

Key Notifications Post 55th GST Council Meeting

The Central Government has issued various notifications to give effect to the decisions undertaken in the 55th GST Council Meeting. This alert captures the key changes introduced:

Subject	Particulars
Changes related to restaurant / outdoor catering services provided by Hotels¹ (effective from April 1, 2025)	<ul style="list-style-type: none"> The definition of 'Declared tariff' has been deleted and the definition of specified premises has been amended. The updated definition of specified premises covers the following: <ul style="list-style-type: none"> Hotels where the actual amount charged in the preceding financial year for accommodation service exceeded INR 7500 per unit per day or equivalent; or Hotels for which a declaration (in prescribed format) is filed, between 1st of January and 31st March of the preceding financial year or within 15 days of obtaining the acknowledgement for GST registration application, declaring the hotel to be a specified premises. Declarations once filed, shall remain effective for subsequent financial years unless an opt-out declaration is filed. <p>Dhruva Comments: The flexibility to declare hotels as specified premises irrespective of the amount charged for accommodation service, provides an option to the budget hotels (hotels with room charges < INR 7500 per day per room), to either claim ITC and pay GST @ 18% or pay GST @ 5% without ITC, on restaurant / outdoor catering services.</p>
Changes related to restaurant services provided by Hotels through E-Commerce Operators²	<ul style="list-style-type: none"> As per Notification No.17/2017- Central Tax Rate dated June 28, 2017, Electronic Commerce Operators (ECOs) are required to pay GST on restaurant services provided through their platforms, except when supplied by restaurants, eating joints or similar establishments located at 'specified premises'.

¹ Notification No. 05/2025-Central Tax (Rate) dated January 16, 2025² Notification No. 08/2025-Central Tax (Rate) dated January 16, 2025

² Notification No. 08/2025-Central Tax (Rate) dated January 16, 2025



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(effective from April 1, 2025)	<ul style="list-style-type: none"> Explanation (c) of the aforementioned notification which defines 'specified premises' has been amended to align with the new definition of specified premises stated above. <p>Dhruva Comments: Hotels providing accommodation services with an accommodation charge of less than ₹7,500/- per unit per day, but opting to declare their hotels as specified premises, shall now pay GST on the restaurant services supplied through E-commerce platforms, on their own and thus, the E-commerce operators shall not be required to pay GST on such restaurant services.</p>																					
Changes in GST rates (effective from January 16, 2025)	<table border="1"> <thead> <tr style="background-color: #cc0000; color: white;"> <th>Description</th> <th>Old Rate</th> <th>New Rate</th> </tr> </thead> <tbody> <tr> <td>Fortified Rice Kernel (FRK)³</td> <td>18%</td> <td>5%</td> </tr> <tr> <td>Gene Therapy⁴</td> <td>12%</td> <td>Exempt</td> </tr> <tr> <td>Food Inputs for food preparations intended for free distribution to economically weaker sections of the society⁵</td> <td>As applicable</td> <td>5%</td> </tr> <tr> <td>Sale of old and used vehicles⁶</td> <td>12%</td> <td>18%</td> </tr> <tr> <td>Insurance services provided by Motor Vehicle Accident Fund, against contributions made by the insurers out of the premiums collected for third party insurance of motor vehicles⁷</td> <td>18%</td> <td>Exempt</td> </tr> <tr> <td>Services provided by a training partner approved by the National Skill Development Corporation⁸</td> <td>18%</td> <td>Exempt</td> </tr> </tbody> </table>	Description	Old Rate	New Rate	Fortified Rice Kernel (FRK) ³	18%	5%	Gene Therapy ⁴	12%	Exempt	Food Inputs for food preparations intended for free distribution to economically weaker sections of the society ⁵	As applicable	5%	Sale of old and used vehicles ⁶	12%	18%	Insurance services provided by Motor Vehicle Accident Fund, against contributions made by the insurers out of the premiums collected for third party insurance of motor vehicles ⁷	18%	Exempt	Services provided by a training partner approved by the National Skill Development Corporation ⁸	18%	Exempt
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Changes in GST liability payable under RCM⁹ (effective from January 16, 2025)	<p><u>Renting of immovable property</u></p> <ul style="list-style-type: none"> As per Sr. No 5AB of Notification No.13/2017- Central Tax Rate dated June 28, 2017, a registered person is liable to pay GST under RCM on renting of non-residential immovable property services from an unregistered person. The aforesaid entry has now been amended to specify that a composition dealer is not required to pay GST under RCM on renting of non-residential immovable property services from an unregistered person. <p><u>Sponsorship services</u></p> <ul style="list-style-type: none"> As per Sr. No.4 of Notification No.13/2017- Central Tax Rate dated June 28, 2017, a body corporate or partnership firm located in the taxable territory receiving sponsorship services from any person are liable to pay GST under RCM. 																					

³ Notification No. 01/2025-Central Tax (Rate) dated January 16, 2025

⁴ Notification No. 02/2025-Central Tax (Rate) dated January 16, 2025

⁵ Notification No. 03/2025-Central Tax (Rate) dated January 16, 2025

⁶ Notification No. 04/2025-Central Tax (Rate) dated January 16, 2025

⁷ Notification No. 06/2025-Central Tax (Rate) dated January 16, 2025

⁸ Notification No. 06/2025-Central Tax (Rate) dated January 16, 2025

⁹ Notification No. 07/2025-Central Tax (Rate) dated January 16, 2025



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	<ul style="list-style-type: none"><li data-bbox="384 210 1493 331">• The aforesaid entry has now been amended to specify that GST is not payable under RCM for sponsorship services provided by body corporate. Body corporates are now liable to pay GST under forward charge, for sponsorship services provided by them. <p data-bbox="416 389 1493 510">Dhruva Comments: <i>Excluding composition dealers from the obligation to pay tax under RCM on renting of non-residential immovable property services availed from unregistered person provides significant relief to such dealers, as they are already barred from claiming ITC.</i></p>

