

# GST Compensation Cess: Currently Valid Notification/Circular as amended

For capacity building purpose only

Date of Updation: 01.08.2024

## GST Compensation Cess: Text of Currently Valid Notifications/ Circulars

### List of Currently Valid Notifications /Circulars

Sr. No.	Notification Number and date	Subject
<b>Effective Date of coming into force the levy of Compensation Cess.</b>		
1.	<b>Notification No. 1/2017-GST Compensation, dated 28.06.2017</b>	It brought into force all the provisions of GST (Compensation to States) Act, 2017 with effect from 1.7.2017.
<b>Effective Rate of Compensation Cess</b>		
2.	<b>Notification No. 1/2017-Compensation Cess (Rate), dated 28.06.2017</b> as amended <i>vide</i> notification No. 3/2017-Compensation Cess (Rate), dated 18.07.2017; No. 5/2017-Compensation Cess (Rate), dated 11.09.2017; No. 1/2018-Compensation Cess (Rate), dated 25.01.2018; No. 2/2018-Compensation Cess (Rate), dated 26.07.2018 (w.e.f. 27.07.2018) (read with corrigendum dated 02.08.2018); No. 02/2019-Compensation Cess (Rate), dated 30.09.2019 (01.10.2019); No. 1/2021-Compensation Cess (Rate), dated 30.09.2021 (w.e.f. 01.10.2021); No. 2/2021-Compensation Cess (Rate), dated 28.12.2021 (w.e.f. 01.01.2022); No. 01/2023-Compensation Cess (Rate), dated 28.02.2023 (w.e.f. 01.03.2023); and No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023).	It notifies the rate of Compensation Cess applicable on inter-state or intra-state supplies of specified goods.
3.	<b>Notification No. 2/2017-Compensation Cess (Rate), dated 28.06.2017</b> as amended <i>vide</i> notification No. 06/2017-Compensation Cess (Rate), dated 13.10.2017.	It notifies rate of Compensation Cess applicable on inter-state or intra-state supplies of specified services.
<b>Disallowance of the refund of Compensation Cess in case of Inverted Duty Structure for Tobacco and Manufactured Tobacco Substitutes</b>		

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Sr. No.	Notification Number and date	Subject
4.	<p><b>Notification No. 03/2019-Compensation Cess (Rate), dated 30.09.2019 (w.e.f. 1.7.2017)</b></p> <p><b>Note:</b> vide Section 133 of the Finance Act, 2020 (12 of 2020), the notification No. 03/2019-Compensation Cess (Rate), dated 30.09.2019 was made retrospective in effect from 1.7.2017.</p>	It disallows the refund of compensation cess in case of inverted duty structure for tobacco and manufactured tobacco substitutes.
<b>Exemption from payment of Compensation Cess</b>		
5.	<b>Notification No. 4/2017-Compensation Cess (Rate), dated 20.07.2017</b>	It exempts intra-state supplies of second hand goods received by a registered person, dealing in buying and selling of second hand goods and the person who is liable to pay the GST compensation cess on the value of outward supply of such second hand goods.
6.	<b>Notification No. 7/2017-Compensation Cess (Rate), dated 13.10.2017</b>	It prescribes rate of Compensation Cess applicable on leasing of motor vehicles purchased and leased before 1.7.2017 or supply of motor vehicles purchased before 1.7.2017 but supplied after 1.7.2017.
<b>Exemption on Supply of Goods/Services by a Retail Outlet Established in Departure area of International Airport</b>		
7.	<b>Notification No. 1/2019-Compensation Cess (Rate), dated 29.06.2019 (w.e.f. 01.07.2019).</b>	It wholly exempts any supply of goods by a retail outlet established in the departure area of an international airport, beyond the immigration counters, to an outgoing international tourist, from GST Compensation Cess.
<b>Clarifications</b>		
8.	<b>Circular No. 1/1/2017-Compensation Cess, dated 26.07.2011.</b>	It clarifies the issue of applicability of Section 16 of the IGST Act, 2017, relating to zero rated supply for the purpose of Compensation Cess on exports.

### 1. Text of Notification No. 1/2007-GST Compensation, dated 28.06.2018

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G.S.R. ....(E).— In exercise of the powers conferred by sub-section (3) of section 1 of the Goods and Services Tax (Compensation to States) Act, 2017 (15 of 2017), the Central Government hereby appoints the 1st day of July, 2017, as the date on which all the provisions of the said Act shall come into force.

[F. No. S-31011/28/2016-ST-I DOR]

## 2. GST Compensation Cess Rate Notified on Supply of Goods

**Notification No. 1/2007-Compensation Cess (Rate), dated 28.06.2017 (effective from 1.7.2017) as amended** vide notification No. 3/2017-Compensation Cess (Rate), dated 18.07.2017; No. 5/2017-Compensation Cess (Rate), dated 11.09.2017; No. 1/2018-Compensation Cess (Rate), dated 25.01.2018; No. 2/2018-Compensation Cess (Rate), dated 26.07.2018 (w.e.f. 27.07.2018) (read with corrigendum dated 02.08.2018); No. 02/2019-Compensation Cess (Rate), dated 30.09.2019 (01.10.2019); No. 1/2021-Compensation Cess (Rate), dated 30.09.2021 (w.e.f. 01.10.2021); No. 2/2021-Compensation Cess (Rate), dated 28.12.2021 (w.e.f. 01.01.2022); No. 01/2023-Compensation Cess (Rate), dated 28.02.2023 (w.e.f. 01.03.2023); No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023); and No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023)

G.S.R. (E).- In exercise of the powers conferred by sub-section (2) of section 8 of the Goods and Services Tax (Compensation to States) Act, 2017 (15 of 2017), the Central Government, on the recommendations of the Council, hereby notifies the rate of cess as specified in column (4) of the Schedule appended to this notification, that shall be levied on the intra-State supplies or inter-State supplies of such goods, the description of which is specified in the corresponding entry in column (3) and falling under the tariff item, subheading, heading or Chapter, as the case may be, as specified in the corresponding entry in column (2) of the said Schedule.

### Schedule

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Rate of goods and services tax compensation cess
(1)	(2)	(3)	(4)
1.	2106 90 20	<sup>1</sup> [Pan Masala with declared retail sale price] <del>Pan masala</del>	<sup>2</sup> [0.32R per unit]
<sup>3</sup> [1A	2106 90 20	Pan Masala, other than goods covered under S. No. 1 above	60%]
2.	2202 10 10	Aerated waters	12%
3.	2202 10 20	Lemonade	12%

<sup>1</sup> **Substituted** for the words “ Pan Masala” Vide notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>2</sup> **Substituted** for “ 60%” vide notification No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023).

