



# WICASA PIMPRI CHINCHWAD BRANCH OF WIRC OF ICAI

The Institute of Chartered Accountants  
of India

*Set up By an Act of Parliament*

## E-NEWSLETTER MARCH 2023 STUDENTS

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## Managing Committee Members of Students Association



**CA. Vaibhav Modi**  
WICASA Chairman

Ms. Aishwarya Bhoite, Vice-Chairperson	Ms. Savi Garg Secretary	Ms. Ayushi Singh Treasurer	Mr. Nitesh Sonawane Committee Member	Ms. Purnima Joshi Committee Member

Mr. Siddhant Khandelwal Co-opted Vice-Chairperson	Ms. Sanjana Kaulgud Co-opted Secretary	Mr. Anurag Kawade Co-opted Treasurer

### Events for the Month of March 2023

Date	Particulars	Speaker	Venue
1.3.2023-3.3.2023	Workshop on GST Compliance Training for Articles in CA Offices - Series I (Virtual) Organised by :- WICASA of WIRC of ICAI Jointly with :- Ahmednagar, Amaravati, Anand, Aurangabad, Bhuj, Bhavnagar, Goa, Ichalkaranji, Jalgaon, Kalyan-Dombivli, Nanded, Nasik, Navsari, Navi Mumbai, Pimpri-Chinchwad, Ratnagiri, Sangli, Satara, Solapur, Surat, Thane and Vasai Branches of WICASA of ICAI	CA. Sandeep Sachdeva CA. Jugal Doshi CA. Manoj Malpani	Virtual Session
13.3.2023-20.3.2023	Mock Test Series 1 for Intermediate & Final Course Students	NA	ICAI Bhawan Pimpri Chinchwad Branch, Nigdi

### Forthcoming Events for the Month of April 2023

Date	Particulars	Speaker	Venue
5.4.2023-14.4.2023	Mock Test Series 2 for Intermediate & Final Course Students	NA	ICAI Bhawan Pimpri Chinchwad Branch, Nigdi
24.4.2023-27.4.2023	Mock Test Series 1 for Foundation Course Students	NA	ICAI Bhawan Pimpri Chinchwad Branch, Nigdi
5.4.2023	7 Unique Techniques To Pass CA Exams In First Attempt” Organized By: WICASA Pimpri Chinchwad Branch Of WIRC Of ICAI	CA IBRAHIM SHAIKH, PUNE	ICAI Bhawan Pimpri Chinchwad Branch, Nigdi
8.4.2023	PHYSICAL CUM VIRTUAL SEMINAR ON NAVIGATING THE WORLD OF RERA : A SEMINAR FOR FUTURE CA'S  Jointly with NAVI MUMBAI BRANCH OF WIRC OF ICAI NANDED BRANCH OF WIRC OF ICAI JALGAON BRANCH OF WIRC OF ICAI THANE BRANCH OF WIRC OF ICAI CHATRAPATI SAMBHAJI BRANCH OF WIRC OF ICAI AHMEDNAGAR BRANCH OF WIRC OF ICAI PUNE BRANCH OF WIRC OF ICAI AKOLA BRANCH OF WIRC OF ICAI LATUR BRANCH OF WIRC OF ICAI VAPI BRANCH OF WIRC OF ICAI	CA Vaibhav Modi CA . Vaibhav Mayur CA . Aditya Zantye	ICAI Bhawan Pimpri Chinchwad Branch, Nigdi

Date	Particulars	Speaker	Venue
	SOLAPUR BRANCH OF WIRC OF ICAI AMRAVATI BRANCH OF WIRC OF ICAI		
14.4.2023	HALF DAY WORKSHOP ON ENGLISH WRITING SKILLS” “The Secret Magic Of English Writing	MR. SHIVAM NIRMALE	ICAI Bhawan Pimpri Chinchwad Branch, Nigdi
15.4.2023	PHYSICAL CUM VIRTUAL SEMINAR ON FROM DATA TO INSIGHT: EXCEL TECHNIQUES FOR POWER USERS	CA.Abhay Gadiya CA. Naciket Pindharkar CA .Mayuri Bhurat	ICAI Bhawan Pimpri Chinchwad Branch, Nigdi
22.4.2023	Workshop On Anger Management	CA PavanKumar Zanvar	ICAI Bhawan Pimpri Chinchwad Branch, Nigdi
22.4.2023	Webinar on Key Highlights of New Foreign Trade Policy (FTP) 2023 for CA Students	CA. Shailesh Rathi	ICAI Bhawan Pimpri Chinchwad Branch, Nigdi

# Article

## 5 possible solutions to reduce the burden of GST on Covid-19 vaccines

### Taxability as per current law

Currently, the rate notified for Covid-19 vaccine is 5% as these vaccines are categorized under HSN code 3002/3006 relating to 'Animal and Human Blood Vaccines'. Since output tax is applicable on Covid vaccines, Input Tax Credit (ITC) is allowed for inputs, input services or capital goods used for its manufacture and distribution.

