

SNR & COMPANY
CHARTERED
ACCOUNTANTS



GST UPDATE

04th August 2023

In line with the recommendations of the GST Council in its 50th meeting, Central Board of Indirect Taxes & Customs (CBIC) has issued two circulars on 1st August 2023 providing clarifications on issue relating classification of certain goods and services. Aforesaid circulars have been summarized in this Update.

Circular No. and Particulars of Issue covered	Clarification issued by CBIC along with our Comments thereon	
<p>200/12/2023-GST Classification of certain goods</p>	<p>Sl. No. Particular of Goods</p>	<p>Applicable rate</p>
	<p>Uncooked/ unfried extruded snack pellets</p>	<p>5%</p>
	<p>Extruded snacks pellets (in ready to eat form)</p>	<p>10%</p>
	<p>Fish Soluble Paste (CTH 2309)</p>	<p>Issues of past period regularized for the period from 01.07.2017 to 27.07.2023 on "as is" basis.</p>
<p>Desiccated Coconut (CTH 0801)</p>	<p>5% (reduced from 18%)</p> <p>Issues of past period regularized for the period from 01.07.2017 to 27.07.2023 on "as is" basis.</p>	
<p>Desiccated Coconut (CTH 0801)</p>	<p>Regularized for the period from 01.07.2017 to 27.07.2017 on "as is" basis.</p>	

Circular No. and Particulars of Issue covered	Clarification issued by CBIC along with our Comments thereon	
<p>200/12/2023-GST Classification of certain goods</p>	<p>Sl. No. Particular of Goods</p>	<p>Applicable rate</p>
	<p>Biomass briquettes</p>	<p>Regularized for the period from 01.07.2017 to 12.10.2017 on "as is" basis.</p>
	<p>Raw cotton by agriculturist to cooperatives</p>	<p>5% under Reverse Charge (RCM) Prior issue regularized on "as is" basis</p>
	<p>Imitation Zari thread or yarn</p>	<p>5% Past period upto 27.07.2023 is regularized on "as is" basis</p>
	<p>Plates, cups made from areca leaves</p>	<p>Regularised on "as is" basis for the period upto 01.10.2019</p>
	<p>Trauma, spine and arthroplasty implants (HSN 9021)</p>	<p>5% Past period upto 18.07.2022 is regularized on "as is" basis</p>
<p>It has been clarified that no refunds shall be granted if excess GST has been paid in above cases.</p> <p>Above clarifications on specified goods will provide a certainty on GST rate and classification going forward. Further regularization of past period is also a welcome move from Government and would help in reduction of litigation.</p>		

Circular No. and Particulars of Issue covered	Clarification issued by CBIC along with our Comments thereon
<p>201/13/2023-GST</p> <p>Clarification regarding Services supplied by a director and supply of Foods/ beverages in a Cinema Hall</p>	<p>Through this circular, CBIC has clarified on two important issues.</p> <p>A. Services supplied by a director to company or Body Corporate</p> <p>Captioned services are covered under reverse charge mechanism (RCM) – Entry No.6 of NN 13/2017 dated 28.06.2017. Further, CBIC through Circular No.140/2020 dated 10.06.2020 clarified that services provided by Director as employee would be covered under Employer-Employee relationship and thus would not be liable for GST. However, issues were still open in relation to various other payments being made to directors like renting of immovable property, royalty etc.</p> <p>Now, CBIC has clarified that services rendered by a director in his personal / private capacity i.e. in capacity other than director would not be covered under captioned entry of RCM and thus would be covered only under Forward Charge Mechanism. Hence, services like Renting of immovable property, royalty for IPRs, guarantee commission etc. shall remain outside the purview of RCM.</p> <p>B. Taxability of supply of food or beverages in cinema hall</p> <p>It has been clarified that supply of food or beverages would be taxable as ‘restaurant service’ and thus liable to GST @ 5% provided these services are provided independent of the cinema exhibition service. However, where the sale of cinema ticket and supply of food and beverages are clubbed together, then this bundled supply would be taxable at the rate applicable to cinema ticket.</p>

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