<sup>3</sup> **Inserted** entry No. 1A Vide notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

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S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Rate of goods and services tax compensation cess
4.	2202 10 90	Others	12%
<sup>4</sup> [4A	22029990	Caffeinated Beverages	12%]
<sup>5</sup> [4B	2202	Carbonated Beverages of Fruit Drink or Carbonated Beverages with Fruit Juice.	12%]
5.	2401	Unmanufactured tobacco (without lime tube) – bearing a brand name <sup>6</sup> [with declared retail sale price]	<sup>7</sup> [ 0.36R per unit ]
<sup>8</sup> [5A	2401	Unmanufactured tobacco (without lime tube)–bearing a brand name, other than goods covered under S. No. 5 above	71%]
6.	2401	Unmanufactured tobacco (with lime tube) – bearing a brand name <sup>9</sup> [with declared retail sale price]	<sup>10</sup> [ 0.36R per unit ]
<sup>11</sup> [ 6A.	2401	Unmanufactured tobacco (with lime tube)–bearing a brand name, other than goods covered under S. No. 6 above	65%]
7.	2401 30 00	Tobacco refuse, bearing a brand name <sup>12</sup> [with declared retail sale price]	<sup>13</sup> [ 0.32R per unit]
<sup>14</sup> [7A.	2401 30 00	Tobacco refuse, bearing a brand name, other than goods covered under S. No. 7 above	61%]
8.	2402 10 10	Cigar and cheroots	21% or Rs. 4170 per thousand, whichever is higher
9.	2402 10 20	Cigarillos	21% or Rs. 4170 per thousand, whichever is higher
10.	2402 20 10	Cigarettes containing tobacco other than filter cigarettes, of length not exceeding 65 millimetres	<sup>15</sup> [ 5% + Rs. 2076 per thousand]

<sup>4</sup> **Inserted** Entry No. 4A vide notification No. 2/2019-Compensation Cess (Rate), dated 30.09.2019 (w.e.f. 01.10.2019).

<sup>5</sup> **Inserted** Entry No. 4B vide notification No. 1/2021-Compensation Cess (Rate), dated 30.09.2021 (w.e.f. 01.10.2021).

<sup>6</sup> **Inserted** Vide notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>7</sup> **Substituted** for “ 71%” vide notification No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023).

<sup>8</sup> **Inserted** Entry No. 5A Vide notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>9</sup> **Inserted** Vide notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>10</sup> **Substituted** for “ 65%” vide notification No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023).

<sup>11</sup> **Inserted** Entry No. 6A Vide notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>12</sup> **Inserted** Vide notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>13</sup> **Substituted** for “ 61%” vide notification No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023).

<sup>14</sup> **Inserted** Entry No. 7A Vide notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>15</sup> The rate of tax was enhanced to “5% + Rs. 2076 per thousand” from the rate of 5% + Rs. 1591 per thousand” with effect from 18.07.2017 vide notification No. 3/2017-Compensation Cess ( Rate), dated 18.07.2017.

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S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Rate of goods and services tax compensation cess
11.	2402 20 20	Cigarettes containing tobacco other than filter cigarettes, of length exceeding 65 millimetres but not exceeding 75 millimetres	<sup>16</sup> [5%+ Rs. 3668 per thousand]
12.	2402 20 30	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) not exceeding 65 millimetres	<sup>17</sup> [5% + Rs.2076 per thousand]
13.	2402 20 40	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) exceeding 65 millimetres but not exceeding 70 millimetres	<sup>18</sup> [5% + Rs.2747 per thousand ]
14.	2402 20 50	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) exceeding 70 millimetres but not exceeding 75 millimetres	<sup>19</sup> [5% + Rs.3668 per thousand ]
15.	2402 20 90	Other cigarettes containing tobacco	<sup>20</sup> [36% + Rs.4170 per thousand]
16.	2402 90 10	Cigarettes of tobacco substitutes	Rs. 4006 per thousand
17.	2402 90 20	Cigarillos of tobacco substitutes	12.5% or Rs. 4,006 per thousand whichever is higher
18.	2402 90 90	Other	12.5% or Rs. 4,006 per thousand whichever is higher
19.	2403 11 10	'Hookah' or 'gudaku' tobacco bearing a brand name <sup>21</sup> [with declared retail sale price]	<sup>22</sup> [ 0.36R per unit]
<sup>23</sup> [19A.	2403 11 10	'Hookah' or 'gudaku' tobacco, bearing a brand name, other than goods covered under S. No. 19 above	72%]

<sup>16</sup> The rate of tax was enhanced to “5% + Rs. 3668 per thousand” from the rate of 5% + Rs. 2876 per thousand” with effect from 18.07.2017 vide notification No. 3/2017-Compensation Cess ( Rate), dated 18.07.2017.

<sup>17</sup> The rate of tax was enhanced to “5% + Rs. 2076 per thousand” from the rate of 5% + Rs. 1591 per thousand” with effect from 18.07.2017 vide notification No. 3/2017-Compensation Cess ( Rate), dated 18.07.2017.

<sup>18</sup> The rate of tax was enhanced to “5% + Rs. 2747 per thousand” from rate of 5% + Rs. 2126 per thousand” with effect from 18.07.2017 vide notification No. 3/2017-Compensation Cess ( Rate), dated 18.07.2017.

<sup>19</sup> The rate of tax was enhanced to “5% + Rs. 3668 per thousand” from the rate of 5% + Rs. 2876 per thousand” with effect from 18.07.2017 vide notification No. 3/2017-Compensation Cess ( Rate), dated 18.07.2017.

<sup>20</sup> The rate of tax was enhanced to “36% + Rs. 4170 per thousand” from the rate of 5% + Rs. 4170 per thousand” with effect from 18.07.2017 vide notification No. 3/2017-Compensation Cess ( Rate), dated 18.07.2017.

<sup>21</sup> **Inserted** Vide notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>22</sup> Substituted for “ 72%” vide notification No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023).

