



GST is the biggest tax-related reform in the country bringing uniformity in the taxation structure and eliminating the cascading of taxes that was levied in the past. The GST Council meets from time to time to revise the GST rates for various products. Several states and industries recommend reduction in GST tax rate for various items which are discussed in these meetings.

GST stands for Goods and Services Tax. It is classified into three types:

- **CGST –Central GST**
- **SGST –State GST**
- **IGST –Integrated GST**

Finance Minister Arun Jaitley said that the government wanted to keep the GST rates close to the original rates. But there were differences in case of some items because of the changes in the economy as well as customer preferences. Some commodities were kept in the high tax bracket (18-28%) but on scrutinizing the list, they found that these commodities should be considered as necessities and not luxuries. This is why the GST rates were revised for commodities such as notebooks, exercise books, spectacles and lenses and some other items.

GST Tax Rates on some common items

Tax Rates	Products
5%	Household necessities such as edible oil, sugar, spices, tea, and coffee (except instant) are included. Coal , Mishti/Mithai (Indian Sweets) and Life-saving drugs are also covered under this GST slab
12%	This includes computers and processed food
18%	Hair oil, toothpaste and soaps, capital goods and industrial intermediaries are covered in this slab
28%	Luxury items such as small cars , consumer durables like AC and Refrigerators, premium cars, cigarettes and aerated drinks , High-end motorcycles are included here.

Though edible items like sugar, tea and coffee are included in the 5% slab, milk does not attract any tax under the new GST regime. The idea behind this is to ensure that basic food items are available for everyone but instant food is kept out of this category.

- Basic household items like toothpaste and hair oil, which currently attract 28% tax, will be taxed at 18% only.
- Sweets will also be taxable at 5%.
- Tax rates on coal has also been reduced from 11.69% to just 5% in order to relieve the pressure on power industries.
- GST also gives a major push to domestic industries as they will be able to procure seamless input credit for capital goods. Make in India campaign is set to flourish after this reform.

GST Rates on Goods

The government has proposed a 4-tier tax structure for all goods and services under the slabs- 5%, 12%, 18% and 28%. After the recent revision of GST rates, these are the commodities that fall under the four tax slabs along with those that do not attract any tax. Please note that only those commodities are included in this list whose rates have been revised in various council meetings.

Let us have a look at various products and the tax slab in which they fall into:

No Tax

Apart from other items that enjoy zero GST tax rate, these are the commodities added to the list after 11th June rate revision –

- Hulled cereal grains like barley, wheat, oat, rye, etc.
- Bones and horn-cores unworked and waste of these products.
- Palmyra jaggery
- All types of salt
- Dicalcium Phosphate (DCP) of animal feed grade conforming to IS specification No. 5470 :2002
- Kajal [other than kajal pencil sticks]
- Picture books, colouring books or drawing books for children
- Human hair – dressed, thinned, bleached or otherwise worked
- Sanitary Napkins
- Unit container-packed frozen branded vegetables (uncooked/steamed)
- Vegetables preserved using various techniques including brine and other preservatives that are unsuitable for immediate human consumption.
- Music Books/manuscripts.

5% Tax Slab

Given below are the items that have been added to the 5% GST tax rate slab along with the other existing items-

- Cashew nuts/cashew nuts in shell
- Ice and snow
- Bio gas
- Insulin
- Aggarbatti
- Kites
- Coir mats, matting and floor covering
- Pawan Chakki that is Wind-based Atta Chakki
- Postage or revenue stamps, stamp-postmarks, first-day covers, etc.
- Numismatic coins
- Braille paper, braille typewriters, braille watches, hearing aids and other appliances to compensate for a defect or disability
- Fly-ash blocks
- Walking sticks
- Natural cork
- Marble rubble
- Accessories/parts for carriages designed for differently-abled individuals

12% Tax Slab

After the GST council meeting on 11th June, the following items were added to the 12% GST rates category-

- Preparations of vegetables, fruits, nuts or other parts of plants, including pickle, murabba, chutney, jam, jelly
- Ketchups, sauces and mustard sauce but excluding curry paste, mayonnaise and salad dressings, mixed condiments and mixed dressings
- Bari made of pulses including mungodi
- Menthol and menthol crystals, peppermint, fractionated/de-terpenated mentha oil, dementholised oil, Mentha piperita oil and spearmint oil
- All diagnostic kits and reagents
- Plastic beads
- Exercise books and note books
- Glasses for corrective spectacles and flint buttons
- Spoons, forks, ladles, skimmers, cake servers, fish knives, tongs
- Fixed Speed Diesel Engines
- Two-way radio (Walkie talkie) used by defence, police and paramilitary forces etc.
- Intraocular lens
- Corrective spectacles
- Playing cards, chess board, carom board and other board games, like ludo, etc.
- Debugged/roughly squared cork
- Items manufactured from natural cork
- Agglomerated cork

