

# SBGCo NewsFlash - July 2022

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Introduction:

The decisions of the 47<sup>th</sup> meeting of GST Council have now been set in stone and notifications for the same have been issued 4 days before the date of implementation. As highlighted in our previous NewsFlash dated 30.06.2022, all the change in rates and exemptions are to be made effective from **18<sup>th</sup> July 2022**.

The current NewsFlash provides elaborate details of the nature of services for which changes have been implemented along with a quick reference to the relevant serial number of concerned notifications for easier identification for our readers.

The gist of changes is prepared sector-wise, as under:

- A. [Health-care Sector](#)
- B. [Transportation and Logistics sector](#)
- C. [Works Contract Services](#)
- D. [Hospitality Sector](#)
- E. [Job-Work Sector](#)
- F. [Reverse Charge Mechanism related changes](#)
- G. [Miscellaneous Changes](#)

Further, there were a few changes which were not part of the press release which was release on 29.06.2022 but nonetheless, changes have been implemented and such changes have been highlighted by colour   .

We have already explained in our previous NewsFlash dated 30.06.2022 as to how to deal with such changes in tax rates and exemption withdrawals. You may refer to the same by clicking [here](#).

Happy Reading!



## **A. Health-care Sector**

### **I. Room charged by Hospitals / clinical establishment to become taxable for certain categories of Rooms**

GST is currently exempt on all the health care services which are provided by a clinical establishment (viz., Hospitals), which majorly included in-patient services (over-night stay) and out-patient services (same day treatment and discharge). Moving forward, the component of Room rent charges recovered for in-patient services shall be taxable at 5% on the entire value of room charges, provided the room rent charges exceed Rs. 5,000/- per day per patient. The tax will be charged without any claim of ITC by Hospitals. However, Intensive Care Unit (ICU) / Critical Care Unit (CCU) / Intensive Cardiac Care Unit (ICCU) / Neo natal Intensive Care Unit (NICU) charges continue to remain outside the GST net.

*Sr. No (IX) of Notification 03/2022 - Central Tax (R) and Sr. No. (s) of Notification No 04/2022 - Central Tax (Rate), both dated 13.07.2022*

### **II. Withdrawal of exemptions**

Following services shall be taxable at the revised rate as tabulated below:

<b>SN</b>	<b>Description</b>	<b>Existing Rate</b>	<b>Revised Rate</b>
1	Services provided by the cord blood banks by way of preservation of stem cells or any other services in relation to such preservation  <i>Sr. No. (r) of Notification No 04 / 2022 - Central Tax (Rate) dated 13.07.2022</i>	Exempt	18%
2	Common bio-medical waste treatment facilities for treatment or disposal of biomedical waste  <i>Sr. No (X) of Notification 03 / 2022 - Central Tax (R) and Sr. No. (t) of Notification No 04 / 2022 - Central Tax (Rate), both dated 13.07.2022</i>	Exempt	12%



## **B. Transportation and Logistics Sector**

### **I. Goods Transport Agency (GTA)**

#### **1. Introduction of New Options for payment of Tax**

Currently the GTA has two options namely:

- a. paying GST at 12% under Forward Charge with ITC or
- b. GST at 5% under Reverse Charge Mechanism (RCM) where recipient would pay the tax and GTA is not eligible for claim of ITC.

Now the GTA has been given a third option to pay GST at 5% under Forward charge and such GTA shall not be eligible for claim of ITC of goods and services.

Further it is also clarified that the GTA is required to submit a declaration before 15th March with Jurisdictional Authority regarding option to be exercised under GST (whether 5% FCM or 12% FCM) for coming Financial Year. Such declaration shall be valid for the upcoming Financial Year only i.e., this is an annual exercise if the GTA opts to pay tax under FCM. For FY 2022-23, this option has to be exercised by 16<sup>th</sup> August 2022 and intimated to the jurisdictional GST Authority. However, no such declaration is required to be given if tax is payable by the recipient under RCM.

Further, the GTA who opts to pay tax under FCM is required to add a 'Declaration' in their Tax invoice issued for such GTA services that they have opted to pay tax @ 5% or 12%, as the case may be. The 'Declaration' note has been provided by way of Annexure III to Notification 05/2022 - Central Tax (R).

*Sr. No (IV) of Notification 03/2022 - Central Tax (R) and Sr. No (1) of Notification 05/2022 - Central Tax (R), both dated 13.07.2022*

#### **2. Support Services in Transport:**

If transportation service is received from a supplier, who is not a GTA (i.e., does not issue a consignment note) and similar support services in transportation shall be liable to tax @ 18%.

