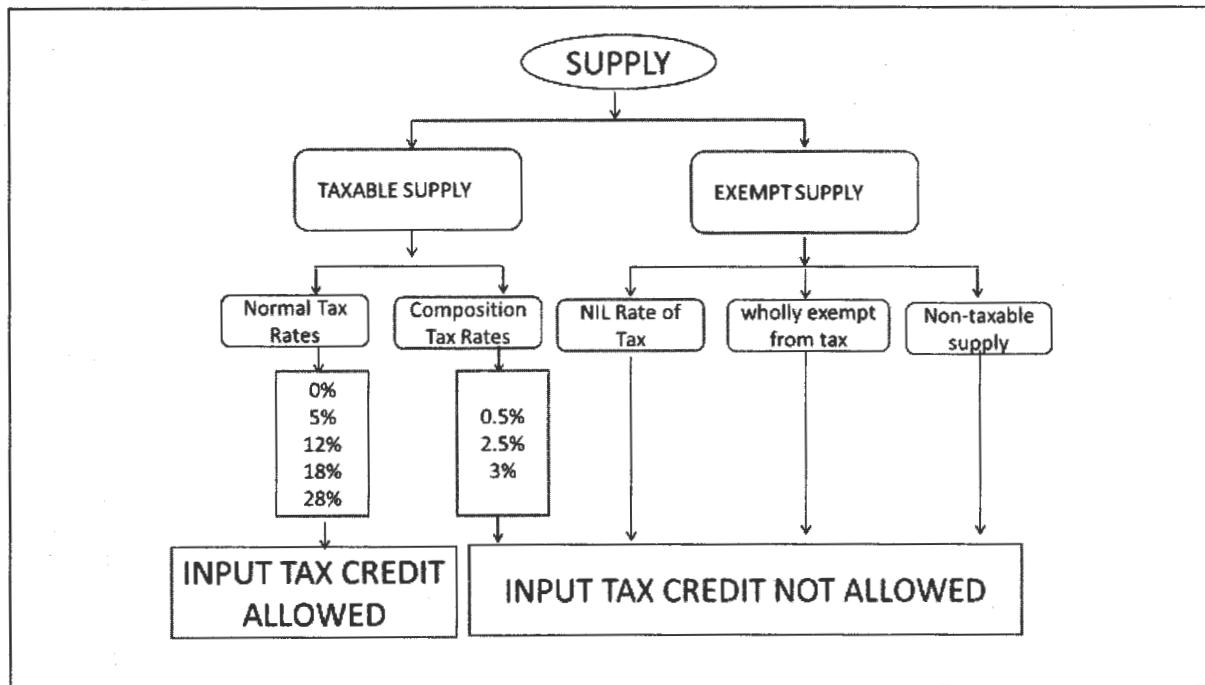


Chapter 11: Exemptions

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11.0 Taxable Supply vs Exempted Supply



11.1 Power to grant exemption from tax:

CGST Act, 2017	IGST Act, 2017	Provision
Section 11(1)	Section 6(1)	Power to grant exemption with the Central Government by Notification; <ul style="list-style-type: none"> • General exemption • Absolute exemption • Conditional exemption Upon recommendation of the GST Council
Section 11(2)	Section 6(2)	Exemption by special order
Section 11(3)	Section 6(3)	<i>Explanation</i> in such notification issued u/s 11(1) or 6(1) of CGST or IGST or order issued u/s 11(2) or 6(2) of CGST or IGST as the case may be.

As per Section 11 of the CGST Act, 2017 and Section 6 of the IGST provides power to Central Government of India to exempt on recommendation of the GST Council either absolutely or subject to such condition, as may be specified goods or services of specified description from the whole or any part of the tax leviable thereon.

11.2 Exempt Supply:

As per Section 2(47) of CGST Act, 2017 “exempt supply” means supply of any goods or services or both which attracts *nil* rate of tax or which may be wholly exempt from tax under section 11, or under section 6 of the Integrated Goods and Services Tax Act, and includes non-taxable supply;

Exempt supply includes the supply of following type of goods and services:

- (a) Supply attracting *nil* rate of tax;
- (b) Supplies wholly exempt from tax;
- (c) Non-taxable supply;

11.2.1 General Exemptions:

As per section 11(1) of the CGST Act, 2017 and section 6(1) of the IGST Act, 2017 the Government of India on the recommendations of the GST Council by notification, exempt generally, either absolutely or subject to such conditions as may be specified therein, goods or services or both of any specified description from the whole or any part of the tax leviable thereon with effect from such date as may be specified in such notification.

