

GOODS AND SERVICES TAX (GST) RATES IN INDIA 2019

P. Venkataramana

Lecturer in Commerce, S.B.S.Y.M. Degree College, Kasibugga, Srikakulam District, A.P.

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Abstract: In India, the idea of GST was contemplated in 2004 by the Task Force on implementation of the Fiscal Responsibility and Budget Management Act., 2003, named Kelkar Committee. The Kelkar Committee was convinced that a dual GST system shall be able to tax almost all the goods and services and the Indian economy shall be able to have wider market of tax base, improve revenue collection through levying and collection of indirect tax and more pragmatic approach of efficient resource allocation. Under the Goods and Service Tax mechanism, every person is be liable to pay tax on output and shall be entitled to enjoy credit on input tax paid and tax shall be only on the amount of value added. The historic GST or goods and services tax has become a reality. The new tax system was launched at a function in Central Hall of Parliament on 1st July, 2017 (Friday midnight) GST, which embodies the principle of “one nation, one tax, and one market”, is aimed at unifying the country’s \$2 trillion economy and 1.3 billion people into a common market. Under GST, goods and services fall under five tax categories: 0 percent, 5 percent, 12 percent, 18 percent and 28 percent. For corporate, the elimination of multiple taxes will improve the ease of doing business. And for consumers, the biggest advantage would be in terms of a reduction in the overall tax burden on goods. “Inflation will come down, tax avoidance will be difficult, India’s GDP will be benefitted and extra resources will be used for welfare of poor and weaker section, “Finance Minister Arun Jaitley said at GST launch event in Parliament. The Loksabha has finally passed the Goods and Services Tax Bill and it is expected to have a significant impact on every industry and every consumer. Apart from filling the loopholes of the current system, it is also aimed at boosting the Indian economy. This will be done by simplifying and unifying the indirect taxes for all states though out India. Present paper explained about impact of GST on Indian economy.

I. Introduction: Since GST subsumed both indirect taxes of central government (excise duty, service tax, custom duty, etc.) and state governments (VAT, Luxury tax, etc.), both the government now depend on GST for their indirect tax revenue. Therefore the GST rate is composed of two rates where intra-state transactions are involved, one of CGST and one of SGST (in case of state) or CGST and UTGST (in case of union territory). Therefore, while making an intra-state sale (i.e., sale within the same state), CGST collected will go to the central government and SGST collected will go the respective state government in which sale is made. Similarly, SGST or UTGST are replaced with IGST where intra-state transactions are involved.

New GST Rates as on November 2019: The goods on which GST has been lowered to 18 per cent from 28 per cent at present include pulleys, transmission shafts and cranks, gear boxes, retreaded or used tyres, power banks of lithium ion batteries, digital cameras, video camera recorders and video game consoles.

Items	OLD Tax Rate	NEW Tax Rate
pulleys, transmission shafts and cranks, gear boxes, retreaded or used tyres, power banks of lithium ion batteries, digital cameras, video camera recorders and video game consoles	28%	18%
Monitors and TV screens up to 32 inches	28%	18%
third party insurance premium of goods carrying vehicles	18%	12%
Marble rubble, natural cork, walking stick, fly ash blocks	12%	5%

- Air travel of pilgrims by non-scheduled/charter operations being facilitated by the government under bilateral arrangements will attract a lower GST rate of 5 per cent.
- The Council has decided that 5 per cent would be levied on renewable energy devices and parts for their manufacture.
- Services supplied by banks to Basic Savings Bank Deposit account holders under the Jan Dhan Yojana will not attract GST.

New GST Rates as on 2019

Items	OLD Tax Rate	NEW Tax Rate
refrigerators, lithium batteries, vacuum cleaners, grinders, mixers, food processors, water heaters, hair dryers, water coolers, ice cream freezers, scents, perfumes, powder puffs, cosmetics, and electric ironing machines	28%	18%
Sanitary napkins, Stone, marble and wooden deities, Rakhis without precious stones, brooms and commemorative coins , Fortified milk	5%	NIL
Handloom items priced below Rs1,000 Footwear priced below Rs1,000 Handbags Jewellery boxes Wooden photo frames Stone art wear Ornamental frame mirrors Glass art ware Aluminum art ware Handmade carpets Ethanol	12%	5%
Bamboo flooring Hand-operated rubber rollers Zip fasteners	18%	12%
All leather items	28%	18%