*Sr. No. (VI) of Notification 03/2022 - Central Tax (R) dated 13.07.2022*

### **II. Withdrawal of Certain Exemption**

Following services shall be taxable at the revised rate as tabulated below:

<b>SN</b>	<b>Description</b>	<b>Existing Rate</b>	<b>Revised Rate</b>
1.	Transportation of passengers with or without accompanied belongings by air embarking from or terminating in an airport located in the state of Arunachal Pradesh, Assam, Manipur, Mizoram, Meghalaya, Nagaland, Sikkim or Tripura or Bagdogra (in WB), for other than economy class.  <i>Sr. No (d) of Notification 04/2022 - Central Tax (R) dated 13.07.2022</i>	Exempt	12%



SN	Description	Existing Rate	Revised Rate
2.	Transportation by rail or a vessel from one place in India to another place in India of railway equipment and material  <i>Sr. No (e) of Notification 04/2022 - Central Tax (R) dated 13.07.2022</i>	Exempt	5% (12% in case where service provider is not Indian Railways for rail movement)
3.	A. Transportation of goods by way of goods carriage where consideration charged for a consignment transported in a single carriage does not exceed 1,500/-  B. Transportation of goods by way of goods carriage where consideration charged to a single consignee for all goods does not exceed Rs. 750/-  <i>Sr. No (f) of Notification 04/2022 - Central Tax (R) dated 13.07.2022</i>	Exempt	5% RCM or 5% FCM or 12% FCM, as the case may be
4.	Storage or warehousing of nuts, spices, copra, sugarcane, jaggery, raw vegetable fibres such as cotton, flax, jute etc., indigo, unmanufactured tobacco, betel leaves, tendu leaves, coffee and tea.  <i>Sr. No (g) of Notification 04/2022 - Central Tax (R) dated 13.07.2022</i>  Note: Storage or warehousing of cereals, pulses, fruits and vegetables continues to remain exempt.	Exempt	18%
5.	Services by way of fumigation in a warehouse of agricultural produce (including when such fumigation services are provided in relation to cultivation of agriculture produce)  <i>Sr. No (o) &amp; (p) of Notification 04/2022 - Central Tax (R) dated 13.07.2022</i>	Exempt	18%

### III. Change in Tax Rate:

SN	Description	Existing Rate	Revised Rate
1	Transport of goods and passengers by ropeways.  <i>Sr. No (III) &amp; (IV) of Notification 03/2022 - Central Tax (R) dated 13.07.2022</i>	18%	5% (with ITC of services)



SN	Description	Existing Rate	Revised Rate
2	Renting of truck/goods carriage where cost of fuel is included in consideration charged  <i>Sr. No (V) of Notification 03/2022 - Central Tax (R) dated 13.07.2022</i>	18%	12%

## **C. Works Contract Services**

### **I. Change in Tax rates:**

SN	Description	Existing Rate	Revised Rate
1.	Composite supply of works contracts supplied to the CG, SG, UT, LA, by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of, -  (a) historical monument, archaeological site or remains of national importance, archaeological excavation, or antiquity specified under the Ancient Monuments and Archaeological Sites and Remains Act, 1958 (24 of 1958); (b) canal, dam or other irrigation works (c) pipeline, conduit or plant for - water supply - water treatment, or - sewerage treatment or disposal.  Composite supply of works contract provided by a sub-contractor to the main contractor providing the above-mentioned services to the CG, SG, UT, LA also covered by rate change.	12%	18%
2.	Composite supply of works contract supplied by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of -  (a) a road, bridge, tunnel, or terminal for road transportation for use by general public; (b) a civil structure or any other original works pertaining to a scheme under Jawaharlal Nehru National Urban Renewal Mission or Rajiv Awaas Yojana	12%	18%



<b>SN</b>	<b>Description</b>	<b>Existing Rate</b>	<b>Revised Rate</b>
	<p>(c) a civil structure or any other original works pertaining to the “In-situ redevelopment of existing slums using land as a resource, under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana (Urban);</p> <p>(d) a civil structure or any other original works pertaining to the "Beneficiary led individual house construction / enhancement" under the Housing for All (Urban) Mission / Pradhan Mantri Awas Yojana;</p> <p>(da) a civil structure or any other original works pertaining to the “Economically Weaker Section (EWS) houses” constructed under the Affordable Housing in partnership by State or Union territory or local authority or urban development authority under the Housing for All (Urban) Mission / Pradhan Mantri Awas Yojana(Urban);</p> <p>(db) a civil structure or any other original works pertaining to the “houses constructed or acquired under the Credit Linked Subsidy Scheme for Economically Weaker Section (EWS) / Lower Income Group (LIG) / Middle Income Group-1 (MIG-1) / Middle Income Group-2(MIG-2)” under the Housing for All (Urban) Mission / Pradhan Mantri Awas Yojana (Urban);</p> <p>(e) a pollution control or effluent treatment plant, except located as a part of a factory;</p> <p>(f) a structure meant for funeral, burial or cremation of deceased</p> <p>(g) a building owned by an entity registered under section 12AA of the Income Tax Act, 1961 (43 of 1961), which is used for carrying out the activities of providing, centralised cooking or distribution, for mid-day meals under the mid-day meal scheme sponsored by the CG, SG, UT, LA</p>		
3.	<p>Composite supply of works contract supplied by way of construction, erection, commissioning, or installation of original works pertaining to-</p> <p>(a) railways, including monorail and metro;</p>	12%	18%





