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- CBIC seeks to provide concessional rates of IGST on COVID relief supplies up to and inclusive of 30th September 2021 Ruling on ITC availability on promotional products

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NOTIFICATIONS



CBIC waives penalty imposed on taxpayers under Section 125 of CGST Act

CBIC vide notification 28/2021 of Central Tax dated 30th June 2021 has waived penalty imposed on taxpayers under Section 125 Act for non-compliance of provisions, provided that were, any time limit for completion of any action, by any authority or by any person, specified in, or prescribed or notified under rule 9 of the Central Goods and Services Tax Rules, 2017, falls during the period from the 1st day of May,2021 to the 31st day of May, 2021, and where completion of such action has not been made within such time.

Source: Notification No. 28/2021- Central Tax dated June 30, 2021.

CBIC seeks to provide concessional rates of CGST on COVID relief supplies up to and inclusive of 30th September 2021

CBIC vide notification number 05/2021 of Central Tax (Rate) dated 14th June 2021 has provided concessional rates of CGST on COVID relief supplies with 5% tax to be charged till September 30th 2021.

Source: Notification No. 05/2021-Central Tax Rate dated June 14, 2021

CBIC seeks to provide concessional rates of IGST on COVID relief supplies up to and inclusive of 30th September 2021

CBIC vide notification number 05/2021 of Integrated Tax (Rate) dated 14th June 2021 has provided concessional rates of CGST on COVID relief till September 30th 2021, namely:

S.No	Chapter, Heading, Sub-heading or Tariff item	Description of Goods	Rate
1	2804	Medical Grade Oxygen	5%
2	30	Tocilizumab	Nil
3	30	Amphotericin B	Nil
4	30	Remdesvir	5%
5	30	Heparin (anti-coagulant)	5%
6	3002 or 3822	Covid-19 testing kits	5%
7	3002 or 3822	Inflammatory Diagnostic (marker) kits, namely- IL6, D-Dimer, CRP (C-Reactive Protein), LDH (Lactate De-Hydrogenase), Ferritin, Pro Calcitonin (PCT) and blood gas reagents	5%
8	3804 94	Hand Sanitizer	5%
9	65069900	Helmets for use with non-invasive ventilation	5%

10	8417 or 8514	Gas/Electric/other furnaces for crematorium	5%
11	9018 19 or 9804	Pulse Oximeter	5%
12	9018	High flow nasal canula device	5%
13	9019 20 or 9804	Oxygen Concentrator/ generator	5%
14	9018 or 9019	Ventilators	5%
15	9019	BiPAP Machine	5%
16	9019	(i)Non-invasive ventilation nasal or oronasal masks for ICU ventilators (ii)Canula for use with ventilators	5%
17	9025	Temperature check equipment	5%
18	8702 or 8703	Ambulances	12%

JUDGEMENTS AND ADVANCE RULING



Placement of medical instruments without consideration in hospitals is a Supply of Service

Issue: Whether the placement of medical instruments to unrelated hospitals, labs etc. under

the Agreement without any consideration for a specified period constitutes supply of service?

Judgement: The Hon'ble AAR, Kerala, in Abbott Healthcare Pvt. Ltd. [Advance Ruling No. KER/97/2021 decided on June 07, 2021] held that the placement of specified medical instruments to unrelated customers like hospitals, labs etc., for their use without transfer of ownership and consideration, against an agreement containing minimum purchase obligation to purchase medical instruments for specified period, constitutes a supply of services.

Source: *Abbott Healthcare Pvt. Ltd. [Advance Ruling No. KER/97/2021 decided on June 07, 2021*

The inherent loss in a manufacturing process is inherent and such losses are not contemplated by Section 17(5)(h) of the CGST Act. Thus, reversal of ITC is not required

Issue: Whether there is reversal of ITC in respect of loss of inputs during a manufacturing process?

Judgement: The petitioners are engaged in the manufacture of MS Billets and Ingots. MS scrap is an input in the manufacture of MS Billets and the latter, in turn, constitutes an input for manufacture of TMT/CTD Bars. There is a loss of a small portion of the inputs, inherent to the manufacturing process.

The impugned orders seek to reverse a portion of the ITC claimed by the petitioners, proportionate to the loss of the input, referring to the provisions of Section 17(5)(h) of the GST Act.

The impugned assessment orders reject a portion of ITC claimed, invoking the provisions of clause (h) which relates to goods lost, stolen, destroyed, written off or disposed by way of gift or free samples.

The situations as set out above in clause (h) indicate loss of inputs that are quantifiable, and involve external factors or compulsions.

A loss that is occasioned by consumption in the process of manufacture is one which is inherent to the process of manufacture itself.

The expression 'inputs of such finished product', 'contained in finished products' cannot be looked at theoretically with its semantics. It has to be understood in the context of what a manufacturing process is. If there is no dispute about the fact that every manufacturing process would automatically result in some kind of a loss such as evaporation, creation of by-products, etc., the total quantity of inputs that went into the making of the finished product represents the inputs of such products in entirety.'

