

GST panel against tax relief for EV charging stations

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THE FITMENT COMMITTEE of the GST Council has recommended maintaining "status quo" in the current taxation structure for electric vehicle (EV) charging services, even as the industry is battling for complete exemption or a reduction in the tax rate from 18% to 5%, according to official sources.

Last month, industry body Ficci had called for a cut in EV charging services to make electric mobility affordable and competitive. Ficci's electric vehicle committee chair Sulajja Motwani had highlighted variation in GST rates of EVs and related products/services, and had suggested its realignment.

EVs are taxed under the 5% slab, while replacement batteries as well as charging services are taxed at 18%. "The proposed changes (reduction in rate or exemption) will make EVs more competitive...and incentivise greater adoption," she had said.

The fitment committee, after reviewing the proposal, said that EV charging service "does not qualify as supplier of electricity nor as service" of distribution or transmission of

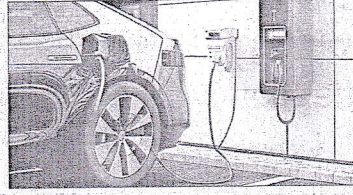
DIFFERENT STROKES

■ EVs attract 5% GST, while replacement batteries and charging services are taxed at 18%

■ According to Ficci, tax rates for EV industry should be realigned

■ It says a rate cut for EV charging services will make electric mobility affordable & competitive

■ GST panel says EV charging service 'does not qualify as supplier of electricity nor as service' of distribution or transmission, hence will not get exemption



electricity by an electricity transmission or distribution utility; and "hence no exemption from GST is available as per existing provisions."

It also said that electricity for EV charging stations is being provided in most states at already subsidised rates, therefore, reduction in rates is not needed, the sources said. "After deliberations, the fitment committee recommended maintaining status quo," a source said, adding that battery charging of other motor vehicles also attract 18% GST.

The proposal of the committee has been submitted to the GST

Council, which may take it up in its next meeting, likely to be held after the Budget, according to sources.

Shareen Gupta, partner, JSA Advocates & Solicitors, said, "The GST Council should consider reducing the applicable rate of GST on EV charging stations to 5%. Reduced rate of GST on EV charging services will go a long way in meeting the objectives of the recently launched PM e-Drive Scheme."

Karthik Mani, partner-indirect tax, BDO India, said a reduction in rate would further encourage consumers to consider buying EVs instead of ICE vehicles.