SN	Description	Existing Rate	Revised Rate
	<p>(b) a single residential unit otherwise than as a part of a residential complex</p> <p>(c) low-cost houses up to a carpet area of 60 square metres per house in a housing project approved by competent authority empowered under the “Scheme of Affordable Housing in Partnership” framed by the Ministry of Housing and Urban Poverty Alleviation, Government of India;</p> <p>(d) low-cost houses up to a carpet area of 60 square metres per house in a housing project approved by the competent authority under-</p> <p>(1) the “Affordable Housing in Partnership” component of the Housing for All (Urban) Mission / Pradhan Mantri Awas Yojana</p> <p>(2) any housing scheme of a State Government</p> <p>(da) low-cost houses upto a carpet area of 60 square metres per house in an affordable housing project which has been given infrastructure status vide notification of Government of India, in Ministry of Finance, Department of Economic Affairs vide F. No.13/6/2009-INF, dated the30th March, 2017</p> <p>(e) post-harvest storage infrastructure for agricultural produce including a cold storage for such purposes;</p> <p>(f) mechanised food grain handling system, machinery or equipment for units processing agricultural produce as food stuff excluding alcoholic beverages.</p>		
4.	Composite supply of works contract supplied by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of affordable residential apartments covered by sub- clause (a) of clause (xvi) of paragraph 4 below, in a project which commences on or after 1st April,2019, or in an ongoing project in respect of which the promoter has not exercised option to pay central tax on construction of apartments at the rates as specified for item (ie) or (if)	12%	18%





SN	Description	Existing Rate	Revised Rate
	of Sr. No 3, as the case may be, in the manner prescribed therein.		
5.	<p>Composite supply of works contract provided to the CG, SG, UT, LA by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of -</p> <p>(a) a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession</p> <p>(b) a structure meant predominantly for use as</p> <ul style="list-style-type: none"><li>- an educational,</li><li>- a clinical, or</li><li>- an art or cultural establishment; or</li></ul> <p>(c) a residential complex predominantly meant for self-use or the use of their employees or other persons specified in paragraph 3 of the Schedule III of the CGST Act, 2017</p> <p>Composite supply of works contract provided by a sub-contractor to the main contractor providing the above-mentioned services to the CG, SG, UT, LA also covered by rate change.</p>	12%	18%
6.	<p>Composite supply of works contract, involving predominantly earth work (that is, constituting more than 75% of the value of the works contract) provided to the CG, SG, UT, LA.</p> <p>Composite supply of works contract provided by a sub-contractor to the main contractor providing the above-mentioned services to the CG, SG, UT, LA also covered by rate change.</p>	5%	12%

*Sr. No (I) of Notification 03/2022 - Central Tax (R) dated 13.07.2022*

Effectively, it can be seen that concessional GST rate of 12% has been withdrawal for all construction related services except services in relation to real estate, offshore works contract relating to oil and gas exploration and production and earth works.



## **D. Hospitality Sector**

### **I. Tax Rate Changes**

<b>SN</b>	<b>Description</b>	<b>Existing Rate</b>	<b>Revised Rate</b>
1.	Hotel Accommodation priced upto Rs. 1000 per day <i>Sr. No (II) of Notification 03/2022 - Central Tax (R) &amp; Sr. No. (c) of Notification No 04 / 2022 - Central Tax (Rate), both dated 13.07.2022</i>	Exempt	12%

### **II. Services Provided by Tour Operator to foreign resident**

Service provided by Indian Tour operator to a foreign resident for a tour partially in India and partially outside India shall be taxed on proportionate basis to the extent of tour conducted in India, subject to the condition that the concession given shall not exceed half of the tour duration.