<sup>23</sup> **Inserted** Entry No. 19 A Vide notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

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S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Rate of goods and services tax compensation cess
20.	2403 11 10	Tobacco used for smoking 'hookah' or 'chilam' commonly known as 'hookah' tobacco or 'gudaku' not bearing a brand name <sup>24</sup> [with declared retail sale price]	<sup>25</sup> [ 0.12 R per unit]
<sup>26</sup> [20A.	2403 11 10	Tobacco used for smoking 'hookah' or 'chilam' commonly known as 'hookah' tobacco or 'gudaku', not bearing a brand name, other than goods covered under S. No. 20 above	17%]
21.	2403 11 90	Other water pipe smoking tobacco not bearing a brand name <sup>27</sup> [with declared retail sale price]	<sup>28</sup> [ 0.08 R per unit ]
<sup>29</sup> [21A.	2403 11 90	Other water pipe smoking tobacco, not bearing a brand name, other than goods covered under S. No. 21 above	11%]
22.	2403 19 10	<sup>30</sup> [Smoking mixtures for pipes and cigarettes, with declared retail sale price] <del>[Smoking mixtures for pipes and cigarettes]</del>	<sup>31</sup> [0.69 R per unit]
<sup>32</sup> [22A.	2403 19 10	Smoking mixtures for pipes and cigarettes, other than goods covered under S. No. 22 above	290%]
23.	2403 19 90	Other smoking tobacco bearing a brand name <sup>33</sup> [with declared retail sale price]	<sup>34</sup> [0.28 R per unit]
<sup>35</sup> [23A.	2403 19 90	Other smoking tobacco bearing a brand name, other than goods covered under S. No. 23 above	49%]
24.	2403 19 90	Other smoking tobacco not bearing a brand name <sup>36</sup> [with declared retail sale price]	<sup>37</sup> [0.08 R per unit]

<sup>24</sup> **Inserted** *Vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>25</sup> **Substituted** for "17%" *vide* notification No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023).

<sup>26</sup> **Inserted** entry No. 20 A *Vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>27</sup> **Inserted** *Vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>28</sup> **Substituted** for "11%" *vide* notification No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023).

<sup>29</sup> **Inserted** Entry No. 21 A *Vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>30</sup> **Substituted** in place of words "Smoking mixtures for pipes and cigarettes" *Vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>31</sup> **Substituted** for "290 %" *vide* notification No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023).

<sup>32</sup> **Inserted** Entry No. 22A *Vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>33</sup> **Inserted** *Vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>34</sup> **Substituted** for "49%" *vide* notification No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023).

<sup>35</sup> **Inserted** Entry No. 23A *Vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>36</sup> **Inserted** *Vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>37</sup> **Substituted** for "11%" *vide* notification No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023).

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S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Rate of goods and services tax compensation cess
<sup>38</sup> [24A.	2403 19 90	Other smoking tobacco, not bearing a brand name, other than goods covered under S. No. 24 above	11%
24B.	2403 91 00	“Homogenised” or “reconstituted” tobacco, bearing a brand name with declared retail sale price	0.36 R per unit
24C.	2403 91 00	“Homogenised” or “reconstituted” tobacco, bearing a brand name, other goods covered under S. No. 24 B above	72%]
<sup>39</sup> [24A.	<del>2403 91 00</del>	<del>“Homogenised” or “reconstituted” tobacco, bearing a brand name</del>	<del>0.36R per unit]</del>
25.	[ <del>2404 11 00</del> <sup>40</sup> [2403 91 00 or 2404 11 00]	Homogenised” or “reconstituted” tobacco, bearing a brand name	72%
26.	2403 99 10	<sup>41</sup> [Chewing tobacco (without lime tube), with declared retail sale price] <del>Chewing tobacco (without lime tube)</del>	<sup>42</sup> [0.56 R per unit]
<sup>43</sup> [26A.	2403 99 10	Chewing tobacco (without lime tube), other than goods covered under S. No. 26 above	160%]
27.	2403 99 10	<sup>44</sup> [Chewing tobacco (with lime tube), with declared retail sale price] <del>Chewing tobacco (with lime tube)</del>	<sup>45</sup> [0.56 R per unit]
<sup>46</sup> [27A.	2403 99 10	Chewing tobacco (with lime tube), other than goods covered under S. No. 27 above	142%]

- <sup>38</sup> **Substituted** Entry No. 24A by Entry Nos. 24A, 24B and 24C 5A *vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).
- <sup>39</sup> **Inserted** *vide* notification No. 02/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023).
- <sup>40</sup> **Substituted** for numbers “2403 91 00” *vide* notification No. 02/2021-Compensation Cess (rate), dated 28.12.2021 (w.e.f. 01.01.2022).
- <sup>41</sup> **Substituted** for the words “Chewing tobacco (without lime tube) *Vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).
- <sup>42</sup> **Substituted** for “160%” *vide* notification No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023).
- <sup>43</sup> **Inserted** Entry No. 26A *Vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).
- <sup>44</sup> **Substituted** for the words “Chewing tobacco (with lime tube)” *vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).
- <sup>45</sup> **Substituted** for “142%” *vide* notification No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023).
- <sup>46</sup> **Inserted** Entry No. 27 A *vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

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S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Rate of goods and services tax compensation cess
28.	2403 99 10	<sup>47</sup> [Filter khaini, with declared retail sale price] <del>Filter khaini</del>	<sup>48</sup> [0.56R per unit]
<sup>49</sup> [28A.	2403 99 10	Filter khaini, other than goods covered under S. No. 28 above	160%]
29.	2403 99 20	<sup>50</sup> [Preparations containing chewing tobacco, with declared retail sale price] <del>Preparations containing chewing tobacco</del>	<sup>51</sup> [0.36R per unit]
<sup>52</sup> [29A.	2403 99 20	Preparations containing chewing tobacco, other than goods covered under S. No. 29 above	72%]
30.	2403 99 30	<sup>53</sup> [Jarda scented tobacco, with declared retail sale price] <del>Jarda scented tobacco</del>	<sup>54</sup> [0.56R per unit]
<sup>55</sup> [30A.	2403 99 30	Jarda scented tobacco, other than goods covered under S. No. 30 above	160%]
31.	2403 99 40	<sup>56</sup> [Snuff, with declared retail sale price] <del>Snuff</del>	<sup>57</sup> [ 0.36R per unit ]
<sup>58</sup> [31A.	2403 99 40	Snuff, other than goods covered under S. No. 31 above	72%]
32.	2403 99 50	<sup>59</sup> [Preparations containing snuff, with declared retail sale price] <del>Preparations containing snuff</del>	<sup>60</sup> [ 0.36R per unit ]

<sup>47</sup> **Substituted** for the words “ Filter khaini” *vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>48</sup> **Substituted** for “160%” *vide* notification No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023).

<sup>49</sup> **Inserted** Entry No. 28 A *vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>50</sup> **Substituted** for the words “ Preparations containing chewing tobacco” *vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>51</sup> **Substituted** for “72%” *vide* notification No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023).

<sup>52</sup> **Inserted** Entry No. 29 A *vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>53</sup> **Substituted** for the words “ Jarda scented tobacco” *Vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>54</sup> **Substituted** for “160%” *vide* notification No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023).