Example:

- (1) General exemption granted where supply is in relation to supply of Indian National Flag [*vide* Notification No.2/2017-Central Tax (Rate), dated 28-6-2017]. It is called as absolutely exempt. GST rate is *Nil*.
- (2) Services provided by a goods transport agency, by way of transport in a goods carriage of - agricultural produce where exempted from GST [*vide*Notification No. 12/2017-Central Tax (Rate), dated 28-06-2017]. It is called as General exemption subject to such condition where supply of service is in the nature of transport of agricultural produce.

11.2.1a Absolute Exemption vs Conditional Exemption:

Absolute Exemption	Conditional Exemption
The taxable person must avail all the benefits of notification, which are absolute (i.e. without any condition). Example: Applicability of section 9(3) of CGST Act, 2017 where RCM is mandatory.	In case of conditional exemption, this is upto the registered person to avail or not to avail the benefit. Example: Applicability of section 10 of CGST is at the option of the eligible assessee.

11.2.2 Exemption by Special Order:

As per section 11(2) of the CGST Act, 2017 and section 6(2) of the IGST Act, 2017 the Government of India on the recommendations of the GST Council by Special Order, in each case, under circumstances of an exceptional nature to be stated in such order, exempt from the payment of tax any goods or services or both on which tax is leviable.

Example: Exemption granted by special order to all assesees registered in one State, from payment of GST by reason, earthquake or assesees are affected in tsunami. Such special order can be issued only in exceptional nature to be stated in such order.

11.2.3 Explanation in such notification or order:

As per section 11(3) of the CGST Act, 2017 or section 6(3) of the IGST Act, 2017, Government is empowered to clarify the scope of applicability of any notification or special order by inserting an explanation in such notification or order. Such clarification shall only be issued by notification within ONE year of issuing of notification or special order and every such explanation shall have effect as if it had always been the part of the first such notification or order, as the case may be.

Example: Assume a notification issued on 28th June 2017 may specify that it will be effective from 1st July 2017. In such case an explanation is inserted (i.e. subsequently) within one year reckoned from 1st July 2017 but not from 28th June 2017. If so such an explanation is effective from 1st July 2017.

Sec. 11(3) of CGST Act, 2017

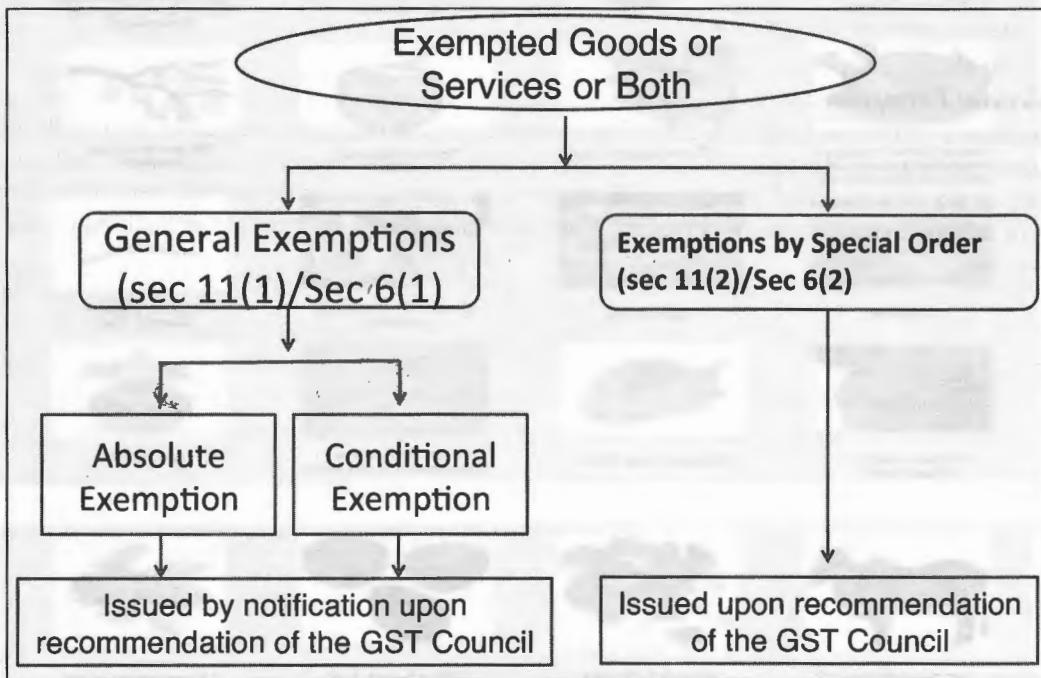
[Circular No. 120/39/2019-GST, dated 11.10.2019]:

Section 11(3) of CGST Act provides that the Government may insert an explanation in any notification issued under section 11, for the purpose of clarifying its scope or applicability, at any time within 1 year of issue of the notification and every such explanation shall have effect as if it had always been the part of the first such notification.

It is hereby clarified that the explanation having been inserted under section 11(3) of the CGST Act, is effective from the inception of the entry in notification and not from the date from which the notification (that inserted said explanation) becomes effective.

Example: the principal Notification No. 11/2017-CT(R), dated 28.06.2017 came into force with effect from 1.07.2017. Thereafter, a new entry - **Entry no. 10(A) is inserted w.e.f. 21.09.2017**. Subsequently, an explanation is also inserted with respect to entry no. 10(A) on 26.07.2018. Although the effective date mentioned in the notification which inserted said explanation is 27.07.2018, said explanation will be effective from the inception of entry in notification i.e. **21.09.2017** and not 27.07.2018.

Summary:



Ambiguity on interpretation of the exemption notification must be in favour of revenue

The Supreme Court in case of *Commissioner of Customs (Import) Mumbai v M/s Dilip Kumar and Company* (2018-TIOL-302-SC-CUS-CB), held that in case of ambiguity in a charging provision, benefit must be necessarily go in favour of assessee but the same is not true for an exemption notification. When there is ambiguity in exemption notification which is subject to the strict interpretation, the benefit of such ambiguity cannot be claimed by the assessee and it must be interpreted in favour of the revenue. The view taken in this case, has overruled the judgment given in the case of *Sun Export Corporation, Bombay v Collector of Customs, Bombay* (2002-TIOL-118-SC-CX-LB), where the benefit of the ambiguity on the interpretation of the exemption notification was conferred in favour of the assessee.

In this case, it is observed that the Exemption notification should be interpreted strictly and the burden of proving applicability would be on the assessee to show that his case comes within the parameters of the exemption clause or exemption notification. Also, when there is an ambiguity in the exemption notification which is subject to strict interpretation, the benefit of such ambiguity shall be made available to the revenue, unlike the taxing provisions where the benefit of ambiguity goes in favour of the assessee.

However, under GST regime also, the assessees are required to be more careful while claiming the benefit of the exemption notification.

11.3 The following goods and services are exempted from GST:

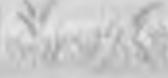
The following goods exempted from GST:

Illustrative list from Notification No. 2/2017-Central Tax (Rate), dated 28-06-2017):

Exemptions under GST- Goods

Goods @

NIL

			
Edible vegetables, roots and tubers	Cereals	Fish (not frozen or processed)	Fresh fruits & vegetables (Other than frozen or processed)
			
Meat (Other than in frozen state and put up in unit containers)	Cane jaggery (gur)	Tender coconut water	Silkworm laying cocoon
			
Raw silk	Silk waste	Wool, not carded or combed	Cotton used in Gandhi Tapi
			
Cotton used in Khadi Yarn	Coconut, coir fibre	Jute fibre raw or processed but not spun	Pura sannagri
			
Live animals (except horses)	All goods of seed quality	Coffee beans, not roasted	Unprocessed green tea leaves
			
Fresh ginger, Fresh Turmeric (other than in processed form)	Human Blood and its components	All types of contraceptives	Organic manure, other than those bearing a brand name
			
Kumkum, Bindu, Sindur, Alta	Firewood or Fuel wood	Wood charcoal	Betel leaves



Example 1: Mr. Raman (register person under GST) being a dealer furnished the following business transactions took place during the October 2017. Find the GST liability.

- Sale of plastic bangles for ₹20,000.
- Supply of mobile phones for ₹3,20,120
- Sale of printed books and newspapers for ₹1,25,500
- Sale of Dates for ₹13,500
- Sale of Salt for ₹9,180
- Sale of Organic manure worth ₹2,00,000
- Sale of Chemical Fertilizers ₹5,75,000 (out of which 30% subsidy received from Government of India).