Illustrations:

A tour operator provides a tour operator service to a foreign tourist as follows: -

- (a) 3 days in India, 2 days in Nepal; Consideration for the entire tour: Rs. 1,00,000/-  
Exemption: Rs.40,000/- [Minimum of Rs. 40,000/- (Rs. 1,00,000/- x 2/5) or Rs.50,000/- (50% Rs. 1,00,000)] i.e., Taxable Value = Rs. 60,000/-
- (b) 2 days in India, 3 days in Nepal; Consideration for the entire tour: Rs. 1,00,000/-  
Exemption: Rs.50,000/- [Minimum of Rs. 60,000/- (Rs. 1,00,000/- x 3/5) or Rs.50,000/- (50% Rs. 1,00,000)] i.e., Taxable Value = Rs. 50,000/-
- (c) 2.5 days in India, 3days in Nepal; Consideration for the entire tour: Rs. 1,00,000/-  
Exemption: Rs.50,000/- [Minimum of Rs. 54,545/- (Rs. 1,00,000/- x 3/5.5) or Rs.50,000/- (50% Rs. 1,00,000)] i.e., Taxable Value = Rs. 50,000/-

*Sr. No. (n) of Notification No 04/2022 - Central Tax (Rate) dated 13.07.2022*

## **E. Job Work Services**

### **I. Change in Tax rates:**

<b>SN</b>	<b>Description</b>	<b>Existing Rate</b>	<b>Revised Rate</b>
1.	Job work in relation to processing of hides, skins and leather falling under Chapter 41	5%	12%
2.	Job work in relation to manufacture of leather goods and footwear falling under Chapter 42 or 64	5%	12%
3.	Job work in relation to manufacture of clay bricks having HSN 69010010	5%	12%

*Sr. No (VIII) of Notification 03/2022 - Central Tax (R) dated 13.07.2022*



## **F. Reverse Charge Mechanism related changes**

### 1. Introduction of New Entry under RCM list:

<b>Nature of Service</b>	<b>Service Provider</b>	<b>Service Recipient</b>
Renting of residential dwelling	Any Person	Registered Person in GST

The introduction of this entry is coupled with simultaneous exclusion of such services from existing Exemption Notification.

Hence, renting of residential dwelling for residential use continues to remain exempt in case where the recipient is unregistered under GST.

*Sr. No. (b) of Notification No 04/2022 - Central Tax (Rate) and Sr. No. (3) of Notification No 04/2022 - Central Tax (Rate), both dated 13.07.2022*

2. When withdrawal of exemption in relation to GTA services (consideration less than Rs. 1,500/- for entire carriage and consideration less than Rs. 750/- for single consignee), is read in conjunction with existing RCM entry for GTA services, it can be concluded that all GTA services (irrespective of the amount charged) shall be liable to tax under RCM except when:
- Supplier is charging tax under FCM - 5% or 12%, and such amount is charged in the tax invoice issued or
  - The commodity being transported is specifically exempted under GST.

## **G. Miscellaneous changes:**

### **I. Grant of Indefinite Exemption for FIFA U-17 Women's World Cup 2020**

Blanket exemption has been granted to Services by way of right to admission to the events organised under FIFA U-17 Women's World Cup 2020 which is scheduled to be hosted in India.

*Sr. No. (v) of Notification No 04/2022 - Central Tax (Rate) dated 13.07.2022*

### **II. Withdrawal of certain exemptions for services:**

#### 1. Supply of Services by the following institutions shall be taxable hence forth:

<b>SN</b>	<b>Description</b>
1.	Services by the Reserve Bank of India
2.	Services by the Insurance Regulatory and Development Authority of India to insurers
3.	Services by the Security and Exchange Board of India by way of protecting the investors in securities and to promote the development of, and to regulate, the securities market.
4.	Services by way of licensing, registration and analysis or testing of food samples supplied by the Food Safety and Standards Authority of India (FSSAI) to Food Business Operators.



SN	Description
5.	Services by the Goods and Service Tax Network to the CG, SG, UT for implementation of GST.

*Sr. No. (i) to (m) of Notification No 04/2022 - Central Tax (Rate) dated 13.07.2022*

2. The following table illustrates the nature of services which will be taxable hence forth:

SN	Description
1.	Services by way of training or coaching in recreational activities relating to arts or culture by any person other than an individual <i>Sr. No. (u) of Notification No 04/2022 - Central Tax (Rate) dated 13.07.2022</i>
2.	Services by way of slaughtering of animals <i>Sr. No. (q) of Notification No 04/2022 - Central Tax (Rate) dated 13.07.2022</i>

### III. Other Changes:

1. All taxable service of Department of Posts would be subject to forward charge. Until now some taxable services of Department of Post were taxed under RCM in the hands of recipient.

*Sr. No (a) of Notification 04/2022 - Central Tax (R) dated 13.07.2022*

Further exemption has been provided to Services by the Department of Posts by way of post card, inland letter, book post and ordinary post (envelopes weighing less than 10 grams).

*Sr. No (h) of Notification 04/2022 - Central Tax (R) dated 13.07.2022*

2. Change in rate of tax for supply of services by foreman to chit fund from 12% to 18%.

*Sr. No (VII) of Notification 03/2022 - Central Tax (R) dated 13.07.2022*



## **Disclaimer**

This newsletter is for general public information and knowledge sharing. In case any clarifications required, you may connect with us at:

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