<sup>55</sup> **Inserted** Entry No. 30 A *vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>56</sup> **Substituted** for the words “snuff” *Vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>57</sup> **Substituted** for “72%” *vide* notification No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023).

<sup>58</sup> **Inserted** Entry No. 31 A *vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>59</sup> **Substituted** for the words “Preparations containing snuff ” *vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>60</sup> **Substituted** for “72%” *vide* notification No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023).



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*For capacity building purpose only*

Date of Update: 01.08.2024

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Rate of goods and services tax compensation cess
<sup>61</sup> [32A.	2403 99 50	Preparations containing snuff, other than goods covered under S. No. 32 above	72%]
33.	2403 99 60	Tobacco extracts and essence bearing a brand name <sup>62</sup> [with declared retail sale price]	<sup>63</sup> [ 0.36R per unit ]
<sup>64</sup> [33A.	2403 99 60	Tobacco extracts and essence, bearing a brand name, other than good covered under S. No. 33 above	72%]
34.	2403 99 60	Tobacco extracts and essence not bearing a brand name <sup>65</sup> [with declared retail sale price]	<sup>66</sup> [ 0.36R per unit ]
<sup>67</sup> [34A.	2403 99 60	Tobacco extracts and essence, not bearing a brand name, other than goods covered under S. No. 34 above	65%]
35.	2403 99 70	<sup>68</sup> [Cut tobacco, with declared retail sale price] <del>Cut tobacco</del>	<sup>69</sup> [ 0.14R per unit ]
<sup>70</sup> [35A.	2403 99 70	Cut tobacco, other than goods covered under S. No. 35 above	20%]
36.	2403 99 90	<sup>71</sup> [Pan masala containing tobacco 'Gutkha', with declared retail sale price] <del>Pan masala containing tobacco 'Gutkha'</del>	<sup>72</sup> [0.61R per unit"]
<sup>73</sup> [36A.	2403 99 90	Pan masala containing tobacco 'Gutkha', other than goods covered under S. No. 36 above	204%]
<sup>74</sup> [36B.	2403 99 90	All goods, other than pan masala containing	0.43R per unit]

<sup>61</sup> **Inserted** Entry No. 32 A *Vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>62</sup> **Inserted** *Vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>63</sup> **Substituted** for "72%" *vide* notification No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023).

<sup>64</sup> **Inserted** Entry No. 33A *Vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>65</sup> **Inserted** *Vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>66</sup> Substituted for " 65%" *vide* notification No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023).

<sup>67</sup> **Inserted** Entry No. 34 A *Vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>68</sup> **Substituted** for the words " Cut tobacco" *Vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>69</sup> **Substituted** for "20%" *vide* notification No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023).

<sup>70</sup> **Inserted** Entry No. 35A *vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>71</sup> **Substituted** for the words "Pan masala containing tobacco 'Gutkha " *vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>72</sup> **Substituted** for "204%" *vide* notification No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023).

<sup>73</sup> Substituted for entry No. 36A *vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).  
Prior to substitution, it provided as under:-

36A	2403 99 90	All goods, other than pan masala containing tobacco 'gutkha', bearing a brand name	0.43 R per unit
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<sup>74</sup> **Substituted** for entry No. 36A *vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).  
Prior to substitution, it provided as under:-

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S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Rate of goods and services tax compensation cess
		tobacco 'gutkha', bearing a brand name, with declared retail sale price	
<sup>75</sup> [36C.	2403 99 90	All goods, other than pan masala containing tobacco 'gutkha', bearing a brand name, other than good covered under S. No. 36B above	96%
36D.	2403 99 90	All goods, other than pan masala containing tobacco 'gutkha', not bearing a brand name, with declared retail sale price	0.43R per unit
36E.	2403 99 90	All goods, other than pan masala containing tobacco 'gutkha', not bearing a brand name, other than goods covered under S. No. 36D above	89% ]
<del><sup>76</sup>[36A</del>	<del>2403 99 90</del>	<del>All goods, other than pan masala containing tobacco 'gutkha', bearing a brand name</del>	<del>0.43R per unit</del>
<del>36B</del>	<del>2403 99 90</del>	<del>All goods, other than pan masala containing tobacco 'gutkha', not bearing a brand name</del>	<del>0.43R per unit ]</del>
37.	<sup>77</sup> [240411 00, 2404 19 00]  <del><sup>78</sup>[2403 99 90 or 2404 11 00 or 2404 19 00]</del>	All goods, other than pan masala containing tobacco 'gutkha', bearing a brand name	96%
38.	<sup>79</sup> [240411 00, 2404 19 00]  <del><sup>80</sup>[2403 99 90 or 2404 11 00 or 2404 19 00]</del>	All goods, other than pan masala containing tobacco 'gutkha', not bearing a brand name	89%

36B	2403 99 90	All goods, other than pan masala containing tobacco 'gutkha', not bearing a brand name	0.43R per unit
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<sup>75</sup> **Inserted** Entry No. 36 C, 36D and 36E *Vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023).

<sup>76</sup> **Inserted** vide notification No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023).

<sup>77</sup> **Substituted** for the numbers "2403 99 90 or 2404 11 00 or 2404 19 00" vide notification No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023).

<sup>78</sup> **Substituted** for numbers "2403 99 90" vide notification No. 02/2021-Compensation Cess (rate), dated 28.12.2021 (w.e.f. 01.01.2022).

<sup>79</sup> **Substituted** for numbers "2403 99 90 or 2404 11 00 or 2404 19 00" vide notification No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023).

<sup>80</sup> **Substituted** for numbers "2403 99 90" vide notification No. 02/2021-Compensation Cess (rate), dated 28.12.2021 (w.e.f. 01.01.2022).

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S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Rate of goods and services tax compensation cess
39.	2701	Coal; briquettes, ovoids and similar solid fuels manufactured from coal.	Rs. 400 per tonne
40.	2702	Lignite, whether or not agglomerated, excluding jet	Rs. 400 per tonne
41.	2703	Peat (including peat litter), whether or not agglomerated	Rs. 400 per tone
<sup>81</sup> [41A	27	<sup>82</sup> [Coal rejects supplied to a coal washery or by a coal washery, arising out of coal on which compensation cess has been paid and input tax credit there of has not been availed by any person]  <del>Coal rejects supplied by a coal washery, arising out of coal on which compensation cess has been paid and no input tax credit thereof has not been availed by any person.</del>	Nil]
42.	[8702 10, 8702 20, 8702 30, 8702 90] <sup>83</sup>	<sup>84</sup> [Motor vehicles for the transport of not more than 13 persons, including the driver, other than the vehicles of the description mentioned in S. No. 50 and 51] <del>Motor vehicles for the transport of [not more than thirteen]<sup>85</sup> persons, including the driver</del>	15%
<sup>86</sup> [42A	87	All old and used motor vehicles Explanation: Nothing contained in this entry shall apply if the supplier of such goods has availed input tax credit as defined in clause (63) of section 2 of the Central Goods and Services Tax Act, 2017, CENVAT credit as defined in CENVAT Credit Rules, 2004, or the input tax credit of Value Added Tax or any other taxes paid on such vehicles.	NIL]

<sup>81</sup> **Inserted** vide notification No. 2/2018-Compensation Cess (Rate), dated 26.07.2018.

