



## 55th GST Council Meeting | Rajasthan | 25 Dec 2024

### Why in News?

Recently, the **55th Goods and Services Tax (GST) Council meeting** was held under the Chairpersonship of the Union Minister for Finance & Corporate Affairs in **Jaisalmer**, Rajasthan.

### Key Points

- Chief Ministers of Goa, Haryana, Jammu & Kashmir, Meghalaya, Odisha; Deputy Chief Ministers of Arunachal Pradesh, Bihar, Madhya Pradesh, and Telangana also participated.
- **Recommendations by the GST Council:**
  - **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**.

### 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.

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