

54th Meeting Of GST Council Highlights

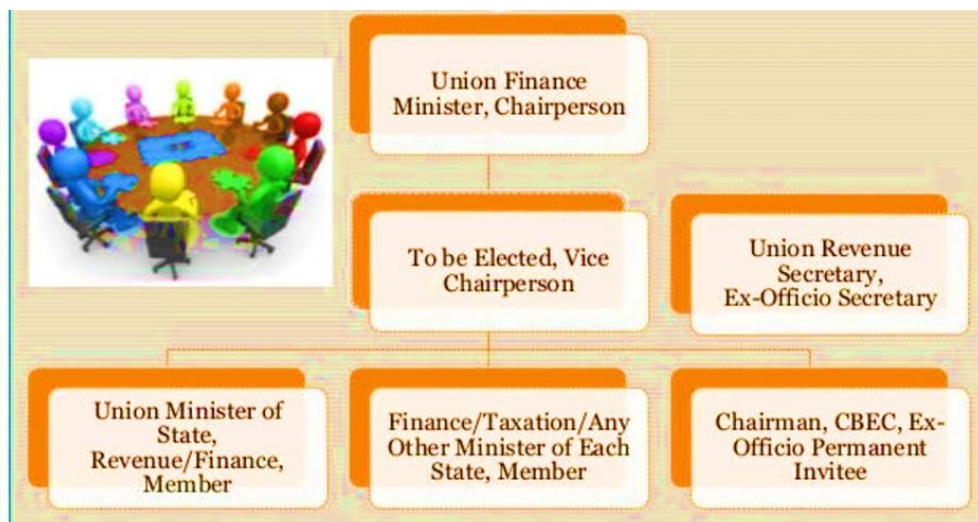
Why In News

- **GST Council** headed by Union Finance Minister **Nirmala Sitharaman** decided to set up a **Group of Ministers (GoM)** to reduce the tax rate on life and health insurance and cut GST on cancer drugs and namkeens.



GST Council

- **Goods and Services Tax regime** came into force after the Constitutional (122nd Amendment) Bill was passed by both Houses of Parliament in 2016.
- More than 15 Indian states then ratified it in their state Assemblies, after which the President gave his assent.



- The GST Council is a joint **forum of the Centre and the states**.
- It was set up by the President as **per Article 279A (1)** of the amended Constitution.
- The members of **the Council include the Union Finance Minister** (chairperson), the Union Minister of State (Finance) from the Centre.
- Each state can nominate a minister in-charge of finance or taxation or any other minister as a member.

Highlights

- Council has recommended implementing **e-invoicing for B2C transactions** in a phased manner to prevent false invoicing. This would allow customers to verify their invoices before reporting them in the GST return. Until now, e-invoicing was **applicable to B2B transactions** for a registered person with a turnover of **over Rs.5 crore**.



- After introducing the **Invoice Management System**, the Council informed the press about the other enhancements to the current GST return filing mechanism, such as a **Reverse Charge Mechanism (RCM)** ledger and an Input Tax Credit Reclaim ledger.
- The status reports were duly submitted by the Group of Ministers (GoM) formed on **rate rationalisation and real estate**, respectively, on the basis of which further discussions regarding the above two subjects will be held in upcoming council meetings.



- **No changes in No GST changes apply** to online gaming; hence, as decided in the 50th GST Council meeting held in October 2023, 28% of the GST stands applicable to casinos, games, and race courses.
- It was held back then that the status would be reviewed after six months of the implementation. As per the **status submitted to the GST Council**, the revenue from Online Gaming had increased by 412% in 6 months to Rs. 6,909 crores from Rs.1,349 crores before the notification was issued, whereas the revenue in case of casinos was increased by 30%, i.e., from Rs.164 crores to Rs. 214 crores.

GST on Betting, Gambling, Casinos, Lottery & Online Gaming – What You Need to Know



- It was decided **to create two new GoMs**: GoM on **medical and health insurance** which is just an extension of the existing GoM formed on rate rationalisation headed by deputy CM of Bihar with newer members - Bihar, UP, West Bengal,

Karnataka, Kerala, Rajasthan, Andhra Pradesh, Meghalaya, Goa, Telangana, Tamil Nadu, Punjab, and Gujarat - for limited purpose The newly formed GoM is required to submit the report by the end of October 2024. Hence, the GST Council maintained the status quo by **keeping the GST rate at 18% on life and health insurance** and deferring it to the next meeting, which will happen in November.



- In June last year, the central government notified an extension of the **compensation cess on luxury and demerit goods till March 2026**.
- The Union Minister **informed that by January 2026**, they would repay the back-to-back loans taken and the interest thereon. The total cess collection (actual + projected) up to **March 2025 was Rs.8,66,706 crores**, whereas the compensation paid till **5th September 2024 was Rs.6,64,203**, back-to-back loans repayable was **Rs.2,69,208 crores** and interest was **Rs.51,561 crores** and so it was agreed to form GoM for studying the figures and how to move forward with the cess.



- A Committee of Secretaries under the chairmanship of the additional secretary revenue will be set up to explain and decide **how to proceed with the IGST**. Given a negative balance in IGST, how to retrieve the excess IGST passed on to some states will be studied. They must also submit the report by the end of October 2024.



- Funds given for research to state-affiliated universities or research centres formed under state/central laws or those institutions which have obtained income tax exemptions u/s 35 of the Income Tax Act can receive research funds from public or private sources and are exempted from GST.

