



50th Meeting of GST Council

For Prelims: [Goods and Services Tax \(GST\) Council](#), [Online gaming](#), [GST Appellate Tribunals](#), [Prevention of Money Laundering Act](#), [Enforcement Directorate](#), [Financial Action Task Force](#)

For Mains: Functions of GST Council, Regulation of Online Gaming in India.

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Why in News?

At its 50th meeting, the [Goods and Services Tax \(GST\) Council](#) made changes to tax rates on various items and resolved the **tax treatment for [online gaming](#), [casinos](#), and [horse racing](#)**.

- The Council decided to levy a **uniform 28% tax on the full face value of bets placed for [online gaming](#), [casinos](#) and [horse-racing](#)**.

What are the Major Highlights of the Meet?

- **Changes in Tax Rates:** The GST Council made the following revisions to the tax rates:
 - **Uncooked or Unfried Snack pellets and Fish Soluble Paste:** The tax rate was reduced from **18% to 5%**.
 - **Imitation Zari Threads or Yarn:** The tax rate was reduced from 12% to 5%.
 - **Food and Beverages Consumed Inside Cinema Halls:** The tax rate was set at **5% without input tax credits**, as opposed to the previous **18% on cinema services**.
- **Tax Treatment of Online Gaming, Casinos, and Horse Racing:**
 - Regardless of whether they involve skill, chance, or a combination thereof (or neither), bets and wagers made on [online gaming](#), [casinos](#), and [horse racing](#) activities **will now attract a 28% GST levy**.
 - The GST laws will be amended to explicitly include online gaming within the tax framework.
- **Exemption from GST:**
 - GST Council exempts [cancer-related drugs](#), **medicines for rare diseases**, and food products for special medical purposes from **GST**
- **Establishment of GST Appellate Tribunals:**
 - The Council examined proposals from states to establish **50 Benches of the [GST Appellate Tribunals](#) in the country**.
 - The initial Benches will be set up in state capitals and locations where High Courts have Benches.
- **Concerns Raised on GST Network and PMLA:**
 - Some states expressed criticism regarding the recent decision to bring the **GST Network (GSTN) under the purview of the [Prevention of Money Laundering Act \(PMLA\)](#)**, administered by the [Enforcement Directorate \(ED\)](#).
 - Tamil Nadu, in particular, argued that this inclusion contradicts the interests of taxpayers and the objective of decriminalizing GST offenses.

- The Revenue Secretary assured the Council that it was in line with the requirements of the [Financial Action Task Force](#).
 - It was clarified that the **ED will neither receive nor provide information from the GSTN**, and the notification is aimed at **empowering tax authorities to combat tax evasion and money laundering**.

What is GST Council?

▪ About:

- The GST Council is a **constitutional body** responsible for making recommendations on issues related to the **implementation of the Goods and Services Tax (GST) in India**.
- As per **Article 279A (1)** of the amended Constitution, the GST Council was constituted by the **President**.

Note: GST is a **value-added tax system** that is levied on the **supply of goods and services in India**. It is a comprehensive indirect tax that was introduced in India on 1st July 2017, through the [101st Constitution Amendment Act, 2016](#), with the slogan of **'One Nation One Tax'**.

▪ Members:

- The members of the Council include the **Union Finance Minister (chairperson)**, the **Union Minister of State (Finance) from the Centre**.
- Each state can nominate a **minister in-charge of finance or taxation or any other minister** as a member.

▪ Functions:

- Under **Article 279A (4)**, the Council makes recommendations to the Union and the States on important issues related to GST, like the **goods and services that may be subjected or exempted from GST**, model GST Laws, principles that govern place of supply, **threshold limits, GST rates including the floor rates with bands**, special rates for raising additional resources during natural calamities/disasters, **special provisions for certain States**, etc.

UPSC Civil Services Examination Previous Year Question (PYQ)

Prelims

Q1. Consider the following items: (2018)

1. Cereal grains hulled
2. Chicken eggs cooked
3. Fish processed and canned
4. Newspapers containing advertising material

Which of the above items is/are exempted under GST (Good and Services Tax)?

- (a) 1 only
 (b) 2 and 3 only
 (c) 1, 2 and 4 only
 (d) 1, 2, 3 and 4

Ans: (c)

Q2. What is/are the most likely advantages of implementing 'Goods and Services Tax (GST)?' (2017)

1. It will replace multiple taxes collected by multiple authorities and will thus create a single market in India.
2. It will drastically reduce the 'Current Account Deficit' of India and will enable it to increase its

foreign exchange reserves.

3. It will enormously increase the growth and size of economy of India and will enable it to overtake China in the near future.

Select the correct answer using the code given below:

- (a) 1 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

Ans: (a)

Mains

- Q.** Explain the rationale behind the Goods and Services Tax (Compensation to States) Act of 2017. How has COVID-19 impacted the GST compensation fund and created new federal tensions? **(2020)**
- Q.** Enumerate the indirect taxes which have been subsumed in the Goods and Services Tax (GST) in India. Also, comment on the revenue implications of the GST introduced in India since July 2017. **(2019)**
- Q.** Explain the salient features of the Constitution (One Hundred and First Amendment) Act, 2016. Do you think it is efficacious enough “to remove cascading effect of taxes and provide for common national market for goods and services”? **(2017)**
- Q.** Discuss the rationale for introducing the Goods and Services Tax (GST) in India. Bring out critically the reasons for the delay in roll out for its regime. **(2013)**

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