- Khali dona.
- Circulation and commemorative coins, sold by Security Printing and Minting Corporation of India Ltd [SPMCIL] to Ministry of Finance.

**B. 12% to 5%:**

- Chenille fabrics and other fabrics under heading 5801
- Handloom dari
- Phosphoric acid (fertilizer grade only).
- Knitted cap/topi having retail sale value not exceeding Rs 1000

**C. 18% to 12%:**

- Bamboo flooring
- Brass Kerosene Pressure Stove.
- Hand Operated Rubber Roller
- Zip and Slide Fasteners

**D. 18% to 5%:**

- Ethanol for sale to Oil Marketing Companies for blending with fuel
- Solid bio fuel pellets

• **IV. Rate change made in respect of footwear**

- 5% GST is being extended to footwear having a retail sale price up to Rs. 1000 per pair
- Footwear having a retail sale price exceeding Rs. 1000 per pair will continue to attract 18%

**v. GST rates have been recommended to be brought down for specified handicraft items [as per the definition of handicraft, as approved by the GST council] from,-**

**A. 18% to 12%:**

- Handbags including pouches and purses; jewellery box
- Wooden frames for painting, photographs, mirrors etc
- Art ware of cork [including articles of sholapith]
- Stone art ware, stone inlay work
- Ornamental framed mirrors
- Glass statues [other than those of crystal]
- Glass art ware [ incl. pots, jars, votive, cask, cake cover, tulip bottle, vase ]
- Art ware of iron
- Art ware of brass, copper/ copper alloys, electro plated with nickel/silver
- Aluminium art ware
- Handcrafted lamps (including panchloga lamp)
- Worked vegetable or mineral carving, articles thereof, articles of wax, of stearin, of natural gums or natural resins or of modelling pastes etc, (including articles of lac, shellac)
- Ganjifa card

**B. 12% to 5%:**

- Handmade carpets and other handmade textile floor coverings (including namda/gabba)
- Handmade lace
- Hand-woven tapestries
- Hand-made braids and ornamental trimming in the piece
- Toran

**vi. Miscellaneous Change relating to valuation of a supply:**

- IGST @5% on Pool Issue Price (PIP) of Urea imported on Govt. account for direct agriculture use, instead of assessable value plus custom duty.

- Exemption from Compensation cess to Coal rejects from washery [arising out of cess paid coal on which ITC has not been taken].

**VII. Clarifications/amendments as regards applicability of GST rate in respect of certain goods recommended by GST Council which *inter-alia* includes:**

- v. Milk enriched with vitamins or minerals salt (fortified milk) is classifiable under HS code 0401 as milk and exempt from GST.
- v. 5% GST on both treated (modified) tamarind kernel powder and plain (unmodified) tamarind kernel powder.
- v. Beet and cane sugar, including refined beet and cane sugar, (falling under heading 1701) attracts 5% GST rate.
- v. Water supplied for public purposes (other than in sealed containers) does not attract GST.
- v. Marine engine (falling under sub-heading 8408 10 93) attracts 5% GST rate.
- v. Kota stone and similar stones [ other than marble and granite] other than polished will attracts 5% GST, while ready to use polished Kota stone and similar stones will attracts 18%.
- v. Certain other miscellaneous clarification as regards classification/rate have been recommended

***[This note presents the decision of the GST Council in simple language for ease of understanding which would be given effect to through Gazette notifications/circulars which shall have force of law.]***

***DSM/RM***

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