

From	Karvy Data Management Services Ltd.
Date	January 09, 2019
Subject	Clarification regarding GST rates and classification of goods
Category	Circular
Reference	Circular No. 80/2018 dt. 31.12.2018 to 81/2018 dt. 31.12.2018
Series	Karvy/GST/95

Doubts were raised by the industry regarding applicability of GST Rate and classification of tariff head on certain goods, Central Board of Indirect Taxes and Customs (CBIC) has issued Circular No. 80/2018 dt. 31.12.2018 to 81/2018 dt. 31.12.2018, clarifying the issues.

Clarification given by CBIC is tabulated below:

Circular No. 80/54/2018-GST dt. 31.12.2018 & Circular No. 81/55/2018-GST dt. 31.12.2018		
Sl. No.	Issues	Clarification given by CBIC
1	Applicability of GST on supply of Liquefied Petroleum Gas for Domestic Use	→ LPG supplied in bulk, whether by a refiner/fractionator to an Oil Marketing Companies (OMC) or by one OMC to another for bottling and further supply for domestic use shall attract GST @ 5% w.e.f. 25.01.2018.
2	Applicability of GST on supply of Polypropylene Woven and Non-Woven Bags and PP Woven and Non-Woven Bags laminated with BOPP.	→ Polypropylene Woven and Non-Woven Bags and PP Woven and Non-Woven Bags laminated with BOPP would be classified as plastic bags under HSN code 3923 and would attract 18% GST.
3	Applicability of GST on supply of wood logs for pulping	→ Wood in the rough (whether or not stripped of bark or sapwood, or roughly squared) is classified under heading 4403 and attracts 18% GST.
		→ Heading 4403 also covers "timber for sawing; poles for telephone, telegraph or electrical power transmission lines; unpointed and unsplit piles, pickets, stakes, poles and props; round pit-props; logs, whether or not quarter-split, for pulping; round logs for the manufacture of veneer sheets, etc.; logs for the manufacture of match sticks, wood ware, etc."
		→ Wood logs or any kind of wood in the rough/timber including the wood in rough/log/timber used for pulping falls under HSN Code 4403 and attracts GST @ 18%.
4	Applicability of GST on supply of Bagasse based laminated particle	→ Bagasse board [whether plain or laminated] falling under chapter 44 will attract concessional GST @ 12%.

Sl. No.	Issues	Clarification given by CBIC
5	Applicability of GST on supply of embroidered fabric sold in three piece for lady suits	<p>→ Fabrics are classifiable under chapters 50 to 55 and 60 of the First Schedule of the Customs Tariff Act, 1975 on the basis of their constituent materials and attract a uniform GST rate of 5%.</p> <p>→ Garments and made up articles of textiles under chapters 61, 62 and 63 attract GST at the rate of 5% when value is upto Rs 1000 per piece and 12% when the value exceeds Rs. 1000 per piece.</p> <p>→ Mere packing of fabrics into pieces of different lengths will not change the nature of these goods and such pieces of fabrics would continue to be classifiable under the respective heading as the fabric and attract the 5% GST rate.</p> <p>→ This clarification would equally apply to three pieces of fabrics sold in a pack as ladies salwar suit.</p>
6	Applicability of GST on supply made to Waste to Energy Plant (WTEP)	<p>→ Goods falling under Chapter 84, 85 & 94 used for setting up of a Waste to Energy Plant (WTEP) shall attract concessional GST @ 5%.</p> <p>→ However, this entry does not cover goods falling under other chapters, say a transport vehicle falling under Chapter 87 that may be used for movement of waste to WTEP.</p> <p>→ The supplier needs to satisfy himself with the requisite document from a buyer such as supply contracts/order for WTEP from the concerned authorities before supplying goods claiming concession under the said chapter.</p>
7	Applicability of GST on supply of Turbo Charger for railways	<p>→ Turbo charger is specifically classified under chapter HSN code 8414 80 30 and attracts GST @ 18%. It continues to remain classified under this code irrespective of its use by Railways.</p>
8	Applicability of GST on supply of cranes, rigs, tools & Spares and other machinery when moved from one state to another by a person on his account for their use for supply of service	<p>→ Any inter-state movement of goods for provision of service on own account by a service provider, where no transfer of title in such goods or transfer of goods to the distinct person by way of stock transfer is not involved does not constitute supply of such goods and would not be liable to GST.</p>
9	Applicability of GST on Chhatua or Sattu	<p>→ Applicable HSN Code will be 1106.</p> <p>→ If unbranded, it will attract NIL GST. If branded and packed, it attracts 5% GST.</p>
10	Applicable GST rate on Fish meal and other raw materials used for making cattle / poultry / aquatic feed	<p>→ Aquatic feed including shrimp feed and prawn feed, poultry feed & cattle feed, including grass, hay & straw, supplement & husk of pulses, concentrates & additives, wheat bran & de-oiled cake shall fall under tariff head 2301, 2302, 2308 & 2309 and shall attract NIL rate of tax.</p> <p>→ Flours, meals and pellets, of meat or meat offal, of fish or of crustaceans, molluscs or other aquatic invertebrates, unfit for human consumption; greaves shall fall under the tariff head 2301 and shall attract GST @ 5%.</p> <p>→ Fish meals, meat cum bone meal (MBM) etc. shall fall under the tariff head 2301 and shall attract GST @ 5%.</p>

Sl. No.	Issues	Clarification given by CBIC
11	Applicable GST rate on Animal Feed Supplements / Feed additives from drugs between tariff heading 2309 and 2936	<p>→ HSN code 2309 would cover only such product, which in the form supplied, are capable of specific use as food supplement for animals and not capable of any general use.</p> <p>→ If the vitamins, provitamins are supplied in a form in which they are capable of general use, i.e. in the form in which it could be used as inputs or raw materials for further processing, instead of being ready to use, then these would be classifiable under heading 2936.</p>
12	Application of GST on sprinkler irrigation system consisting of nozzles, lateral and other components	→ Applicable HSN Code will be 8424 and shall attract GST @ 12%

Download the circulars from the below link:

Circular No.	Download Link
80/2018	http://www.cbic.gov.in/resources//htdocs-cbec/gst/Circular-No-80.pdf;jsessionid=736FE89B399103BC9FD834D590DCA6D9
81/2018	http://www.cbic.gov.in/resources//htdocs-cbec/gst/Circular-No-81.pdf

About KARVY DATA MANAGEMENT SERVICES LTD.

Karvy Data Management Services Limited (KDMSL), a GST Suvidha Provider which has developed ASP Solution for easing GST compliance for tax payers. Easy to use interfaces are made available at the disposal of the tax payers to simplify their compliances in terms of dashboards, MIS, returns, payments, refunds and other compliance process. So, 'HELP US HELP YOU' we offer following services for GST - GSP & ASP Services (on cloud or on premises) with ERP Integration and Vendor Management Solution. We also offer managed services for Outsourced GST Compliance which will take care of end to end compliances.

In India, GST Team of KDMSL are located in following cities: Hyderabad, Mumbai, Bangalore, New Delhi, Chennai, Pune and Kolkata. For more information about KDMSL service offerings, visit www.karvygst.com

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