18% Tax Slab

The items mentioned below have been added to the 18% GST tax rate slab among the other existing items-

- Kajal pencil sticks
- Dental wax
- Plastic Tarpaulin
- School satchels and bags other than of leather or composition leather; toilet cases, Hand bags and shopping bags of artificial plastic material, cotton or jute; Handbags of other materials excluding wicker work or basket work
- Headgear and parts thereof
- Precast Concrete Pipes
- Salt Glazed Stone Ware Pipes
- Aluminium foil
- All goods, including hooks and eyes
- Rear Tractor tyres and rear tractor tyre tubes
- Rear Tractor wheel rim, tractor centre housing, tractor housing transmission, tractor support front axle
- Weighing Machinery other than electric or electronic weighing machinery
- Printers other than multifunction printers
- Ball bearing, Roller Bearings, Parts & related accessories
- Transformers Industrial Electronics
- Electrical Transformer
- Static Converters (UPS)
- CCTV including CCTV with video recorders
- Set top Box for TV
- Computer monitors not exceeding 17 inches
- Electrical Filaments or discharge lamps
- Winding Wires, Coaxial cables and Optical Fiber
- Perforating or stapling machines (staplers), pencil sharpening machines
- Baby carriages
- Instruments for measuring length, for use in the hand (for example, measuring rods and tapes, micrometers, callipers)

- Bamboo furniture
- Swimming pools and paddling pools
- Televisions/Monitors (upto 32 inches)
- Power banks powered by Lithium-ion batteries
- Sports goods, games consoles and related items with HS code 9504
- All items with HS code 8483 including gear boxes, transmission cranks and pulleys
- Used or retreaded pneumatic rubber tires.

28% Tax Slab

The council meeting was held to 'reduce' the tax rates on certain items based on customer preferences. Hence, no additional items were added to the highest GST rates slab of 28%.

**The GST rates for various products are subject to change from time to time without prior information.*

GST Rates on Services

Government has also impose GST on Services with the same 4-tier tax structure as of goods. GST rates on services comprising of 5%, 12%, 18% and 28% comes with various pros and cons for the consumers. However, government has exempted healthcare and educational services from the purview of the GST.

The Goods and Services Tax council has passed the rate slabs at NIL, 5%, 12%, 18%, 28%. Some of the services categorized under different slabs are mentioned below :

Nil GST

- Chargeable services offered on Basic Savings Bank Deposit (BSBD) account opened under the PMJDY (Pradhan Mantri Jan Dhan Yojana)

5% Tax Slab

- Railways-Transportation of goods, passengers
- Goods transported in a vessel from outside India
- Renting a motor cab without fuel cost
- Transport services in AC contract/stage or radio taxi
- Transport by air (scheduled)/air travel for purpose of pilgrimage via chartered/non-scheduled flights
- Tour operator services
- Leasing of aircrafts
- Print media ad space
- Working for printing of newspapers

12% Tax Slab

- Rail transportation of goods in containers from a third party other than Indian Railways
- Air travel excluding economy
- Food /drinks at restaurants without AC/heating or liquor license
- Renting of accommodation for more than Rs.1000 and less than Rs.2500 per day
- Chit fund services by foremen
- Construction of building for the purpose of sale
- IP rights on a temporary basis
- Movie Tickets less than or equal to Rs. 100

18% Tax Slab

- Food/drinks at restaurants with liquor license
- Food /drinks at restaurants with AC/heating
- Outdoor catering
- Renting for accommodation for more than Rs.2500 but less than Rs.5000 per day
- Supply of food, shamiyana, and party arrangement
- Circus, Indian classical, folk, theatre, drama
- Supply of works contract
- Movie Tickets over Rs. 100
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28% Tax Slab

- Entertainment events-amusement facility, water parks, theme parks, joy rides, merry-go-round, race course, go-carting, casinos, ballet, sporting events like IPL
- Race club services
- Gambling
- Food/drinks at AC 5-star hotels
- Accommodation in 5-star hotels or above

GST on Loans and Advances

Earlier Service Tax was levied on Loans which has now been replaced by GST which would now be levied on loans. The rate of Service Tax was 15% whereas the rate of GST is 18%. A lot of people are of the opinion that the effective cost of having a loan would increase as the rate of GST is 3% higher than the rate of Service Tax. Several people are of the opinion that their EMI's would increase as the rate has been increased by 3%. However, this is not the case as GST is not levied on repayment of loan or on payment of Interest on Loan.