Note: Taxable supply attracts GST @5% (CGST 2.5% and SGST 2.5%).

Answer:

Statement showing tax liability of Mr. Raman

S.No.	Particulars	Taxability	CGST 2.5%	SGST 2.5%
(a)	Plastic bangles	Exempted	Nil	Nil
(b)	Mobile phone	3,20,120	8,003	8,003
(c)	Books	Exempted	Nil	Nil
(d)	Dates	Exempted	Nil	Nil
(e)	Salt	Exempted	Nil	Nil
(f)	Organic manure	Exempted	Nil	Nil
(g)	Che. Fertilizers @70%	4,02,500	10,063	10,063
	Total		18,066	18,066

The following services are exempted from GST:

S.No.	Exempted services Notification No. 12/2017-Central Tax (Rate), dated 28-06-2017
1	Services by an entity registered under section 12AA or 12AB (inserted w.e.f. 1-10-2021) of the Income-tax Act, 1961 by way of charitable activities.
2	Services by way of transfer of a going concern, as a whole or an independent part thereof.
3	Pure services (excluding works contract service or other composite supplies involving supply of any goods) provided to the Central Government, State Government or Union territory or local authority (Omitted w.e.f 1-1-2022 or a Governmental authority or Govt. Entity) by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution. “Government Entity” means an authority or a board or any other body including a society, trust, corporation,—

S.No.	Exempted services Notification No. 12/2017-Central Tax (Rate), dated 28-06-2017
	<ul style="list-style-type: none"> (i) set up by an Act of Parliament or State Legislature; or (ii) established by any Government, with 90% or more participation by way of equity or control, to carry out a function entrusted by the Central Government, State Government, Union Territory or a local authority”.
3A	w.e.f. 25.1.2018, Composite supply of goods and services in which the value of supply of goods constitutes not more than 25 per cent. of the value of the said composite supply provided to the Central Government, State Government or Union territory or local authority (omitted w.e.f 1-1-2022 or a Governmental authority or a Government Entity) by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution
4	Services by (omitted vide notification No. 14/2018-Central Tax (Rate), dated 26.07.2018 Central Government, State Government, Union territory, local authority) governmental authority by way of any activity in relation to any function entrusted to a municipality under article 243W of the Constitution.
5	<p>Services by (omitted vide notification No. 14/2018-Central Tax (Rate), dated 26.07.2018 Central Government, State Government, Union territory, local authority) a governmental authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution.</p> <p>Notification No. 32/2017-Central Tax (Rate), dated 13.10.2017,</p> <p>“Governmental Authority” means an authority or a board or any other body,—</p> <ul style="list-style-type: none"> (i) set up by an Act of Parliament or a State Legislature; or (ii) established by any Government, with 90% or more participation by way of equity or control, to carry out any function entrusted to a Municipality under article 243W of the Constitution or to a Panchayat under article 243G of the Constitution.
6	<p>Services by the Central Government, State Government, Union territory or local authority excluding the following services—</p> <ul style="list-style-type: none"> (a) services by the Department of Posts (omitted w.e.f. 18-07-2022 by way of speed post, express parcel post, life insurance, and agency services provided to a person other than the Central Government, State Government, Union territory); (b) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (c) transport of goods or passengers; or (d) any service, other than services covered under entries (a) to (c) above, provided to business entities.
7	<p>Services provided by the Central Government, State Government, Union territory or local authority to a business entity with an aggregate turnover of upto ₹20 lakh (₹10 lakh in case of a special category state) in the preceding financial year.</p> <p><i>Explanation:</i> For the purposes of this entry, it is hereby clarified that the provisions of this entry shall not be applicable to—</p> <ul style="list-style-type: none"> (a) services,— <ul style="list-style-type: none"> (i) by the Department of Posts (omitted w.e.f. 18-07-2022 by way of speed post, express parcel post, life insurance, and agency services provided to a person other than the Central Government, State Government, Union territory); (ii) in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (iii) of transport of goods or passengers; and (b) services by way of renting of immovable property. <p>w.e.f. 1-10-2019:</p> <p>Services provided by the Central Government, State Government, Union territory or local authority to a business entity with an aggregate turnover of up to “such amount in the preceding financial year as makes it eligible for exemption from registration under the (12 of 2017)” is exempt.</p> <p>Earlier the turnover was specified as “twenty lakh rupees (ten lakh rupees in case of a special category state) in the preceding financial year” which has now been rationalised.</p>
8	Services provided by the Central Government, State Government, Union territory or local authority to another Central Government, State Government, Union territory or local authority: Provided that nothing contained in this entry shall apply to services—

