



The Institute of Chartered Accountants of India
GST & Indirect Taxes Committee

GOODS & SERVICES TAX UPDATE-191

1) Clarification regarding GST rates and classification of certain goods

a) Applicability of GST on un-fried or un-cooked snack pellets, by whatever name called, manufactured through process of extrusion

[Notification No. 09/2023-CT\(R\) dt. 26.07.2023](#) had clarified that w.e.f. 27.07.2023 un-fried or un-cooked snack pellets, by whatever name called, manufactured through process of extrusion shall attract GST rate of 5% (earlier taxable at 18%). Now, the circular has clarified that extruded snack pellets in ready-to-eat form will continue to attract GST rate of 18%.

Further, the applicability of GST rate on the un-fried or un-cooked snack pellets, by whatever name called, manufactured through process of extrusion, the issue for past period upto 27.7.2023 has been regularized on “as is” basis.

b) Regularization of GST rates for the past periods on an ‘as is basis’

In view of the prevailing genuine doubts regarding the applicability of GST rate on the following items, the issue for the past periods have been regularized on ‘as is basis’:

- Fish Soluble Paste (upto 27.07.2023)
- Desiccated coconut (from 01.07.2023 upto and inclusive of 27.07.2017)
- Biomass briquettes (from 01.07.2017 upto and inclusive of 12.10.2017)
- Plates, cups made from areca leaves (upto 01.10.2019)
- Imitation Zari thread or yarn known by any name in trade parlance (upto 27.07.2023)

c) Supply of raw cotton by agriculturist to cooperatives

It has been clarified that supply of raw cotton, including kala cotton, from agriculturists to cooperatives is a taxable supply and such supply of raw cotton by agriculturist to the cooperatives (being a registered person) attracts 5% GST on reverse charge basis under *Notification no. 43/2017-Central Tax (Rate) dated 14.11.2017*.

Further, in view of prevailing genuine doubts, the issue for the past periods prior to issue of this clarification has been regularized on “as is basis”.

d) GST rate on goods falling under HSN 9021

As per recommendations of the GST council in its 50th Meeting, it is hereby clarified that the GST rate on all the goods falling under heading 9021 (trauma, spine and arthroplasty implants) shall attract GST rate of 5%, thereby doing away with the duality of rates on similar items leading to ambiguity.

Further, in view of the prevailing genuine doubts, the issue for the past periods has been regularized on “as is basis”.

It has also been clarified that no refunds will be granted in cases where GST has already been paid at higher rate of 12%.

[*Circular No. 200/12/2023-GST dt. 01.08.2023*](#)

2) Clarifications regarding applicability of GST on certain services

a) Clarification regarding services supplied by director of the company in his personal capacity

It has been clarified that services supplied by a director of the company or body corporate to the company or body corporate in his private or personal capacity such as services supplied by way of renting of immovable property shall not be taxable under RCM. Only those services which are supplied by him in the capacity of director of the company or body corporate shall be taxable under RCM in the hands of the company or body corporate under *Notification No. 13/2017-CT(R) dated 28.06.2017*.

b) Clarification on taxability of the supply of foods or beverages in

cinema halls

As per Explanation at Para 4 (xxxii) to *Notification No. 11/2017-CT(R) dated 28.06.2017*, “*Restaurant Service*’ means supply, by way of or as part of any service, of goods, being food or any other article for human consumption or any drink, provided by a restaurant, eating joint including mess, canteen, whether for consumption on or away from the premises where such food or any other article for human consumption or drink is supplied.”

The cinema operators may run these refreshments or eating stalls/ kiosks/ counters or restaurant themselves or they may give it on contract to a third party.

It has been clarified that supply of food or beverages in a cinema hall shall be taxable as ‘restaurant service’ as long as:

- a) the food or beverages are supplied by way of or as part of a service, and
- b) supplied independent of the cinema exhibition service.

It is further clarified that where the sale of cinema ticket and supply of food and beverages are clubbed together, and such bundled supply satisfies the test of composite supply, the entire supply will attract GST at the rate applicable to service of exhibition of cinema i.e., the principal supply.

[Circular No. 201/13/2023-GST dt. 01.08.2023](#)

***Vice - Chairman
GST & Indirect Taxes Committee***

***Chairman
GST & Indirect Taxes Committee***

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