

SUVs subject to 22% cess: GST fitment panel

Classification of crypto under GST deferred

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The Goods and Services Tax (GST) Council's fitment panel has said sports utility vehicles (SUVs) are subject to a 22 per cent compensation cess if they fulfil certain conditions. Also, the panel, which comprises revenue officials of the Centre and the states, has said incentives to banks for promoting RuPay/BHIM-UPI transactions are "not taxable".

It has been contended that the incentives to member banks are nothing but subsidies from the Central government to promote the use of specified electronic modes. They depend on their achieving a minimum yearly growth rate in the number of transactions. They are akin to export incentives, it said.

"The mere fact that the government encourages them to promote digital transactions through RuPay/BHIM UPI does not mean that they are supplying any service to the central government," the panel said.

The panel's clarification on these issues is part of the GST Council agenda, which it will take up in its meeting on December 17 in New Delhi. *Business Standard* reviewed a copy of the agenda.

On SUVs, the industry sought clarification on the rate of the GST compensation cess applicable to such vehicles, citing ambiguity in entry and description.

"The current entry for compensation cess in the GST regime is the same as the entry in the erstwhile central excise regime. The term SUV has not been defined, only an

CLEARING THE AIR

▶ Incentives paid to banks for promoting RuPay/BHIM-UPI transaction are not taxable

▶ Such incentives are nothing but subsidy received from the Centre, according to GST Council's fitment panel



▶ Fruit pulp with additives to attract 28% GST

▶ Mentha oil, a key component of pan masala, to be brought under the reverse charge mechanism

▶ Demand for lowering tax on gold, silver, diamond, and battery components turned down

explanation has been provided in the description," the panel noted.

GST on automobiles has various rates — 5, 12, 18, and 28 per cent. Vehicle sales are subject to both GST and a compensation cess of up to 22 per cent, depending on the state.

"As the recommendations of the Council (were) for levying cess at higher rate for the vehicles satisfying all four conditions including -- engine capacity exceeds 1500cc, popularly known as SUVs, the length exceeds 4000 mm and the ground clearance is 170 mm, a clarification may be issued (on similar lines as done earlier in 2013) to clarify that all four conditions need to be fulfilled for a motor vehicle to be eligible for levying a higher compensation cess rate of 22 per cent," the panel said.

Turn to Page 5 ▶

GST...

Other key suggestions

The panel has suggested deferring certain matters including the “nature and taxability” of supplies with respect to crypto assets or virtual digital assets, citing the need for deeper study. At present, there is no definition of crypto assets.

Alongside, the panel has turned down the industry demand to lower GST on many items such as fruit pulp with additives, gold, silver and diamond and battery storage components. It said juice with carbon dioxide will attract 28 per cent.