Updated New GST Rates 2019

Items	OLD Rate	Tax	NEW Rate	Tax
Second-hand medium and large cars and SUVs	28%		18%	
LPG supply for household domestic consumers by private LPG distributors	18%		5%	
Bio Fuels Powered buses	28%		18%	
Sugar boiled confectionery	18%		12%	
Drinking water packed in 20 litre bottle	18%		12%	
Drip irrigation system	18%		12%	
Cigarette filter rods	12%		18%	
Tailoring Service	18%		5%	
The admission to Theme parks, water parks etc.	28%		18%	

GST Rates as November 2019: The GST council on Friday announced major cuts in taxes of 27 items along with a slew of relief measures to support exporters and small businesses. Here are some items that are set to get cheaper under GST:

Description	Present GST Rate	New GST Rate
Mangoes sliced dried	12%	5%
Khakra & plain chapati / roti	12%	5%
Packaged Food	18%	5%
Namkeens	12%	5%
Ayurvedic, Unani, Siddha, Homeopathy medicines	12%	5%
Poster Color	28%	18%
Modelling Paste for children amusement	28%	18%
Plastic Waste, Pairing & Scraps	18%	5%
Rubber Waste, Paring & Scrap	18%	5%
Hard Rubber Waste	28%	5%
Paper Waste & Scrap	12%	5%
Duty Credit scrips	5%	Nil
Sewing thread of manmade filaments	18%	12%
All synthetic filament yarn, such as nylon, polyester, acrylic	18%	12%
All artificial filament yarn, such as viscose rayon, cuprammonium	18%	12%
Sewing thread for manmade staple fibres	18%	12%
Yarn of manmade staple fibres	18%	12%
Real Zari	12%	5%
Floor Tiles	28%	18%
Cullet or other waste of glass	18%	5%
Fittings for loose leaf binders, or files, letter clips, letter corners, paper clips, staple in strips,	28%	18%
Plain shaft bearing 8483	28%	18%
parts suitable for use solely or principally with fixed speed diesel engine of power not exceeding 15HP	28%	18%
parts for Pumps	28%	18%
E-waste	28% / 18%	5%
Biomass briquettes	18%	5%

Firms face ban for not passing on GST gains. HIGHLIGHTS = (1) The cancellation of registration is in addition to the power to levy penalty, (2) Tax practitioners said that cancellation of registration is too harsh, (3) The tax regime will get a mega launch on the night of June 30.

Impact of GST on Household Expenses

Category	Before GST	After GST
Food	12.5%	5.00%
Entertainment	30.00%	28.00%
Transportation	15.00%	18.00%
Household – Personal Care	28.00%	18.00%
Mobile Phone	15.00%	18.00%
Insurance Premium	15.00%	18.00%
Credit Card Bills	15.00%	18.00%

Schedule of GST Rates for Services as Approved by GST Council: The fitment of rates of services were discussed on 19 May 2017 during the 14th GST Council meeting held at Srinagar, Jammu & Kashmir. The Council has broadly approved the GST rates for services at Nil, 5%, 12%, 18% and 28% as listed below. The information is being uploaded immediately after the GST Council's decision and it will be subject to further vetting during which the list may undergo some changes. The decisions of the GST Council are being communicated for general information and will be given effect to through gazette notifications which shall have force of law.

New GST Rates are applicable in all over India – New Delhi, Haryana, Assam, Mizoram, Nagaland, Manipur, West Bengal, Uttarakhand, Rajasthan, Himchal Pradesh, Punjab, Maharashtra, Kerala, Telangana, Tamilnadu, Odisha, Kanyakumari, Goa, Chandigarh, Bihar, Uttar Pradesh, Arunachal Pradesh, Gujarat, Andhra pradesh, Meghalaya. Tripura, Chattishgarh and Madhya Pradesh. Only Jammu kashmir are exempt.

