

COVID-19 PRODUCTS GST IMPLICATIONS

With the outbreak of pandemic COVID 19 across the globe, demand for medical supplies like, Sanitizers, Disposable Face Masks, Personal Protective Equipments (PPE) and Test Kits have increased drastically.

Due to essentiality of such products to fight COVID-19, everyone is looking for GST Rates, HSN Code, ITC availability, exemption details and manufacturing aspects on these products. In this Insight, we have summarized details on these topics.



PPE KITS

PPE Kits

Valued above Rs. 1,000/-

GST Rate

12%

HSN Code

6307

➤ PPE Kits made of Non-Woven Textiles attract GST at the rate of 5% and the HSN Code is 6210/6307* if sale value is up to Rs.1,000/- and is the value exceeds Rs.1,000/- the GST rate is 12% and HSN Code is 6210/6307*.

➤ In the context of Covid-19 situation, the Central Government has granted exemption from Basic Customs Duty and Health cess, on the import of these goods.

PPE Kits

Valued up to Rs. 1,000/-

GST Rate

5%

HSN Code

6307



SANITIZERS & GLOVES

Sanitizers

HSN Code

3808

GST Rate

18%

➤ Sanitizers and other disinfectants attract GST at the rate of 18% and the HSN Code is 3808*. Whereas, Plastic and Rubber Gloves attract GST at the rate of 18% and HSN Code is 4015*.

➤ ITC would be allowed for expenses incurred for sanitizing and cleaning of premises/ building. In cases where credit is specifically used for employees, workers, staff, ITC would be permitted on the basis of health services provided under section 17(5)(b) of GST Act.

Plastic & Rubber Gloves

HSN Code

4015

GST Rate

18%

*List of HSN Codes is illustrative only, please refer all the relevant section, rules, notifications and amendments as applicable.

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MASKS

Mask (Fabric)

Without
replaceable
filter

GST Rate

5%

HSN Code

6307

➤ Gas Masks with Replaceable Filter and Mechanical Parts attract GST at the rate of 12% and HSN Code is 9020* and Mask (Fabric) without Replaceable Filter and Mechanical Parts, including Surgical Masks made of Non- Woven Textiles attract GST at the rate 5% and HSN Code is 6307*.

➤ The import duty on masks for importers is zero, but those who manufacture these products in India will have to pay GST at rates ranging from 5 to 12 per cent.

Gas Masks

With
replaceable
filter

GST Rate

12%

HSN Code

9020

INPUT TAX CREDIT ASPECT

➤ Input Tax Credit (ITC) on Health products used for benefit of employees can be claimed however, credit for donations made of such products would not be available.

Items	ITC (if used for Business)	ITC (for Donations)
Masks	Yes	No
Sanitizers	Yes	No
Gloves	Yes	No
PPE Kits	Yes	No

MANUFACTURING ASPECT

➤ Taxpayers demanded to exclude GST on COVID-19 products. Government is of the view that exemption of GST on such items would lead to blocked ITC, thereby increasing the cost of manufacturing and a higher price for consumers.

➤ Government exempted basic customs duty and health cess on some of these items. These exemption may be detrimental to domestic manufacturers but consumers will not be affected because of the MRP. However, Indian manufacturers will have to manage their costs of production, distribution and profit margin.

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