If in any case, ITC is greater than the output tax, this will lead to an inverted duty structure and refund of excess input taxes on goods is allowed under section 54 of CGST Act, 2017. However, refund of excess input tax on services is not allowed.

### Controversy

Controversy came to light when CM of West Bengal wrote to Union Finance Minister Nirmala Sitharaman requesting for exemption on Covid-19 vaccine under GST. Several other politicians and social activists raised similar request.

But there is a problem in exempting vaccines from GST! As per section 17(2) read with Rule 42 and 43, if any goods/services are exempted, then ITC on inputs, input services and capital goods will also get restricted. If this is done, vaccine manufacturer won't be able to avail ITC and eventually such manufacturer will add such unavailed ITC into the price due to the prevalence of Cost Accounting Standard (CAS) 4.

### Possible Solution 1: Notifying supply of vaccines as Zero-Rated supply

In case of Zero-Rated supplies, there is no tax on outward supplies and ITC on inward supplies is also allowed as refund leading to double benefit. As of now, only 2 types of supplies are notified as Zero-Rated supplies-

- Export of Goods and Services
- Supply made to a Special Economic Zone (SEZ)

If supply of vaccine is notified as Zero-rated supply under section 16 of IGST Act, 2017 manufacturer of such vaccines will not be required to pay GST on outward supplies and they will also be eligible to claim refund of input tax paid.

### Possible Solution 2: Creating exception to Section 17

As mentioned earlier, Section 17 when read with Rule 42 and 43 restricts ITC in case of exempt supplies.

However, ITC is not denied for following 2 exempt supplies-

- Interest and discount income earned by any person other than banks
- Transportation of goods outside India



Hence, possible solution is to exempt Covid-19 vaccines and at the same time, create an exception for vaccines under Rule 42 and 43 so that ITC is not denied.

### **Possible Solution 3: Notifying supply of vaccines as Deemed Export**

Section 147 of CGST Act, 2017 contains concept of 'Deemed export' under which certain supplies although not actually exported, can be notified as deemed exports. In such case, the supplies/ recipient is allowed to get refund of tax paid on such transaction.

Currently, certain supplies notified as deemed exports are-

- Supply of goods against Advance authorization
- Supply of capital goods against Export Promotion Capital Goods authorization (EPCG)

Supplies received as well as made by Covid-19 vaccine manufacturer can be notified as deemed export.

### **Possible Solution 4: Reducing GST rate on vaccines to 0.5%**

GST rate on Covid-19 vaccines may be reduced to 0.5%. Such rate already exists for merchant exporters. ITC of all inputs, inputs service and capital goods used for manufacture and sale of such vaccines will be allowed as restrictions of section 17 won't be applicable here as it is not an exempt supply.

Inverted duty structure created due to accumulation of unutilized ITC can be claimed as refund under section 54 can be claimed in this case.

### **Possible Solution 5: Deemed Valuation**

Usually, GST rate are applicable on transaction value as per section 15(1). However, section 15(5) contains provision where certain value notified by central government can be deemed as 'Value of Supply' for the purpose of charging GST.

As of now, special procedure for finding value of supply under GST is notified on following business:

- Life Insurance business
- Air Ticketing business
- Lottery business

Using the power under section 15(5) of CGST Act, 2017 value of supply for Covid-19 vaccine can be notified as 'NIL' for GST purpose irrespective of the price at which it is sold. Hence, tax on vaccines will also become NIL.

Also, there will not be denial of ITC under section 17(2) as legally, sale of vaccines in this case will not be 'exempt supply'.



Mr. Saurabh Hanumant Jadhav

WRO0712162

*Event Photo***WICASA PIMPRI CHINCHWAD BRANCH OF WIRC OF ICAI**

**ICAI Bhawan Plot No. 17/8 A, at Nigdi, Dattanagar,  
Near Bhakti Shakti chowk, Dehuroad Cantonment  
Board, Behind Indian Oil Petrol Pump, Pune 411044.**

**Contact No: 8237119966/77**

**Email:** [pimpri.chinchwad@icai.org](mailto:pimpri.chinchwad@icai.org), [pimpriicai@gmail.com](mailto:pimpriicai@gmail.com)

**Website:** <http://pimprichinchwad-icai.org/>

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- Please contribute to Students Newsletter in the forms of Articles, Compilations or any other useful information.

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