

GST council's recommendations for improved tax compliance measures and other rate adjustments: Clarifications on contentious issues, measures aimed at trade facilitation

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I. GST Collection of India during January, February, and March.

The gross GST revenue collection in January is Rs. 1,95,506 lakh crores, and the net revenue was Rs.171,653. In February gross GST revenue was Rs. 1,83,646, and the total net revenue was Rs. 1,50,528. In March, the gross revenue was Rs. 1,96,141, and net GST revenue is Rs. 1,76,526 Table 1 presents the GST collection of India from January to March 2025. Chart 1 gives the comparison of GST revenue in India during January to March 2025 in comparison to the same period in 2024. Table 1 presents the GST collection of India from January to March 2025. Chart 1 gives the comparison of GST revenue in India during January to March 2025 in comparison to the same period in 2024.

II. GST Revenue in Kerala

GST revenue collection of Kerala during January 2025 to March 2025 in comparison to the same period in 2024 is depicted in Table 2 & Chart 2.

III. Important updates in GST

1. Implementation of mandatory mentioning of HSN codes in GSTR-1 & GSTR 1A

After the successful implementation of Phase-I & Phase-II now Phase-III regarding Table 12 of GSTR-1 & 1A is being implemented, from return period February 2025. In this phase, manual entry of HSN has been replaced by choosing the correct HSN from given drop-down. Also, Table 12 has been bifurcated into two tabs, namely B2B and B2C, to report these supplies separately. Further, validation regarding values of the supplies and tax amounts

involved in the same have also been introduced for both the tabs of Table-12. However, in the initial period, these validations have been kept in warning mode only, which means failing the validation will not be a blocker for filling of GSTR-1 & 1A.

2. CBIC Alerts Taxpayers About Fake GST Summons; Urges Verification Through Official Portal

The Central Board of Indirect Taxes and Customs (CBIC) has issued a warning regarding fraudulent individuals sending counterfeit summons to taxpayers, posing as officials from the Directorate General of GST Intelligence (DGGI) or CGST offices. These fake summons are designed to closely mimic genuine ones by using the Department's logo and fabricated Document Identification Numbers (DINs) to create a misleading sense of authenticity.

Taxpayers are advised to verify the legitimacy of any communication-such as summons, notices, or letters-allegedly issued by CBIC officials through the 'VERIFY CBIC-DIN' feature available on the official CBIC website: <https://esanchar.cbic.gov.in/DIN/DINSearch>.

If a communication is found to be fraudulent, it should be promptly reported to the respective DGGI or CGST office. Timely reporting will help authorities take appropriate legal action against those attempting to deceive the public with fake documents.

CBIC issued Circular No. 122/41/2019-GST dated November 5, 2019, mandating the generation and use of a Document Identification Number (DIN) on all communications sent by its officers.

3. Clarifications regarding applicability of GST on certain services

Based on the recommendations of the GST Council in its 55th meeting held on 21st December 2024, at Jaisalmer, and in exercise of the powers conferred under section 168(1) of the Central Goods and Services Tax Act, 2017, clarifications on various issues are being issued through the Circular No. 245/02/2025-GST which includes

1. Applicability of GST on penal charges being levied by the Regulated Entities (REs) in view of RBI instructions dated 18.08.2023 directing such Regulated Entities (REs) to levy penal charges in place of penal interest.
2. Whether GST exemption under Sl. No. 34 of notification No. 12/2017-CTR dated 28.06.2017 is available to payment aggregators in relation to settlement of an amount, up

to two thousand rupees in a single transaction, transacted through credit card, debit card, charge card or other payment card services?

3. Regularizing payment of GST on research and development services provided by Government Entities against consideration in the form of grants received from Government Entities
4. Regularizing payment of GST on skilling services provided by Training Partners approved by the National Skill Development Corporation.
5. Applicability of GST on facility management services provided to Municipal Corporation of Delhi (MCD) Headquarters.
6. Applicability of GST on facility management services provided to Municipal Corporation of Delhi (MCD) Headquarters.
7. Regularizing payment of GST on Reverse Charge (RCM) basis on renting of commercial property by unregistered person to a registered person for taxpayers registered under composition levy
8. Regularizing payment of GST on certain support services provided by an electricity transmission or distribution utility.
9. Regularizing the payment of GST on services provided by M/s Goethe Institute/Max Mueller Bhawans.

