

## N D A Update – GST applicability on pre-packaged and labelled goods

In pursuance of recommendations made by the GST Council in its 47th meeting, certain “pre-packaged and labelled” food items have been brought under GST @ 5% with effect from 18-07-2022. A Notification No. 6/2022-Central Tax (Rate) was issued on 13-07-2022. Subsequently on 17-07-2022, Ministry of Finance came out with a FAQ clarifying on various issues. The summarized position considering the notifications and FAQ is as under:

### **GST is applicable on pre-packaged & labelled goods if:**

- The following three conditions are satisfied:
  - Sold in pre-packaged form i.e. packed in pre-determined quantity prior to purchase by buyer. Pre packing means the buyer should not be present at the time of packing; and
  - The supplies requiring declarations as per Legal Metrology Act 2009; and
  - The quantity of the pack (whether a single pack or a combination of multiple retail packs packed in a single pack) should not be more than 25 Kg or 25 Ltr.
- Sold to institutional or industrial customers by seller other than a manufacturer for their own use.

### **GST is not applicable on pre-packaged & labelled goods if:**

- The goods are sold in loose condition
- The goods are packed in presence of the buyer
- Goods does not require declaration under Legal Metrology Act 2009
- The quantity of the pack is more than 25Kg or 25 Ltr
- Sold to institutional or industrial customers directly by a manufacturer for their own use.
- Sold in packs up to 10 gm or 10 ml (not considered as a package under Section 26 of Legal Metrology Act).

### **Other provisions**

- The manufacturer/wholesaler/retailer buying the goods would be entitled to input tax credit on GST charged by his supplier.
- In case of composition dealer, the composition scheme will be applicable in the usual manner.

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