<sup>82</sup> **Substituted** vide notification No. 01/2023-Compensation Cess (Rate), dated 28.02.2023 (w.e.f. 01.03.2023). Prior to substitution, it provided as under:-

*“Coal rejects supplied by a coal washery, arising out of coal on which compensation cess has been paid and no input tax credit thereof has not been availed by any person.”*

<sup>83</sup> **Substituted** the numbers “8702 10, 8702 20, 8702 30, 8702 90” in place of numbers “870210” Vide corrigendum dated 30.06.2017

<sup>84</sup> **Substituted** vide notification No. 2/2019-Compensation Cess (Rate), dated 30.09.2019 (w.e.f. 01.10.2019). Prior to substitution, it provided as under:-

*“ Motor vehicles for the transport of [not more than thirteen] persons, including the driver”*

<sup>85</sup> **Substituted** the words and number “not more than 13” for the words “for “ten or more” Vide corrigendum dated 30.06.2017.

<sup>86</sup> **Inserted** vide notification No. 1/2018-Compensation Cess (Rate), dated 25.01.2018.

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S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Rate of goods and services tax compensation cess
<sup>87</sup> [42B]	87	Fuel Cell Motor Vehicles	NIL]
43.	<sup>88</sup> [8702 or 8703]	Motor vehicles cleared as ambulances duly fitted with all the fitments, furniture and accessories necessary for an ambulance from the factory manufacturing such motor vehicles	NIL
44.	8703 10 10, 8703 80	Electrically operated vehicles, including three wheeled electric motor vehicles.	NIL
45.	8703	Three wheeled vehicles	NIL
46.	8703	<sup>89</sup> [following motor vehicles of length not exceeding 4000 mm, namely: - (a)Petrol, Liquefied petroleum gases (LPG) or compressed natural gas (CNG) driven vehicles of engine capacity not exceeding 1200cc; and (b)Diesel driven vehicles of engine capacity not exceeding 1500 cc for persons with orthopedic physical disability, subject to the condition that an officer not below the rank of Deputy Secretary to the Government of India in the Department of Heavy Industries certifies that the said goods shall be used by the persons with orthopedic physical disability in accordance with the guidelines issued by the said Department]	NIL
<sup>90</sup> [47.	8703 40, 8703 60	Following Vehicles, with both spark-ignition internal combustion reciprocating piston	

<sup>87</sup> **Inserted** vide notification No. 2/2018-Compensation Cess (Rate), dated 26.07.2018

<sup>88</sup> **Amended** vide notification No. 1/2018-Compensation Cess (Rate), dated 25.01.2018. Prior to amendment, the entry read as "8703".

<sup>89</sup> **Substituted** vide notification No. 2/2019-Compensation Cess (Rate), dated 30.09.2019 (w.e.f. 01.10.2019). Prior to substitution, it provided as under:-

*" Cars for physically handicapped persons, subject to the following conditions:*

*a) an officer not below the rank of Deputy Secretary to the Government of India in the Department of Heavy Industries certifies that the said goods are capable of being used by the physically handicapped persons; and*

*b) the buyer of the car gives an affidavit that he shall not dispose of the car for a period of five years after its purchase."*

<sup>90</sup> **Substituted** vide notification No. 5/2017-Compensation Cess (Rate), dated 11.09.2017. Prior to substitution, the entry 47 provided as under:-

[47.	8703 40, 8703 50,	Following Vehicles, with both spark-ignition internal combustion reciprocating piston engine and electric motor as motors for propulsion; a) Motor vehicles cleared as ambulances duly fitted with all the fitments, furniture and accessories necessary for an ambulance from the factory manufacturing such motor vehicles	NIL
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S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Rate of goods and services tax compensation cess
		engine and electric motor as motors for propulsion; (a) Motor vehicles cleared as ambulances duly fitted with all the fitments, furniture and accessories necessary for an ambulance from the factory manufacturing such motor vehicles (b) Three wheeled vehicles (c) Motor vehicles of engine capacity not exceeding 1200cc and of length not exceeding 4000 mm (d) Motor vehicles other than those mentioned at (a), (b) and (c) above.  <i>Explanation.-</i> For the purposes of this entry, the specification of the motor vehicle shall be determined as per the Motor Vehicles Act, 1988 (59 of 1988) and the rules made there under.	NIL  NIL  NIL  15% ]
<sup>91</sup> [48	8703 50, 8703 70	Following Vehicles, with both compression-ignition internal combustion piston engine [diesel-or semi diesel] and electric motor as motors for propulsion;  (a) Motor vehicles cleared as ambulances duly fitted with all the fitments, furniture and accessories necessary for an ambulance	NIL

		b) Three wheeled vehicles c) Motor vehicles of engine capacity not exceeding 1200cc and of length not exceeding 4000 mm. Explanation.- For the purposes of this entry, the specification of the motor vehicle shall be determined as per the Motor Vehicles Act, 1988 (59 of 1988) and the rules made there under.	
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<sup>91</sup> **Substituted** vide notification No. 5/2017-Compensation Cess (Rate), dated 11.09.2017. Prior to substitution, the entry 48 provided as under:-