4. Clarification regarding GST rates & classification (goods) based on the recommendations of the GST Council in its 55th meeting held on 21st December, 2024, at Jaisalmer- Circular No. 247/04/2025-GST

i. Clarification regarding classification and GST rate on pepper of genus Piper

Based on the recommendations of the GST Council in its 55th meeting, it is hereby clarified that pepper of genus Piper, whether green (fresh), white or black, is covered under HS 0904 and attracts 5% GST vide S. No. 38 of Schedule I of notification No. 1/2017-Central Tax (Rate) dated the 28th June, 2017.

As regards applicability of GST on supply of dried pepper by an agriculturist from their plantations, Section 23 (1) (b) of the CGST Act provides that an agriculturist, as defined in

Section 2(7) of the CGST Act, to the extent of supply of produce out of cultivation of land is not liable to take registration.

As per the recommendation of the GST Council, it is hereby clarified that an agriculturist supplying dried pepper is not liable to be registered under Section 23(1) of the CGST Act is exempt from GST.

ii. Clarification regarding raisins supplied by an agriculturist

As per the recommendation of the GST Council, it is hereby clarified that an agriculturist supplying raisins is not liable to be registered under Section 23(1) of the CGST Act is exempt from GST.

iii. Clarification on GST rate on ready to eat popcorn

On the recommendation of the Council, it is hereby clarified that ready to eat popcorn which is mixed with salt and spices are classifiable under HS 2106 90 99. It is also hereby clarified that such ready to eat popcorn mixed with salt and spices classifiable under HS 2106 90 99 attracts 5% GST if other than pre-packaged and labelled vide S. No. 101A of Schedule I of notification No. 1/2017-Central Tax (Rate) dated the 28th June, 2017 and 12% GST if sold as packaged and labelled vide S. No. 46 of Schedule I of notification No. 1/2017-Central Tax (Rate) dated the 28th June, 2017, as it has the essential character of namkeens. However, when the popcorn is mixed with sugar thereby changing its character to sugar confectionary (e.g. caramel popcorn), it would be classifiable under HS 1704 90 90 attracting 18% GST vide S. No. 12 of Schedule III of notification No. 1/2017-Central Tax (Rate) dated the 28th June, 2017

Further, in view of the prevailing genuine doubts regarding the applicability of GST rate on ready to eat popcorn mixed with salt and spices, as recommended by the Council the issue for past period up to 14.2.2025 is hereby regularized on 'as is where is' basis.

iv. Fly ash based Autoclaved Aerated Concrete Blocks

Fly ash bricks, fly ash aggregates and fly ash blocks classifiable under HS 6815 attract 12% GST vide S. No. 176B of Schedule II of notification No.1/2017-Central Tax (Rate) dated 28.06.2017. Articles of cement, of concrete or of artificial stone, whether or not reinforced classifiable under HS 6810 attract 18% GST vide S. No. 181 of Schedule III of notification No. 1/2017-Central Tax (Rate) dated 28.06.2017.

As per the recommendation of the GST Council, it is hereby clarified that autoclaved aerated concrete (AAC) blocks containing more than 50% fly ash content will fall under HS 6815 and attract 12% GST.

5. By Notification No. 07/2025 - Central Tax dated, the 23rd January, 2025, Central Goods and Services Tax (Amendment) Rules, 2025 were issued to include Rule 16A.

Rule 16A - Grant of temporary identification number. - Where a person is not liable to registration under the Act but is required to make any payment under the provisions of the Act, the proper officer may grant the said person a temporary identification number and issue an order in Part B of FORM GST REG-12."

6. Waiver of the Late Fee.

Notification No. 08/2025 - Central Tax dated the 23rd January, 2025 In exercise of the powers conferred by section 128 of the Central Goods and Services Tax Act, 2017 (12 of 2017) the Central Government, on the recommendations of the Council, waives the amount of late fee referred to in section 47 of the said Act in respect of the return to be furnished under section 44 of the said Act, for the financial years 2017-18 or 2018-19 or 2019-20 or 2020-21 or 2021-22 or 2022-23, which is in excess of the late fee payable under section 47 of the said Act up to the date of furnishing of FORM GSTR-9 for the said financial year, for the class of registered persons, who were required to furnish reconciliation statement in FORM GSTR-9C along with the annual return in FORM GSTR-9 for the said financial year but failed to furnish the same along with the said return in FORM GSTR-9, and furnish the said statement in FORM GSTR-9C, subsequently on or before the 31st March, 2025. Provided that no refund of late fee already paid in respect of delayed furnishing of FORM GSTR-9C for the said financial years shall be available.

