



55th GST Council Meeting

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Why in News?

Recently, the Finance Minister chaired the **55th Goods and Services Tax (GST) Council** meeting.

What are the Key Decisions Taken in the 55th GST Council Meeting?

- **Used Electric Vehicle (EVs):** GST council decided to **raise** the rate of tax to **18% from 12% on all used EV sales**, just as in case of non-electric vehicles.
 - GST will apply only to the **margin value** (difference between purchase and selling price, adjusted for depreciation if claimed) in case of **business sales**. **No GST** applies to **individual-to-individual sales**.
- **Bank's Penal Charges:** No GST applies to penal charges by **banks and non-banking financial companies (NBFCs)** for **loan term violations**.
- **Payment Aggregators:** **Payment aggregators** handling payments of **less than Rs 2,000** will be eligible for an exemption.
 - This exemption **does not** extend to **payment gateways or other fintech services** unrelated to fund settlement.
- **Aviation Turbine Fuel (ATF):** GST council **did not agree** on bringing **ATF** under the ambit of **GST** because states refused to accept it.
 - States see ATF as part of the **crude petroleum diesel basket**, saying that it alone **cannot be taken out**.
 - 5 products i.e., **crude oil, petrol, diesel, ATF and natural gas** were kept out of purview of GST. The central government levies **excise duty** on them and states **levy VAT**.
- **GST Exemption: Black pepper and raisins** supplied directly by **farmers** will be exempt from GST.
 - **Gene therapy** is **fully exempt** from GST, and **integrated GST** exemption on **surface-to-air missiles** is extended.
- **Compensation Cess:** Reduced **compensation cess** rate to **0.1% on supplies to merchant exporters**.
 - This Cess is collected on the supply of select goods and or services to **compensate the states for any revenue loss** on account of implementation of GST.
- **Popcorn:** GST Council **clarified** (no new tax imposition) that **caramelized popcorn** is taxed at **18% GST**. Ready-to-eat popcorn with **salt and spices attracts 5% GST** if not pre-packaged and labeled, and **12%** if **pre-packaged and labeled**.
 - **Caramelised popcorn** is classified as **sugar confectionery**, and attracts **18% GST** while **salted popcorn** is a **namkeen** and subject to **5% GST**.

Note:

- **Payment Aggregator:** A payment aggregator is a **third-party service provider** that enables customers to make and businesses to accept payments online. E.g., **PhonePe, Paytm etc.**
- **Payment Gateways:** Payment gateways are termed as **technology infrastructure** providers for online payments.
 - It includes physical card-reading devices like **point-of-sale (POS) machines, QR codes**

or [Near Field Communication \(NFC\) technology](#) etc.

- **Fintech Services:** It refers to any **app, software, or technology** that allows people or businesses to digitally **access, manage, or gain insights** into their finances or make financial transactions. E.g., **WazirX** (Bitcoin and cryptocurrency exchange & trading platform).

GST Council

- **About:** The GST Council, a **constitutional body** under [Article 279-A \(101st Amendment, 2016\)](#), makes recommendations on GST implementation.
 - GST is a **value-added (Ad Valorem)** and **indirect tax system** that is levied on the supply of goods and services in India.
- **Members:** The Council includes the **Union Finance Minister (Chairperson)**, Union Minister of State (Finance), and a finance or any other minister from each state.
- **Nature of Decisions:** In the **Mohit Minerals case, 2022**, the Supreme Court ruled GST Council recommendations are **not binding**, as Parliament and states have **simultaneous legislative powers** on GST.

UPSC Civil Services Examination Previous Year Question (PYQ)

Prelims

Q. 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)

Q. 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 the 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)

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