S.No.	Exempted services Notification No. 12/2017-Central Tax (Rate), dated 28-06-2017)
	<p>(i) by the Department of Posts (omitted w.e.f. 18-07-2022 by way of speed post, express parcel post, life insurance, and agency services provided to a person other than the Central Government, State Government, Union territory);</p> <p>(ii) in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;</p> <p>(iii) of transport of goods or passengers</p>
9	<p>Services provided by Central Government, State Government, Union territory or a local authority where the consideration for such services does not exceed ₹5,000:</p> <p>Provided that nothing contained in this entry shall apply to—</p> <p>(i) services by the Department of Posts (omitted w.e.f. 18-07-2022 by way of speed post, express parcel post, life insurance, and agency services provided to a person other than the Central Government, State Government, Union territory);</p> <p>(ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;</p> <p>(iii) transport of goods or passengers:</p> <p>Provided further that in case where continuous supply of service, as defined in sub-section (33) of section 2 of the Central Goods and Services Tax Act, 2017, is provided by the Central Government, State Government, Union territory or a local authority, the exemption shall apply only where the consideration charged for such service does not exceed ₹5,000 in a financial year.</p>
9A	<p>Entry No. 9A:</p> <p>Notification No. 21/2017-Central Tax (Rate), dated 22nd Aug 2017:</p> <p>Services provided by and to Fédération Internationale de Football Association (FIFA) and its subsidiaries directly or indirectly related to any of the events under FIFA U-17 World Cup 2017 to be hosted in India have been exempted from GST.</p> <p>Provided that Director (Sports), Ministry of Youth Affairs and Sports certifies that the services are directly or indirectly related to any of the events under FIFA U-17 World Cup 2017.”;</p>
9AA	<p>w.e.f. 1-10-2019:</p> <p>Services provided by and to Federation International de Football Association (FIFA) and its subsidiaries directly or indirectly related to any of the event under FIFA U-17 Women's World Cup 2020 to be hosted in India is exempted from GST. W.e.f. 1-10-2021 the words “hosted in India”, the words “whenever rescheduled” shall be inserted.</p> <p>Provided that Director (Sports), Ministry of Youth Affairs and Sports certifies that the services are directly or indirectly related to any of the events under FIFA U-17 World Cup 2020.</p>
9AB	<p>w.e.f. 1-10-2021:</p> <p>Services provided by and to Asian Football Confederation (AFC) and its subsidiaries directly or indirectly related to any of the events under AFC Women's Asia Cup 2022 to be hosted in India exempt from GST.</p> <p>Provided that Director (Sports), Ministry of Youth Affairs and Sports certifies that the services are directly or indirectly related to any of the events under AFC Women's Asia Cup 2022.”</p> <p>Notification No. 07/2021-Central Tax (Rate), dated 30th September 2021.</p>
9B	<p>Entry No. 9B</p> <p>Notification No. 30/2017-CT(R), dated 29.9.2017:</p> <p>Supply of services associated with transit cargo to Nepal and Bhutan (landlocked countries) have been exempted from GST.</p>
9C	<p>Supply of service by a Government Entity to Central Government, State Government, Union territory, local authority or any person specified by Central Government, State Government, Union territory or local authority against consideration received from Central Government, State Government, Union territory or local authority, in the form of grants [vide Notification No. 33/2017-Central Tax (Rate) Dt 13.10.2017].</p>
9D	<p>w.e.f. 27th July, 2018:</p> <p>Services by an old age homes run by Central Government, State Government or entity under section 12AA or 12AB (inserted w.e.f. 1-10-2021) of the Income Tax Act, 1961, to residents for consideration upto ₹25,000 per month per member is exempted from GST [vide Notification No. 14/2018-CT (Rate)]</p>

