

GST Rate hike: Some daily commodities to be costlier from 18th July

The GST department has notified the GST rate revisions, and withdrawal of exemptions recommended at the 47th GST Council meeting held last month. Few items have also seen a rate cut.

The Central Board of Indirect Taxes and Customs (CBIC) issued the Central Tax (Rate) notifications 03/2022 to 11/2022 on 13th July 2022. Here're lists of costlier and cheaper items from 18th July 2022 due to GST rate revision.

Items whose prices will rise

- Rate hiked on worked/industrial diamonds and semi-precious stones to 0.35% from 0.25% (CGST and SGST).
- The 5% concessional rate on scientific and technical equipment supplied to public-funded research institutions has been withdrawn.
- The concessional rate was increased from 5% to 12% for supplies to exploration and production.
- The exemption has been withdrawn to tax at 5% on any pre-packaged or labelled meat and crustaceans, lassi, curd, buttermilk, paneer, chena, honey, unbranded goods under 0504, dried leguminous vegetables like peas and beans, sweet potato and similar items.
- The exemption is also withdrawn on pre-packaged or labelled dried makhana, wheat, rye, barley, oats, maize or corn, rice, grain sorghum, buckwheat, wheat flour, cereal flours, cereal groats or millets or pellets, potato flour, pulse flour, all types of jaggery, puffed and beaten rice, and tender coconut water.
- Prices will be increased with the withdrawal of exemption on pre-packaged or labelled non-aerated or unpurified water, organic manure, loose cheque leaves, or cheque books at 18% GST, maps, or topographic plans at 12% GST, coir pith compost and parts of goods under heading 8801.

Items whose prices will drop

- No more GST on particular defence objects imported by private businesses when the end-user is the Defence department.

- GST rate slashed from 18% to 5% for the transportation of goods and passengers using a ropeway.
- GST rate cut down from 18% to 12% for renting goods carriage with operators having the fuel cost included in its consideration.
- GST rates are reduced from 12% to 5% on splints and fracture appliances, artificial body parts, wearable body appliances, or body implants in case of defects or disability.

Changed in RCM applicability from 18th July 2022

- Any person who rents out a residential dwelling to a business entity registered under the GST law, such tenant must pay GST on a reverse charge basis.
- If government renders speed post, life insurance, express parcel post, or agency service to a GST-registered business entity, such recipient must pay tax on a reverse charge basis.
- The applicability of reverse charge taxability of Goods Transport Agency (GTA) service to businesses is streamlined by giving them options to pay tax at 5% (without tax credit) or 12% (with tax credit) under a forward charge. Such businesses who avail GTA services that issue tax invoices by charging and collecting GST on a forward charge basis need not pay taxes under reverse charge. Further, a yearly declaration of paying taxes on a forward charge by the recipient must be submitted in the manner given under the CGST (Rate).

Source – Clear Tax