

CBIC clarifies large packages of food will not attract 5% GST

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- **GST rate on transport of goods and passengers by ropeways has come down to 5% from 18%, while renting of trucks and goods carriage vehicles, where cost of fuel is included, will now attract 12% GST compared with 18% earlier.**

NEW DELHI : The Central Board of Indirect Taxes and Customs (CBIC) has clarified that large packages of food items like pulses, cereals, rice, and wheat weighing more than 25 kilograms or containing more than 25 litres of a commodity will not attract the 5% goods and services tax (GST) that pre-packaged and labeled items will attract from Monday.

The clarification is part of a set of 'Frequently asked Questions' issued by the tax authority to explain the new tax provision which has an impact on mass use food items.

CBIC explained that there were two essential conditions for levying 5% GST on items like pulses, cereals, rice and flour: they have to be pre-packaged to be of a pre-determined quantity without the presence of the buyer, and are required to bear the declarations under the provisions of the Legal Metrology Act of 2009 and relevant rules.

If the packages do not require declarations under the Legal Metrology Act, it would not be treated as pre-packaged and labelled for GST levy. Also, sale of these items would be regarded as 'pre-packaged commodity' for GST levy only if they are of 25 kgs or 25 litres or less. These items weighing more than 25 kg or having more than 25 litres do not require a declaration to be made under Legal Metrology Act. "A single package of these items containing a quantity of more than 25 Kg or 25 litres would not fall in the category of pre-packaged and labelled commodity for the purposes of GST and would therefore not attract GST," CBIC clarified.

However, if several packages intended for retail sale to ultimate consumer, say 10 packages of 10 Kg each, are sold in a larger pack, then GST would apply to such supply. Such package may be sold by a manufacturer through distributor for eventual sale to retail consumer. On the other hand, a package of say rice containing 50 Kg in one individual package would not be considered a pre-packaged and labelled commodity for GST levy, even if Legal Metrology rules mandate certain declarations to be made on such wholesale package.

CBIC said the clarifications were being made as it received requests for explanations on the scope of this tax rate change. Another tax rate change that became effective on Monday is imposition of a 5% GST on expensive non-intensive care hospital stay.

As per this, services provided by clinical establishments by way of room other than intensive, critical care, intensive cardiac care and neonatal intensive care units where the rent levied is more than ₹5,000 a day will attract a 5% tax. Tax relief on certain medical supplies and transport services have also become effective from Monday.

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GST rate on items like ostomy appliances used by some patients, orthopaedic equipment like splints and other fracture appliances and artificial parts of the body has come down from 12% to 5%. Also, GST rate on transport of goods and passengers by ropeways has come down to 5% from 18%, while renting of trucks and goods carriage vehicles, where cost of fuel is included, will now attract 12% GST compared with 18% earlier.