48.	8703 60, 8703 70	Following Vehicles, with both compression -ignition internal combustion piston engine [ diesel-or semi diesel ) and electric motor as motors for propulsion; a) Motor vehicles cleared as ambulances duly fitted with all the fitments, furniture and accessories necessary for an ambulance from the factory manufacturing such motor vehicles b) Three wheeled vehicles c) Motor vehicles of engine capacity not exceeding 1500 cc and of length not exceeding 4000 mm. Explanation.- For the purposes of this entry, the specification of the motor vehicle shall be determined as per the Motor Vehicles Act, 1988 (59 of 1988) and the rules made there under.	NIL
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S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Rate of goods and services tax compensation cess
		from the factory NIL manufacturing such motor vehicles  (b) Three wheeled vehicles  (c) Motor vehicles of engine capacity not exceeding 1500 cc and of length not exceeding 4000 mm  (d) Motor vehicles other than those mentioned at (a), (b) and (c) above.  Explanation.- For the purposes of this entry, the specification of the motor vehicle shall be determined as per the Motor Vehicles Act, 1988 (59 of 1988) and the rules made there under.	NIL  NIL  15%]
49.	8703	Hydrogen vehicles based on fuel cell tech and of length not exceeding 4000 mm. Explanation.- For the purposes of this entry, the specification of the motor vehicle shall be determined as per the Motor Vehicles Act, 1988 (59 of 1988) and the rules made there under.	NIL
50.	<sup>92</sup> [8702, 8703 21 or 8703 22]	Petrol, Liquefied petroleum gases (LPG) or compressed natural gas (CNG) driven motor vehicles of engine capacity not exceeding 1200cc and of length not exceeding 4000 mm. Explanation.- For the purposes of this entry, the specification of the motor vehicle shall be determined as per the Motor Vehicles Act, 1988 (59 of 1988) and the rules made there under.	1%
51.	<sup>93</sup> [8702, 8703 31]	Diesel driven motor vehicles of engine capacity not exceeding 1500 cc and of length not exceeding 4000 mm. Explanation.- For the purposes of this entry, the specification of the motor vehicle shall be determined as per the Motor Vehicles Act, 1988 (59 of 1988) and the rules made there under.	3%
[52.	8703	All goods other than those mentioned at S. Nos. 43 to 51 above	15%]

<sup>92</sup> **Substituted** for the numbers “ 8703 21 or 8703 22” *vide* notification No. 2/2019-Compensation Cess (Rate), dated 30.09.2019 (w.e.f. 01.10.2019).

<sup>93</sup> **Substituted** for the numbers “8703 31” *vide* notification No. 2/2019-Compensation Cess (Rate), dated 30.09.2019 (w.e.f. 01.10.2019).

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S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Rate of goods and services tax compensation cess
<sup>94</sup> [52]	8703	Motor vehicles of engine capacity not exceeding 1500 cc	17%
52A	8703	Motor vehicles of engine capacity exceeding 1500 cc other than motor vehicles specified against entry at S. No 52B.	20%
52B	8703	<sup>95</sup> [Motor vehicles known as Utility Vehicles, by whatever name called including Sports Utility Vehicles (SUV), Multi Utility Vehicles (MUV), Multi-purpose vehicles (MPV) or Cross-Over Utility Vehicles (XUV), with engine capacity exceeding 1500 cc ; Length exceeding 4000 mm and Ground Clearance of 170 mm and above. <i>Explanation:</i> For the purpose of this entry, the Ground Clearance means ground clearance in unladen condition.]  <del>Motor vehicles of engine capacity exceeding 1500 cc, popularly known as Sports Utility Vehicles (SUVs) including utility vehicles.                      Explanation. - For the purposes of this entry, SUV includes a motor vehicle of length exceeding 4000 mm and having ground clearance of 170 mm. and above.</del>	22%]
53.	8711	Motorcycles of engine capacity exceeding 350 cc.	3%
54.	<sup>96</sup> [8802 or 8806]	Other aircraft (for example, helicopters, aeroplanes), for personal use.	3%

<sup>94</sup> **Substituted** entry No. 52 by entry at 52, 52 A and 52B *vide* notification No. 5/2017-Compensation Cess (Rate), dated 11.09.2017. Prior to amendment, the entry 52 provided as under:-

52.	8703	All goods other than those mentioned at S. Nos. 43 to 51 above	15%]
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<sup>95</sup> **Substituted** *vide* notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023). Prior to substitution, it provided as under:-

*“Motor vehicles of engine capacity exceeding 1500 cc, popularly known as Sports Utility Vehicles (SUVs) including utility vehicles.*

*Explanation. - For the purposes of this entry, SUV includes a motor vehicle of length exceeding 4000 mm and having ground clearance of 170 mm. and above.”*

<sup>96</sup> **Substituted** for numbers “8802” *vide* notification No. 02/2021-Compensation Cess (rate), dated 28.12.2021 (w.e.f. 01.01.2022).

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S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Rate of goods and services tax compensation cess
55.	8903	Yacht and other vessels for pleasure or sports	3%
56.	Any chapter	All goods other than those mentioned at S. Nos. 1 to 55 above	Nil

*Explanation.*– (1) In this Schedule, “tariff item”, “heading”, “sub-heading” and “Chapter” shall mean respectively a tariff item, heading, sub-heading and Chapter as specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975).

(2) The rules for the interpretation of the First Schedule to the said Customs Tariff Act, 1975, including the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall, so far as may be, apply to the interpretation of this notification.

(3) For the purposes of this notification, the phrase “brand name” means brand name or trade name, whether registered or not, that is to say, a name or a mark, such as symbol, monogram, label, signature or invented word or writing which is used in relation to such specified goods for the purpose of indicating, or so as to indicate a connection in the course of trade between such specified goods and some person using such name or mark with or without any indication of the identity of that person.

<sup>97</sup>[(4) For the purposes of this notification, “R” appearing in column (4) means “retail sale price” as provided in the Schedule to the Goods and Services Tax (Compensation to States) Act, 2017 (15 of 2017)]

<sup>98</sup> [ **Illustration: Calculation of goods and services tax compensation cess on Pan Masala (S. No. 1 in the Schedule above):**

Rate of goods and services tax compensation cess = 0.32R per unit;

If retail sale price of unit (pouch) of Pan Masala = Rs. 10;

goods and services tax compensation cess leviable = 0.32R = 0.32\*10 = Rs. 3.2 per unit (pouch)]

<sup>99</sup>[(5) For the purposes of this notification, the words “declared retail sale price”, with respect to the goods specified in column (3) of the Schedule above, shall mean the retail sale price of such goods which are required to be declared in compliance with the provisions of the Legal Metrology Act, 2009 (1 of 2010) or the rules made there under or under any other law for the time being in force.]

2. This notification shall come into force with effect from the 1st day of July, 2017.

<sup>97</sup> **Inserted** vide notification No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 1.4.2023).

<sup>98</sup> **Inserted** vide notification No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 1.4.2023).

<sup>99</sup> **Inserted** vide notification No. 3/2023-Compensation Cess (Rate), dated 26.07.2023(w.e.f. 27.07.2023).



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Date of Updation: 01.08.2024

## 3. Rates of GST Compensation Cess on Specified Services

Notification No. 2/2017-Compensation Cess (Rate), 28.06.2017 (w.e.f. 01.07.2017) as amended *vide* notification No. 6/2017- Compensation Cess (Rate), dated 13.10.2017.

(Issued from F. No. 334/1/2017-TRU).

