

EVs may get a shock at GST meeting

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There could be bad news in store for electric vehicles (EVs) from the GST Council meeting scheduled on Saturday at Jaisalmer, Rajasthan. GST on old and used EVs is likely to be raised while the proposal for lowering the rate on parts/components could be rejected again.

Officials said that two proposals related to EVs have been brought before the Fitment Committee, which prepares the draft of recommendations for the GST Council.

One proposal was to lower GST on the sale of old and used EVs to 5 per cent from 12 per cent. In order to boost EVs, 5 per cent GST is levied on new EVs. However, input parts and services, used for repair or maintenance of all second-hand vehicles, attract 18 per cent GST. "Since the duty rate is applicable only on the value that represents margin of the supplier, the tax incidence is already on the lower side. Hence the Fitment Committee recommended raising the rate to 18 per cent from 12 per cent on the

sale of all other old and used motor vehicles including EVs," an official said.

He added that there was a request to lower the GST to 5 per cent from 28 per cent and 18 per cent on components and parts used in manufacture of EVs. Prior to the last Council meeting, the Fitment Committee had turned down the request for lowering GST to 5 per cent on 12 items used in the manufacture of EVs.

MULTI-USE GOODS

However, the Council asked the Fitment Committee to reconsider the issue, as Andhra Pradesh sent a proposal.

Later, industry associations, too, requested for reduction on some parts, the official said, adding, "The Committee did discuss the request for lowering the rates on all EV components/parts, and it opined that there are no dedicated EV parts and most parts would be multi-use goods."

The Committee also observed that the EV manufacturers are already getting inverted duty (higher duty on parts and lower duty on final product) refund. It "recommended to maintain status quo."