The reversal of ITC involving Section 17(5)(h) by the revenue, in cases of loss by consumption of input which is inherent to manufacturing loss is misconceived, as such loss is not contemplated or covered by the situations adumbrated under Section 17(5)(h).

Source: ARS Steels & Alloy International Pvt. Ltd. Vs State Tax Officer (Madras High Court), dated June 24, 2021]

CUSTOMS



Reduced the IGST rate on Oxygen Concentrator whether imported for personal use or not from 12% to 5%:

The CBIC vide Notification No. 33/2021- Customs dated June 14, 2021 rescinded Notification No. 30/2021- Customs dated May 01, 2021 which reduced the IGST rate on Oxygen Concentrator imported in India for personal use falling under Heading 9804 of the First Schedule

to the Customs Tariff Act, 1975 from 28% to 12% upto June 30, 2021. Further, vide Notification No. 05/2021- Integrated Tax (Rate) dated June 14, 2021 reduced the IGST rate on Oxygen Concentrators/generators to 5% upto September 30, 2021

Source: Notification No. 33/2021- Customs dated June 14, 2021

Sl.No	Chapter, Heading, Sub-heading or Tariff item	Description of Goods	Rate
13	9019 20 or 9804	Oxygen Concentrator/generator	5%

The Customs Notification which reduced the IGST rate on Oxygen Concentrator imported in India for personal use from 28% to 12% has been rescinded and GST rate on all the Oxygen Concentrators/generators whether imported for personal use or not has been reduced to 5% IGST and 2.5% CGST/ UTGST.

Requirement of COVID-19 testing in live animals before importing into India

The CBIC issued Instruction No. 15/2021-Customs dated June 30, 2021 for the requirement of COVID-19 testing in live animals before importing into India. It is stated that in order to rule out the spreading of COVID-19 infection through imported animals, the Cats (domestic-Felis catus), other members of the family; Felidae i.e. tigers (Panthera tigris), lions (Panthera leo), snow leopards (Panthera uncial), pumas (Puma spp.), etc. and Gorillas (Gorilla spp.) have to be tested for COVID19 infection by the travellers/exporters in the exporting country while importing into India, till COVID-19

situation prevails. In this regard, the concerned regional officers/Quarantine officers, Animal Quarantine and Certification Services (AQCS) will issue advance NOC/Final AQCS clearance for import of aforesaid animals into India after receiving negative COVID-19 test report (no more than 3 days old before export into India) in addition to other existing requirements in this regard.

Source: Instruction No. 15/2021-Customs dated June 30, 2021

Center reduces duty on Crude Palm Oil (CPO) by 5%

In order to bring relief to the consumers and reduce the edible oil prices, Centre has reduced the duty on Crude Palm Oil (CPO) by 5%.

The Government, keeping in view the consumer interest due to rising prices of Edible oil, has reduced the duty on CPO duty by 5%. Further, to cool down the prices of RBD Palmolein (refined Palm oil), DFPD recommended removal of the restriction on import of RBD Palmolein and put it in the open general category of imports to support its availability at lower prices for the domestic consumer.

Ministry of Finance vide Notification No. 34/2021-Customs dated June 29, 2021 has cut duty on CPO to 10% from 15% w.e.f. June 30, 2021 and this will remain in force upto and inclusive of the September 30, 2021. The reduction will bring down the effective tax rate on CPO to 30.25% from the earlier 35.75% inclusive of additional agri-cess of 17.5% and 10% social welfare cess. This reduction, in turn, will bring down the retail prices of Edible Oils.

Further, Department of Commerce vide Notification No. 10/2015-2020 dated June 30, 2021 has issued revised import policy for Refined Bleached Deodorized (RBD) Palm Oil and RBD Palmolein by removing both from restricted to free category. This would be effective with immediate effect and for a period upto December 31, 2021.

Government has reduced duty only till September 2021 to clearly signal to farmers that their interest shall not be compromised

Source: Notification No. 34/2021-Customs dated June 30, 2021

GST REVENUE COLLECTION

The gross GST revenue collected in the month of June' 2021 is ₹92,849 crore of which CGST is ₹16,424 crore, SGST is ₹20,397, IGST is ₹49,079 crore (including ₹25,762 crore collected on import of goods) and Cess is ₹6,949 crore (including ₹809 crore collected on import of goods). The above figure includes GST collection from domestic transactions between 5th June to 5th July 2021 since taxpayers were given various relief measures in the form of waiver/reduction in interest on delayed return filing for 15 days for the return filing month June'21 for the taxpayers with the aggregate turnover upto INR. 5 crore in the wake of covid pandemic second wave.

During this month the government has settled ₹ 19,286 crore to CGST and ₹ 16,939 crore to SGST from IGST as regular settlement.

Source: pib.gov.in

LET'S TALK

For a deeper discussion of how these issues might affect your business, please contact our Indirect Taxation Team.

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