



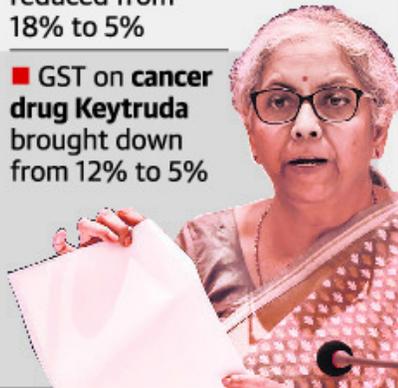
45th GST Council Meeting

 drishtiias.com/printpdf/45th-gst-council-meeting

Why in News

Recently, the **45th Goods and Services Tax (GST) Council** meeting was held.

What's in store | The 45th GST Council meeting was chaired by Finance Minister Nirmala Sitharaman in Lucknow on Friday. Among the key decisions are:

■ Concessional tax rates on COVID-19 essential medicines like Tocilizumab extended till December 31	■ Tax on fortified rice kernels for ICDS scheme reduced from 18% to 5%
■ Muscular atrophy drugs such as Zolgensma and Viltepsa that cost around ₹16 cr. exempted from GST	■ GST on cancer drug Keytruda brought down from 12% to 5%
■ Import of leased aircraft exempted from I-GST	
■ Food delivery apps to collect GST instead of restaurants	

Key Points

- **Extension of Concessional GST Rates:**
The Council decided to **extend the GST relief on several drugs related to Covid-19 treatment** till December 2021.
- **Food Delivery Apps to Collect GST:**
Online food delivery aggregator firms such as Swiggy and Zomato **will now be liable to pay GST** and not the restaurant partners.
 - Currently, online bills generated by food aggregators **already have a tax component in it.**
 - The taxed amount is **paid back to the restaurant partners who are then expected to pay** this amount to the government.

- **Petrol and Diesel will not come under GST Regime:**

The council has decided not to bring petrol and diesel under the GST regime.

States vehemently **opposed the inclusion** of the fuels while raising concerns on revenue buoyancy during the meet.

- If petrol and diesel come under the GST regime, **prices will become mostly uniform across all states** as the different excise and VAT rates that the Centre and the states impose would then be done away with.
- This would **help bring down diesel and petrol prices greatly**, which has touched new highs in the recent past.

- **GST on Fortified Rice Reduced:**

The GST rate on **fortified rice kernels** for schemes like **integrated child development schemes** has been recommended to be reduced from 18% to 5%.

- **GoM to Look After Rate Rationalisation:**

- **A Group of state ministers (GoM)** will be established to look after the **rate rationalisation** related issues to correct the **inverted duty** structure and to take steps to augment revenues.
 - An inverted duty structure arises when **the taxes on output or final product is lower than the taxes on inputs**, creating an inverse accumulation of input tax credit which in **most cases has to be refunded**.
 - Inverted duty structure **has implied a stream of revenue outflow for the government** prompting the government to relook the duty structure.
- Other GoMs will be set up in order to look after issues of e-way bills, **FASTAGs**, compliances, technology, plugging of loopholes, composition schemes etc.

GST Council

- It is a **constitutional body (Article 279A)** for making recommendations to the Union and State Government on issues related to Goods and Services Tax.
- The **GST Council** is chaired by the **Union Finance Minister** and other members are the Union State Minister of Revenue or Finance and Ministers in-charge of Finance or Taxation of all the States.
- It is considered as a **federal body** where both the centre and the states get due representation.

Source: IE