GST is only levied on the processing charges and any other charges paid to the bank excluding the principal repayment and interest payment. These other charges include the Loan Processing Fees, Loan Prepayment Charges and other charges, if any. As a major chunk of the loan repayment comprises of principal repayment and interest payment, the impact of GST on Loans would be very negligible. The impact of GST on Home Loans and Personal Loans has been explained below for a much better understanding of the impact.

Mentioned below are the important loans and their GST rates:

- (a) Personal Loan– **18%**
- (b) Home Loans– **18%**
- (c) Car Loan– **18%**

GST on Cars

Subsequent to bringing cars under the GST regime, the GST rate on cars has been fixed at 28% for all personal use vehicles featuring a petrol or diesel driven engine. However, in addition to GST, a composition cess is also applicable to cars over and above the GST Rate. Thus the overall tax rate applicable to vehicles under GST ranges from 29% to 50%. Lower rates of taxation are however applicable to cars driven by cleaner technologies such as fuel cells (including hydrogen fuel cell) and electric vehicles.

GST on Gold

Subsequent to introduction of GST on items made from gold such as gold jewelry, the current GST rate on gold is 3%. However, a 5% GST rate is applicable to making charges applied to gold jewelry in case the manufacturing is outsourced to a job worker. This can however, be charged as input tax credit (ITC) by the jeweler and only a 3% GST charge is applied to the final bill paid by the purchaser of gold jewelry items. Know more about GST on Gold and impact of GST on the gold industry

GST On Real Estate

GST is applicable to real estate purchases only if you are purchasing an under construction property. The GST rate applicable to such commercial or residential transactions is 12% till 31st March 2019. From 1st April, the applicable GST Rates on residential real estate will be 5% for non-affordable housing properties and 1% for affordable housing properties. No GST is applicable in case you are purchasing a ready to move in property. Additionally, different GST rates are applicable to various building materials used in the construction of houses/flats. This can range from 5% (sand, marble rubble, etc.) to 28% (cement, etc.).

GST on Food

Food items especially fresh food mostly carry a Nil GST rate. However, packaged food stuff and semi-processed/processed foods do feature GST rates starting from 5% up to 18%. While no food stuff are currently included in the highest 28% GST bracket, the 18% rate of GST is applicable to some common food products such as chocolates as well as baked goods such as cakes.

Upcoming products in GST Rates Slab

The Government is going on with some new tactics to bring in some of the products under GST system. As hinted by Finance Minister, Arun Jaitley, there could be an inclusion of products under GST with the reduction of GST rates on some products. Major products which can come under GST rates slab includes :

1. Petroleum products- Petrol and Diesel
2. Land
3. Electricity
4. Others

Total Revisions in GST Rates

Till date, there has been 32 GST council meetings till January 2019 in which the council has recommended various relief measures regarding GST rates on goods and services. GST Council Meeting is chaired by the Finance Minister providing clarification and recommendation regarding various changes made in the GST rates of the goods and services.

GST Council Meetings

Some of the important GST council meetings held till date are mentioned below:

32nd GST Council Meeting: The 32nd GST Council Meeting held on 10th January 2019 did not feature any announcements in terms of GST rate rationalization however the decisions did feature a focus on smaller businesses. One of the key decisions at this GST Council meeting was the introduction of a GST composition scheme for individuals/businesses providing services or mixed services (other than restaurant services) with a turnover limit of Rs. 50 lakhs with a tax rate of 6%. Additionally, the exemption for other schemes registered under composition scheme was also increased to Rs. 1.5 crore from the current level of Rs. 1 crore (for plains states).

31st GST Council Meeting: The 31st GST Council Meeting held on 22nd December 2018 featured a number of rate changes in terms of goods and services. However no goods or services witnessed an increase in rates and the decrease in rates included tax rate change from 5% to nil (packaged vegetables, etc.) as well as 12% to nil (music books). Some key construction materials also witnessed a reduction in rates such as marble rubble (18% to 5%) and fly-ash bricks (12% to 5%).

30th GST Council Meeting: The 30th GST Council Meeting was held on 28th September 2018 and one of its key highlights was an observed decrease in the revenue gap under the GST regime as compared to the earlier VAT regime. One of the key reasons for this increase was attributed to higher revenue collections from various northeastern states. The

council also discussed the imposition of a calamity cess to help distressed states that have been affected by natural calamities such as floods. No GST rates of any products or services were changed at this meeting.

29th GST Council Meeting: The 29th GST Council Meeting concluded on the 4th of August 2018. This time around no rate cuts were announced due to data suggesting low GST revenue collections. However, the GST Council did propose the development of a mechanism to provide cashback of 20% on various digital transactions up to maximum Rs. 100 in order to promote cashless transactions. The decision was also taken to form a panel to examine various tax and compliance relief proposals with respect to small taxpayers and MSMEs.