G.S.R.....(E).- In exercise of the powers conferred by sub-section (1) and sub-section (2) of section 8 of the Goods and Services Tax (Compensation to States) Act, 2017 (15 of 2017), the Central Government, on the recommendations of the Council, hereby notifies, that the cess, on the supply of services of description specified in column (2) of the Table below and falling in Chapter, Section, Heading or Group specified in column (3) of the said Table, shall be levied at the rate specified in the corresponding entry in column (4) of the said Table.

**Table**

Sl. No	Description of Services	Chapter, Section, Heading or Group	Rate (in per-cent.)
(1)	(2)	(3)	(4)
1	Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration	Chapter 99	Same rate of cess as applicable on supply of similar goods involving transfer of title in goods
2	Transfer of right in goods or of undivided share in goods without the transfer of title thereof	Chapter 99	Same rate of cess as applicable on supply of similar goods involving transfer of title in goods
<sup>100</sup> [ 2A	Leasing of motor vehicles purchased and leased prior to 1st July 2017	Chapter 99	65 percent. of the rate of cess as applicable on supply of similar goods involving transfer of title in goods.  Note:- Nothing contained in this entry shall apply on or after 1 <sup>st</sup> day of July, 2020.]
3	Any other supply of services	Chapter 99	Nil

2. *Explanation.*- Reference to “Chapter”, “Section”, “Heading” or “Group”, wherever they occur, unless the context otherwise requires, shall mean respectively as “Chapter”, “Section” and “Heading” in the scheme of classification of services.

3. This notification shall come into force with effect from 1st day of July, 2017.

## 4. Notification No. 03/2019-Compensation Cess (Rate), dated 30.09.2019 (w.e.f. 1.7.2017)

<sup>100</sup> Inserted *vide* notification No. 6/2017-Compensation Cess (Rate), dated 13.10.2017.

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*For capacity building purpose only*

Date of Updation: 01.08.2024

**Subject:** It disallows the refund of compensation cess accumulated due to inverted duty structure of inputs used for manufacture of tobacco and manufactured tobacco substitutes.

G.S.R. (E).- In exercise of the powers conferred by clause (ii) of the proviso to sub-section (3) of section 54 of the Central Goods and Services Tax Act, 2017 (12 of 2017) read with sub-section (2) of Section 9 of the Goods and Services Tax (Compensation to States) Act, 2017, the Central Government, on the recommendations of the Council, hereby notifies the goods, the description of which is specified in column (3) of the Table below and falling under the tariff item, heading, sub-heading or Chapter, as the case may be, as specified in the corresponding entry in column (2) of the said Table, in respect of which no refund of unutilised input tax credit of compensation cess shall be allowed, where the credit has accumulated on account of rate of compensation cess on inputs being higher than the rate of compensation cess on the output supplies of such goods (other than nil rated or fully exempt supplies).

**TABLE**

S. No.	Tariff item, heading, subheading or Chapter	Description of Goods
(1)	(2)	(3)
1.	24	Tobacco and manufactured tobacco substitutes

Explanation. –

(1) In this Table, “tariff item”, “sub-heading”, “heading” and “Chapter” shall mean respectively a tariff item, sub-heading, heading or chapter, as specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975).

(2) The rules for the interpretation of the First Schedule to the said Customs Tariff Act, 1975, including the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall, so far as may be, apply to the interpretation of this notification.

[F.No.354/131/2019-TRU]

**Note:** Vide Section 133 of the Finance Act, 2020 (12 Of 2020), the notification No. 03/2019-Compensation Cess (Rate), dated 30.09.2019 was made retrospective in effect from 1.7.2017.

### 5. Notification No. 04/2017- Compensation Cess (Rate), dated 20.07.2017

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 11 of the Goods and Services Tax (Compensation to States) Act, 2017 ( 15 of 2017), read with subsection (1) of section 11

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of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on being satisfied that it is necessary in the public interest so to do, on the recommendations of the Council, hereby exempts intra-State supplies of second hand goods received by a registered person, dealing in buying and selling of second hand goods and who pays the goods and services tax compensation cess on the value of outward supply of such second hand goods as determined under sub-rule (5) of rule 32 of the Central Goods and Services Tax Rules, 2017, from any supplier, who is not registered, from the whole of the goods and services tax compensation cess leviable thereon under section 8 of the Goods and Services Tax (Compensation to States) Act, read with sub-section (4) of Section 9 of the Central Goods and Services Tax Act.

[F.No.354/136/2017-TRU]

### 6. Notification No. 7 /2017-Compensation Cess (Rate), dated 13.10.2017

G.S.R. (E).- In exercise of the powers conferred by sub-section (2) of section 8 of the Goods and Services Tax (Compensation to States) Act, 2017 (15 of 2017), the Central Government, on the recommendations of the Council, hereby notifies the rate of cess as specified in column 4 of the Table below, falling under the tariff item, sub-heading, heading or Chapter as specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), as the case may be, as specified in the corresponding entry in column (2), of the Table below, at the rate specified in corresponding entry in column (4) and subject to relevant conditions annexed to this notification, if any, specified in the corresponding entry in column (5) of the Table below:

TABLE

Sl. No.	Tariff item, sub-heading, heading or Chapter	Description of Goods	Rate	Condition No.
(1)	(2)	(3)	(4)	(5)
1.	8702, 8703	Motor Vehicles	65% of cess applicable otherwise on such goods under Notification No. 1/2017- Compensation Cess (Rate) dated, 28th June, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub Section (i), vide G.S.R. 720 (E) dated the 28th June, 2017.	1
2.	8702, 8703	Motor Vehicles	65% of cess applicable otherwise on such goods under Notification No. 1/2017- Compensation Cess (Rate) dated, 28th June, 2017 published in the Gazette of India, Extraordinary, Part II,	2

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Sl. No.	Tariff item, sub-heading, heading or Chapter	Description of Goods	Rate	Condition No.
(1)	(2)	(3)	(4)	(5)
			Section 3, Sub Section (i), vide G.S.R. 720 (E) dated the 28th June, 2017.	

2. Provided that nothing contained in this notification shall apply on or after 1st July, 2020.

*Explanation* –For the purposes of this notification, -

- (i) “Tariff item”, “sub-heading” “heading” and “Chapter” shall mean respectively a tariff item, heading, sub-heading and Chapter as specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975).
- (ii) The rules for the interpretation of the First Schedule to the said Customs Tariff Act, 1975, including the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall, so far as may be, apply to the interpretation of this notification.

## ANNEXURE

Condition No.	Condition
1	i. The Motor Vehicles was purchased by the lesser prior to 1st July, 2017 and supplied on lease before 1st July, 2017
2	i. The supplier of Motor Vehicle is a registered person. ii. Such supplier had purchased the Motor Vehicle prior to 1 st July, 2017 and has not availed input tax credit of central excise duty, Value Added Tax or any other taxes paid on such vehicles.