7. Exempting Medicines and Medical Goods from GST

RAJYA SABHA, Unstarred Question No-2770 Answered On - 25.03.2025

The Government of India answered the queries regarding the Goods and Services Tax (GST) on medicines and medical goods in a recent Rajya Sabha session. The GST rates and exemptions are determined by the GST Council, which currently has no recommendations to remove GST on all medicines and medical goods. Jan Aushadhi medicines are sold with GST included in their Maximum Retail Price (MRP) as per existing legislation. Healthcare

services, including treatments and inpatients' food, are exempt from GST if room charges do not exceed ₹5,000 per day. State/UT-wise GST revenue from medicines and medical goods for the financial years 2019-20 to 2023-24 indicates a steady rise, with total collections growing from ₹8,861.70 crores in 2019-20 to ₹13,616.48 crores in 2023-24.

8. Restaurant Service' supplied at 'Specified Premises'

Clarification regarding GST rules for "restaurant services" within "specified premises," will be effective from April 1, 2025. "Specified premises" now refer to hotels with accommodation value exceeding Rs.7,500/unit/day in the prior financial year, or those declared as such by the supplier. Restaurant services in these premises attract 18% GST with Input Tax Credit (ITC), while those outside incur 5% without ITC. The concept of "declared tariff" is replaced with "value of supply." Suppliers can declare premises as "specified" via Annexure VII (existing registrants) or Annexure VIII (new registrants) and opt-out via Annexure IX, filed annually between January 1st and March 31st. Declarations remain in effect until they are opted out. Separate declarations are needed for each location under a single registration. When the value threshold is exceeded, the premises are automatically specified. ITC rules differ for premises with mixed tax rates

9. GST Compliance Concerns of MSMEs and Small Taxpayers

Lok Sabha Unstarred Question No. 3854 to Be Answered On Monday, March 24, 2025

Government gave the answer to the question "Whether the Government has taken steps to address the compliance concerns of MSMEs and small taxpayers under GST and to simplify and streamline GST procedures to facilitate trade and commerce in the country, and if so, what are the details of these measures and how do they promote ease of doing business?" which was raised in Lok Sabha.

Yes, Government on the recommendations of GST Council, has proactively taken several measures from time to time to reduce the compliance burden of taxpayers, to simplify the GST and to promote ease of doing business in the country. Some of the major policy measures undertaken/being taken by the Government in this regard are as under:

- (i) The threshold limit of annual turnover for registration under GST for entities engaged in supply of goods has been increased to Rs. 40 lakhs (other than some special category States) effective from April 1, 2019, which was initially Rs. 20 lakhs. This

ensures that no GST compliance is required by such small units below the above threshold turnover and no GST is required to be paid by such units upto the said threshold turnover.

- (ii) The threshold limit of annual turnover for supply of goods under composition scheme has been increased to Rs. 1.5 crore (other than some special category States) effective from 1st April 2019, which was initially 75 lakhs. Such taxpayers under composition scheme are required to file a return on annual basis, thus reducing their compliance burden substantially.
- (iii) A scheme of quarterly return filing and monthly payment (QRMP) has been introduced where small taxpayers with turnover up to Rs. 5 crores have an option to file returns on quarterly basis, instead of monthly return
- (iv) Functionality for filing of NIL GST monthly return through SMS has been created for benefit of taxpayers.
- (v) Refund process has been made completely electronic with the process of filing, processing and sanction of refund done completely electronically.
- (vi) To reduce compliance burden on small taxpayers, exemption has been provided from filing annual return to taxpayers having annual Aggregate Turnover upto Rs. 2 crores.
- (vii) To facilitate and ease return filing process, an auto-generated return with editing facility is being provided to the taxpayers on the portal based on details of the outward supplies furnished by the taxpayer and their suppliers.
- (viii) A new option has been provided to allow the amendment of outward supplies of goods or services for current tax period.
- (ix) UPI, Credit Card and IMPS have been provided as additional modes for payment of GST to facilitate taxpayers and to further encourage digital payment.
- (x) To facilitate small taxpayers in making supply of goods through e-commerce operators (ECOs), the requirement of mandatory registration for intra-state supply of goods through ECOs has been waived off with effect from 01.10.2023 subject to fulfillment of certain conditions.