Description of Services	GST RATE with ITC of input services
Transport of goods by rail	5%
Transport of passengers by rail (other than sleeper class)	5%
Services of goods transport agency (GTA) in relation to transportation of goods [other than used household goods for personal use]	5% No ITC
Services of goods transport agency in relation to transportation of used household goods for personal use.	5% No ITC
Transport of goods in a vessel including services provided or agreed to be provided by a person located in non-taxable territory to a person located in non-taxable territory by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India	5%
Renting of motorcab (If fuel cost is borne by the service recipient, then 18% GST will apply)	5% No ITC
Transport of passengers, by- (i) Air conditioned contract/stage carriage other than motorcab (ii) A radio taxi	5% No ITC
Transport of passengers by air in economy class	5% with ITC of input services
Transport of passengers, with or without accompanied belongings, by air, embarking from or terminating in a Regional Connectivity Scheme Airport.	5%
Supply of tour operators' services	5% No ITC
Leasing of aircrafts under Schedule II [5 (f)] by a scheduled airlines for scheduled operations	5% with ITC of input services
Selling of space for advertisement in print media	5%
Services by way of job work in relation to printing of newspapers	5%
Transport of goods in containers by rail by any person other than Indian Railways	12%
Transport of passengers by air in other than economy class	12%
Supply of Food/drinks in restaurant not having facility of air-conditioning or central heating at any time during the year and not having licence to serve liquor.	12%
Renting of hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes having room tariff Rs.1000 and above but less than Rs.2500 per room per day	12%
Services provided by foreman of chit fund in relation to chit	12% with ITC of input services
Construction of a complex, building, civil structure or a part thereof, intended for sale to a buyer, wholly or partly. [The value of land is included in the amount charged from the service recipient]	12% With Full ITC but no refund of overflow of ITC
Temporary transfer or permitting the use or enjoyment of any Intellectual Property (IP) to attract the same rate as in respect of permanent transfer of IP	12%
Supply of Food/drinks in restaurant having licence to serve liquor	18%
Supply of Food/drinks in restaurant having facility of air-conditioning or central heating at any time during the year	18%

Supply of Food/drinks in outdoor catering	18%
Renting of hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes where room tariff of Rs 2500/ and above but less than Rs 5000/- per room per day	18%
Bundled service by way of supply of food or any other article of human consumption or any drink, in a premises (including hotel, convention center, club, pandal, shamiana or any other place, specially arranged for organizing a function) together with renting of such premises	18%
Services by way of admission or access to circus, Indian classical dance including folk dance, theatrical performance, drama	18%
Composite supply of Works contract as defined in clause 119 of section 2 of CGST Act	18%
Services by way of admission to entertainment events or access to amusement facilities including exhibition of cinematograph films, theme parks, water parks, joy rides, merry-go rounds, go-carting, casinos, race-course, ballet, any sporting event such as IPL and the like	28%
Services provided by a race club by way of totalizator or a licensed bookmaker in such club	28%
Gambling	28%
Supply of Food/drinks in air-conditioned restaurant in 5-star or above rated Hotel	28%
Accommodation in hotels including 5 star and above rated hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes, where room rent is Rs 5000/- and above per night per room	28%
Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration (supply of service) to attract the same GST rate and compensation cess as applicable on supply of similar goods which involves any transfer of title in goods (supply of goods)	GST and compensation cess as on supply of similar goods
Any transfer of right in goods or of undivided share in goods without the transfer of title thereof (supply of services) to attract the same GST rate and compensation cess as applicable on supply of similar goods which involves any transfer of title in goods (supply of goods).	GST and compensation cess as on supply of similar goods
Supply consisting of transfer of title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed (supply of goods): value of leasing services shall be included in the value of goods supplied.	GST and compensation cess as on supply of similar goods
All other services not specified elsewhere	18%

Schedule of GST Rates for Goods as Approved by GST Council:

Milk, cereals, fruits, vegetable, jaggery (gur), food grains, rice and wheat, spices, tea, coffee, sugar, vegetable/ mustard oil, newsprint, coal and Indian sweets, Silk and jute fibre	Nil
Gold, Silver and Processed Diamonds	3%
Railway freight, Pharma (Life saving drugs), Footwear up to Rs. 500, Cotton and natural fibre	5%
Packaged foods like pickles, tomato sauce, mustard sauce and fruit preserves, Ayurvedic and homeopathy medicines, Processed foods, Fruit juices, live animals, meats, butter & cheese, Mobile phones, Ready-made garments	12%
Footwear above Rs. 500, hair oil, soaps, toothpaste and shampoos, chemical and	18%

industrial use intermediaries, LPG stoves, military weapons, electronic toys, Pastries, cakes, pasta, ice creams, soups, Man made fibre and yarn	
White and brown goods like TV, refrigerator, AC, washing machines, microwave ovens, soft drinks and aerated beverages, Cement, Perfumes, revolver, pistols, Chocolates, chewing gum, waffles containing chocolate	28%
Luxury and de-merits goods and sin category items e.g. tobacco, pan masala	28% + Cess
Small cars – petrol driven	28% + 1% cess
Small cars – diesel driven	28% + 5% cess
Cigarettes	28% + 5% cess
Luxury cars	28% + 15% cess
Heavy bikes, Luxury yachts, private jets	31%