[F.No.354/117/2017- TRU (Pt. III)]

## 7. Notification No. 1/2019-Compensation Cess (Rate), dated 29.06.2019 (w.e.f. 01.07.2019).

*Sub: Exemption to supply of goods by a retail outlet established in the departure area of an international airport, beyond the immigration counters, to an outgoing international tourist, from GST Compensation Cess-Reg*

G.S.R. (E).-In exercise of the powers conferred by sub-section (1) of section 11of the Goods and Services Tax (Compensation to States) Act, 2017 (15 of 2017), read with sub-section (1) of section 11 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on being satisfied that is necessary in the public interest so to do, on the recommendations of the Council, hereby exempts any supply of goods by a retail outlet established in the departure area of an

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international airport, beyond the immigration counters, to an outgoing international tourist, from the whole of the goods and services tax compensation cess leviable thereon under section 8 of the Goods and Services tax (Compensation to States) Act.

Explanation. - For the purposes of this notification, the expression “outgoing international tourist” shall mean a person not normally resident in India, who enters India for a stay of not more than six months for legitimate non-immigrant purposes.

2. The notification shall come into force with effect from the 1st day of July, 2019.

[F. No. 354/90/2019-TRU]

### 8. Circular No.1 /1/2017-Compensation Cess, dated 26.07.2018

[ Issued from F.No.354/136/2017-TRU]

**Subject: Clarification regarding applicability of section 16 of the IGST Act, 2017, relating to zero rated supply for the purpose of Compensation Cess on exports – Regarding.**

The issue of zero rating of exports with reference to Compensation Cess has been examined.

2. In this regard section 8 of the Goods and Services tax (Compensation to States) Act, 2017 hereinafter referred to as [GSTC Act, 2017] provides for levy and collection of Compensation Cess and reads as under:

*“8. (1) There shall be levied a cess on such intra-State supplies of goods or services or both, as provided for in section 9 of the Central Goods and Services Tax Act, and such inter State supplies of goods or services or both as provided for in section 5 of the Integrated Goods and Services Tax Act, and collected in such manner as may be prescribed, on the recommendations of the Council, for the purposes of providing compensation to the States for loss of revenue arising on account of implementation of the goods and services tax with effect from the date from which the provisions of the Central Goods and Services Tax Act is brought into force, for a period of five years or for such period as may be prescribed on the recommendations of the Council:*

*(2) The cess shall be levied on such supplies of goods and services as are specified in column (2) of the Schedule, on the basis of value, quantity or on such basis at such rate not exceeding the rate set forth in the corresponding entry in column (4) of the Schedule, as the Central Government may, on the recommendations of the Council, by notification in the Official Gazette, specify.”*

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3. Accordingly, based on the recommendation of GST Council, the effective rates of Compensation Cess leviable on various supplies, stand notified vide Notification No.1/2017-Compensation Cess (Rate).

4. Further, as per sub-section (5) of section 7 of IGST Act, 2017, supply of goods or services or both, when the supplier is located in India and place of supply is outside India, will be treated as inter-state supply. Therefore, exports being inter-state supplies, they will be liable to Compensation Cess. This however will not be in line with the principle that no taxes be exported, and exports have to be zero rated.

5. Provisions relating to zero rating of exports are

*“16. (1) “zero rated supply” means any of the following supplies of goods or services or both, namely: –*

*(a) export of goods or services or both; or*

*(b) supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.*

*(2) Subject to the provisions of sub-section (5) of section 17 of the Central Goods and Services Tax Act, credit of input tax may be availed for making zero-rated supplies, notwithstanding that such supply may be an exempt supply.*

*(3) A registered person making zero rated supply shall be eligible to claim refund under either of the following options, namely: —*

*(a) he may supply goods or services or both under bond or Letter of Undertaking, subject to such conditions, safeguards and procedure as may be prescribed, without payment of integrated tax and claim refund of unutilised input tax credit; or*

*(b) he may supply goods or services or both, subject to such conditions, safeguards and procedure as may be prescribed, on payment of integrated tax and claim refund of such tax paid on goods or services or both supplied, in accordance with the provisions of section 54 of the Central Goods and Services Tax Act or the rules made thereunder”.*

6. Moreover, the section 11 of the Goods and Services tax (Compensation to States) Act, 2017, provides that:

*11. (1) The provisions of the Central Goods and Services Tax Act, and the rules made there under, including those relating to assessment, input tax credit, non-levy, short levy, interest, appeals, offences and penalties, shall, as far as may be, mutatis mutandis, apply, in relation to the levy and collection of the cess leviable under section 8 on the intra-State supply of goods and services, as they apply in*

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*relation to the levy and collection of central tax on such intra-State supplies under the said Act or the rules made there under.*

*(2) The provisions of the Integrated Goods and Services Tax Act, and the rules made thereunder, including those relating to assessment, input tax credit, non-levy, short levy, interest, appeals, offences and penalties, shall, mutatis mutandis, apply in relation to the levy and collection of the cess leviable under section 8 on the inter State supply of goods and services, as they apply in relation to the levy and collection of integrated tax on such inter-State supplies under the said Act or the rules made thereunder:*

*Provided that the input tax credit in respect of cess on supply of goods and services leviable under section 8, shall be utilised only towards payment of said cess on supply of goods and services leviable under the said section.*

7. Therefore, sub-section (2) of section 11 of the Goods and Services tax (Compensation to States) Act, 2017 provides that provisions of Integrated Goods and Services Tax Act, and the rules made there under, shall, mutatis mutandis, apply in relation to the levy and collection of the cess leviable under section 8 on the inter-State supply of goods and services, as they apply in relation to the levy and collection of integrated tax on such inter-State supplies under the said Act or the rules made there under.

8. In view of the above, it is hereby clarified that provisions of section 16 of the IGST Act, 2017, relating to zero rated supply will apply mutatis mutandis for the purpose of Compensation Cess ( wherever applicable), that is to say that:

a) Exporter will be eligible for refund of Compensation Cess paid on goods exported by him [on similar lines as refund of IGST under section 16(3) (b) of the IGST, 2017]; or

b) No Compensation Cess will be charged on goods exported by an exporter under bond and he will be eligible for refund of input tax credit of Compensation Cess relating to goods exported [on similar lines as refund of input taxes under section 16(3) (a) of the IGST, 2017].

9. All concerned are requested to acknowledge the receipt of this circular.

10. Trade Notice/Public Notice to be issued. Difficulty if any, in the implementation of the circular should be brought to the notice of the Board. Hindi version would follow.

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