- (xi) Retrospective amendment e.f. 01.07.2017 has been made to increase the time limit to avail input tax credit in respect of any invoice or debit note pertaining to the financial years 2017-18, 2018-19, 2019-20 and 2020-21, through any GSTR 3B return filed upto 30.11.2021.
- (xii) Section 128A has been inserted in Central Goods and Services Tax Act, 2017, leading to waiver of interest and penalties for demand notices issued under Section 73 of the CGST Act for the fiscal years 2017-18, 2018-19 and 2019-20, in cases where the taxpayer pays the full amount of tax demanded in the notice upto 31.03.2025.
- (xiii) Amendment has been made in Section 107 and Section 112 of Central Goods and Services Tax Act, 2017, for reducing the amount of pre-deposit required to be paid for filing of appeals under GST.
- (xiv) To reduce burden of late fee on smaller taxpayers, late fee structure has been rationalized, from June, 2021 tax period onwards, by aligning the upper cap of late fee with tax liability/ turnover of the taxpayer.
- (xv) Decriminalization of certain offences have been carried out in Central Goods and Services Tax Act, 2017.

10. GST on Higher Education and Student Affordability

Lok Sabha Unstarred Question No.3789 Answered On Monday, March 24, 2025

Minister of State in the Ministry of Finance Shri Pankaj Chaudhary gave answer to the questions of Shri Vishaldada Prakashbapu Patil such as

- (a) whether the Government is aware that reducing GST rates on higher education and educational payments could significantly alleviate the financial burden on students;
- (b) if so, whether the Government has considered to reduce GST on higher education and related payments to the slabs 12%, 5% or 0%;
- (c) if not, the reasons for maintaining the current GST rates on educational services; and
- (d) whether any consultations has been made with stakeholders regarding GST reforms for the education sector particularly addressing the financial burden on students of tier-2 and

tier- 3 cities such as Sangli where access to higher education is already constrained by economic factors?

GST rates and exemptions are prescribed based on the recommendations of the GST Council, which is a Constitutional body comprising members from both the Union and State/UT Governments. Any decision regarding change in rates/exemptions or otherwise is made only after GST Council's deliberative process. Currently, no differential GST rates based on category of cities are in effect.

At present various exemptions provided under the GST framework to education sector are as under:

A. Notification 12/2017 - Central Tax (Rate) dated 28.06.2017

1. Sl 66:

- a. Services provided by an educational institution to its students, faculty and staff;
- b. Services by an educational institution by way of conduct of entrance
- c. The following services provided to an educational institution:
 - i. Services relating to admission to, or conduct of examination by, such institution;
 - ii. If provided to pre-school or upto higher secondary school:

Transportation of students, faculty and staff;

Catering, including mid-day meals scheme sponsored by the Central Government, State Government or Union territory;

Security or cleaning or housekeeping services performed in such educational institution;

- iii. Supply of online educational journals or periodicals (provided to higher educational institution); "educational institution" has also been defined as an institution providing services by way of,-

- (i) pre-school education and education up to higher secondary school or equivalent;

- (ii) education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force;
 - (iii) education as a part of an approved vocational education course; 2. SI No. 66A: Services of affiliation provided by a Central or State Educational Board or Council or any other similar body, by whatever name called, to a school established, owned or controlled by the Central Government, State Government, Union Territory, local authority, Governmental authority or Government entity.
- B. Notification No. 02/2017 - Central Tax (Rate) dated 28.06.2017 provide exemption to various items which are as under:
1. Printed books, including Braille books
 2. Newspapers, journals and periodicals, whether or not illustrated or containing advertising material
 3. Children's picture, drawing or colouring books
 4. Slate pencils and chalk sticks
 5. Slates

11. Clarification on GST on Educational Services

- a. whether Goods and Services Tax (GST) is collected on commercial training and coaching services, educational books, services provided by educational institutions to its students, faculty, and staff;
 - (i) As per SI. No. 30 of Notification No. 8/2017- Integrated Tax (Rate), dated 28th June 2017, services of "commercial coaching or training" are taxable at 18%.
 - i. As per SI. No. 69 of Notification No. 9/2017- Integrated Tax (Rate), dated 28th June 2017, services provided by an educational institution to its students, faculty and staff are exempt.
 - ii. As per S. No. 119 of Schedule I of Notification No. 2/2017-Integrated Tax (Rate), dated 28th June 2017, printed books under HSN Code 4901 are exempt from GST.