Auto Industry Prices after GST 2019

Vehicle	Current Price	New Price
Mercedes GLS 350	83 L	80 L
Mercedes E Class	55.7 – 69 L	53.7 – 67 L
Toyota Fortuner	26.6 – 31.9 L	24.5 – 29.8 L
Toyota Innova Crysta	14.2 – 21.4 L	13.3 – 20.5 L
Hyundai Creta	9.3 – 14.6 L	8.9 – 14 L
Hero Super Splendor	55.6 K	53 K
Triumph Street Twin	7 L	7.15 L
Honda Activa	48.3 K	44.9 K
Royal Enfield 350	1.34 L	1.35 L
Royal Enfield 500	1.71 L	1.75 L

No GST on Low Cost Hotel Accommodation, Jewellery Exports – The Highlights of the 37th GST Council Meeting: The 37th GST Council Meeting held in Goa on 20th September 2019 has come out with significant announcements that would hopefully lift the economy from the shambles of the lowest GDP of 5% recorded in the last 6 years. Take a look at the announcements made.

- No GST on hotel accommodation with a transaction value of ₹1,000 or less per day. Transactions above ₹1,000-7,500 and above ₹7,500 will attract 12% and 18% GST, respectively.
- No GST to be levied on group insurance schemes for paramilitary forces under the Home Affairs Ministry
- Specified defence goods not manufactured in India will be kept out of the purview of GST
- Zero GST on jewellery exports
- A lower 12% cess on 1200 cc petrol and 1500 cc diesel vehicles with a carrying capacity up to 13 people
- Tax rate on cut and polished semi precious stones slashed to 0.25% from 3%
- Job work services related to diamonds will now attract a lower rate of 1.5% from the earlier 5%
- Machine job works in engineering industry will be levied at a lower tax rate of 12% from the previous 18%

But the meeting was not all about rate cuts. The council hiked the tax rate on caffeinated beverages to 28% from the previous 12% with a 12% compensation cess. Further, the railway wagon and coaches will also cost more with the rate elevated to 12% from 5% earlier.

GST Rate on Electric Vehicles Slashed from 12% to 5%: The 37th GST Council, which met on 27th July, 2019, has decided to slash the GST rate on electric vehicles to 5% from the existing 12%. In addition, the council also cut the tax rate on EV charges to 5% from 18% at present. The new rates will come into effect from August 1, 2019. Local authorities hiring local buses having a carrying capacity of more than 12 passengers would be exempted from paying the GST.

Only 28 Items Remaining in Top GST Slab of 28%: The GST Council in its meeting held on December 22, 2018, decided to remove 6 items out of the top GST slab of 28%. With the latest development, the number of items in the top slab comes down to 28, including luxury goods, a few automobile and cement items.

The GST rates on special flights for pilgrims have come down to 5% and 12% for economy and business class, respectively. Movie tickets priced below ₹100 would now attract 12% GST, falling from the previous 18% rate. On the other hand, tickets priced above ₹100 would be charged at 18%, falling from the top slab of 28%. Power bank of lithium ion batteries, small sport related items, carriage accessories for disabled and video games are brought down from the top slab to the immediate below 18%. Monitors and television screens, as well as tyres would come with a GST levy of 18%, which was earlier sitting in 28%. IMM courses and bank charges with respect to savings account, Jan Dhan Yojana are exempted from the GST levy.

GST Council Cuts Rates to Lift Consumer Spends in Monsoon: Get ready to enjoy the monsoon bonanza as the GST Council has reduced the tax rates on 191 goods, leaving just 35 items in the highest 28% bracket. The new GST rates would be implemented from July 27, making several general-use items such as TV, Washing Machine, Refrigerator cheaper. Not only this, conceding to a year-long-demand, the Council has also decided to keep sanitary napkins under the exempted category.