28th GST Council Meeting: The 28th GST meeting held at New Delhi on 21st July, 2018 witnessed major changes in the GST rates in the country. The government has focused on changes made in GST rates on various goods and services and also has simplified the GST return filing mechanism.

Some of the major changes initiated in the meeting includes-

1. GST Returns of Small taxpayers
2. Simplified monthly returns
3. NIL Return filing by SMS
4. GST Migration Re-opened
5. Changes in GST rates.

The council has brought down the tax rates to 18% from 28% on 15 items including vacuum cleaners, washing machine, TV, paints and others. Sanitary napkins, Stone/marble, raw materials for jhadoo and others have got their rates reduced to 0% i.e. exempted from GST. Now only 35 goods are in 28% bracket. This rates will be implemented from 27th July.

27th GST Council Meeting: The Finance Minister Arun Jaitley chaired the 27th GST Council Meeting on Thursday, 18th Jan, 2018 where certain changes and recommendations were made through a video conference in New Delhi. In this meeting, various provisions were made for B2B dealers, GSTR 3B and GSTR 1 filing to be continued same. Furthermore, council also decided to look into the matter of cess in sugar as well as digital transactions.

26th GST Council Meeting: This GST meeting was held at Vigyan Bhawan, New Delhi on 10th Mar, 2018. GST council primarily focused on exports, interstates movement of goods, filing returns and others. The main agenda of the meeting was E-Way Bill, Simple Return Filings, GSTR 3B deadline extension, Composition Scheme.

25th GST Council Meeting: On 18th Jan, 2018 GST council meeting was held at Vigyan Bhawan, New Delhi. It focused on building some anti-evasion measures on GST. Some items were re-considered under 18% slab rate from 28% slab rate.

24th GST Council Meeting: The twenty-fourth meeting of GST Council was held on 16th Dec, 2017 through video conference. Agenda of the discussion was introduction of e-Way Bill System by the given deadline, refund of provisionally accepted input tax credit.

23rd GST Council Meeting: 10th Nov, 2017 witnessed the 23rd GST council meeting in Guwahati, Assam. This meeting focused on analysis of revenue, modification on rules of Anti-Profitteering and GST Rates on certain items coming under 28% slab rates.

22nd GST Council Meeting: The 22nd council meeting decided that AC restaurant tax rate revised to 12% from 18%. Major changes in the GST rates, businesses with turnover up to INR 1.5 crore allowed to file quarterly returns, No GST on advances received by SMEs were the key aspects discussed at GST council meet.

21st GST Council Meeting: The 21st meeting was inaugurated in Hyderabad on 9th Sep, 2017. Council decided major changes in the tax rates from 18% to 12%. Also, due dates of filing GSTR-1, GSTR-2, GSTR-3 were extended.

1st and 2nd GST Council Meeting: The first meeting of GST council was held on 22-23 Sep, 2016. It focused on rolling out GST on 1st April, 2017. It decided the regulation under composition scheme and GST rates and threshold limit to pay taxes. The second meeting was held on 30th Sep, 2016. GST drafted rules for registration, payment process, returns, invoices and other issues for the taxpayers.

GST Rates Impact on Economy

As GST has transformed the economy at its peak. It's a game-changing reform for the Indian economy as it brings about net appropriate price for the goods and services considered

under single taxation system. Mentioned below are some of the important GST rates impacts in the Indian economy :

1. **Increase in Competition:** After the GST has been imposed, there has been seen a fall in prices of goods and services which ultimately has brought the final consumer to have less tax burden on the goods and services. There is seen a great scope of increased production, thus, increase in competition.
2. **Simple Tax Structure:** GST has simplified the calculation of tax with the adoption of single taxation system. Under this, multiple taxation has been aborted which ultimately saves time and money.
3. **Uniform Tax Regime:** Previously, there used to be multiple tax at every stage of supply chain, where the taxpayer got confused. But now, with GST, it is easier for the taxpayer to pay uniform tax.
4. **Increase in Exports:** There has been seen a fall in the cost of production after the GST got imposed. This in return has brought competitiveness towards the international market resulting in rise in exports.

Protest against GST rates

With the implementation of GST, various traders, cloth merchants, private security agencies and many others went on protest against GST rates. Cloth merchants protested against the imposition of 5% sales tax on textiles under the GST regime. The newly added tax system in the country also made the iron, wire dying and steel traders to held a protest against high rates of GST. Steel traders were of opinion that the new tax system has nosedived 40% trade due to high rates and elaborated paper works under the new system.

Owners and employees of private security agencies also went on a silent protest against the levy of 18% GST on security services because the GST rate took away the major share of wage and benefits from the security personnel.