However, over the last one year, the Council has slashed the rates of 191 items in the 28% category. Moreover, the 35 goods, which will be left in the highest slab also include cement, automobile parts, tyres, automobile equipment, motor vehicles, yachts, aircraft, aerated drinks, betting and demerit items like tobacco, cigarette and pan masala.

No Tax:

- Goods – No taxes will be levied on goods like sanitary napkins, deities made of stone, marbles or wood, Rakhis without any precious metals like gold, silver, raw material used in brooms, Saal leaves and fortified milk, fruits, vegetables, bread, salt, bindi, curd, sindoor, natural honey, bangles, handloom, besan, flour, eggs, stamps, printed books, judicial papers, newspapers
- Services – All hotels and lodges who carry a tariff below ₹ 1,000 are exempted from taxes under GST. The list also includes IMM courses and bank charges on savings account, Jan Dhan Yojana

GST Tax Slab of 5%:

- Goods – The goods which will attract a taxation of 5% under GST include skimmed milk powder, fish fillet, frozen vegetables, coffee, coal, fertilizers, tea, spices, pizza bread, kerosene, ayurvedic medicines, agarbatti, sliced dry mango, insulin, cashew nuts, unbranded namkeen, lifeboats, Ethanol- Solid biofuel pellets- Handmade carpets and other handmade textile floor coverings (including namda/gabba)- Hand-made braids and ornamental trimming in the piece
- Services – Small restaurants along with transport services like railways and airways, Standalone ACs non-ACs Restaurants and those which serve liquor, Takeaway Food, Restaurants in hotels with a room tariff less than ₹7,500 (no input credit for these restaurants), will come under this category. Special flights for pilgrims (Economy Class) come under 5%

GST Tax Slab of 12%:

- Goods – Items coming are the tax slab of 12% include frozen meat products, butter, cheese, ghee, pickles, sausage, fruit juices, namkeen, tooth powder, medicine, umbrella, instant food mix, cell phones, sewing machine, man-made yarn, -Handbags including pouches and purses; jewellery box, Wooden frames for painting, photographs, mirrors etc, Ornamental framed mirrors, Brass Kerosene Pressure Stove, Art ware of iron, etc.
- Services – Business class air tickets will attract a tax of 12% under GST. The slab also includes movie tickets priced under ₹100

GST Tax Slab of 18%:

- Goods – As mentioned above, most of the items are part of this tax slab. Some of the items are flavored refined sugar, cornflakes, pasta, pastries and cakes, detergents, washing and cleaning preparations, safety glass, mirror, glassware, sheets, pumps, compressors, fans, light fitting, chocolate, preserved vegetables, tractors, ice cream, sauces, soups, mineral water, deodorants, suitcase, brief case, vanity case, oil powder, chewing gum, hair shampoo, preparation for facial make-up, shaving and after-shave items, washing powder, Refrigerators, Water Heaters, Washing Machines, Televisions (up to 68 cm), Vacuum Cleaners, Paints, Hair Shavers, Hair Curlers, Hair Dryers, Scent Sprays, Lithium-ion batteries, detergent, stones used in flooring, marble & granite, sanitaryware, leather clothing, wrist watches, cookers, stoves, cutlery, telescope, goggles, binoculars, oil powder, cocoa butter, fat, artificial fruits, artificial flowers, foliage, physical exercise equipment, musical instruments and their parts, stationery items like clips, some diesel engine parts, some parts of pumps, electrical boards, panels, wires, razor and razor blades, furniture, mattress, cartridges, multi-functional printers, door, windows, aluminium frames, monitors and television screens, tyres, power banks for lithium ion batteries, video games, carriage accessories for disabled, etc
- Services – Restaurants located inside hotels with tariffs of ₹7,500 and above, outdoor catering(input tax credit to be available), movie tickets priced above ₹100, actual bill of hotel stay below ₹7,500, IT and Telecom services and financial services along with branded garments will be part of this tax slab.

GST Tax Slab of 28%:

- Goods – Over 200 goods will be taxed at a rate of 28%. The goods which will be part of this category under GST are sunscreen, pan masala, dishwasher, weighing machine, paint, cement, vacuum cleaner. Other items include automobiles, hair clippers, motorcycles.
- Services – As mentioned above, five-star hotels, whose actual bill of hotel stay above ₹7,500, racing, movie tickets and betting on casinos and racing will come under this category.

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