S.No.	Exempted services Notification No. 12/2017-Central Tax (Rate), dated 28-06-2017)
10	Services provided by way of pure labour contracts of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of a civil structure or any other original works pertaining to the beneficiary-led individual house construction or enhancement under the Housing for All (Urban) Mission or Pradhan Mantri Awas Yojana.
10A	w.e.f. 27th July, 2018: Services supplied by electricity distribution utilities by way of construction, erection, commissioning, or installation of infrastructure for extending electricity distribution network upto the tube well of the farmer or agriculturalist for agricultural use exempt from GST [vide Notification No. 14/2018-Central Tax (rate)].
11	Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex.
11A	Service provided by Fair Price Shops to Central Government by way of sale of wheat, rice and coarse grains under Public Distribution System (PDS) against consideration in the form of commission or margin. Notification No. 21/2017-Central Tax (Rate), dated 22nd Aug., 2017. w.e.f. 15th November 2017: “Service provided by Fair Price Shops to Central Government, State Government or Union territory by way of sale of food grains, kerosene, sugar, edible oil, etc. under Public Distribution System against consideration in the form of commission or margin” is exempt from GST [vide Notification No. 47/2017-Central Tax (Rate)]
11B	Service provided by Fair Price Shops to State Governments or Union territories by way of sale of kerosene, sugar, edible oil, etc. under Public Distribution System (PDS) against consideration in the form of commission or margin. Notification No. 21/2017-Central Tax (Rate), dated 22nd Aug., 2017. W.e.f. 15th November, 2017 Entry No. 11B omitted.
12	Services by way of renting of residential dwelling for use as residence (w.e.f. 18-07-2022, “except where the residential dwelling is rented to a registered person” shall be inserted);
13	Services by a person by way of— (a) conduct of any religious ceremony; (b) renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust under section 12AA or 12AB (inserted w.e.f. 1-10-2021) of the Income-tax Act, 1961 or a trust or an institution registered under sub clause (v) of clause (23C) of section 10 of the Income-tax Act or a body or an authority covered under clause (23BBA) of section 10 of the said Income-tax Act: Provided that nothing contained in entry (b) of this exemption shall apply to,— (i) renting of rooms where charges are ₹1,000 or more per day; (ii) renting of premises, community halls, kalyanmandapam or open area, and the like where charges are ₹10,000 or more per day; (iii) renting of shops or other spaces for business or commerce where charges are ₹10,000 or more per month.
14	Omitted w.e.f. 18-07-2022, Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation below ₹1,000 per day or equivalent. w.e.f. 1-10-2019 clarification given by Govt. of India: Amendment has been brought under S. No. 14 of Services exemption notification to clarify that services by way of residential or lodging purposes, having value of supply of a unit of accommodation below or upto one thousand rupees per day is exempt.
15	Transport of passengers, with or without accompanied belongings, by— (a) air, (inserted w.e.f 18-07-2022 in economic class), embarking from or terminating in an airport located in the state of—

S.No.	Exempted services Notification No. 12/2017-Central Tax (Rate), dated 28-06-2017)
	<p>(i) Arunachal Pradesh, (ii) Assam, (iii) Manipur, (iv) Meghalaya, (v) Mizoram, (vi) Nagaland, (vii) Sikkim, or (viii) Tripura or (ix) at Bagdogra located in West Bengal;</p> <p>(b) non-airconditioned contract carriage other than radio taxi, for transportation of passengers, excluding tourism, conducted tour, charter or hire; or</p> <p>(c) stage carriage other than airconditioned stage carriage.</p> <p>w.e.f. 1-1-2022, Notification No. 16/2021-CT(R), dated 18.11.2021, "Provided that nothing contained in items (b) and (c) above shall apply to services supplied through an electronic commerce operator and notified under sub-section (5) of Section 9 of the Central Goods and Services Tax Act, 2017 (12 of 2017)."</p> <p>It means, w.e.f. 1-1-2022, the exemption on services of transport of passengers, with or without accompanied belongings,—</p> <p>(a) by non-air-conditioned contract carriage other than radio taxi, for transportation of passengers, excluding tourism, conducted tour, charter or hire, or</p> <p>(b) stage carriage other than air-conditioned stage carriage;</p> <p>shall not be available if such services are supplied through an electronic commerce operator and are notified under sub-section (5) of section 9 of the CGST Act, 2017.</p>
16	<p>Services provided to the Central Government, by way of transport of passengers with or without accompanied belongings, by air, embarking from or terminating at a regional connectivity scheme airport, against consideration in the form of viability gap funding: Provided that nothing contained in this entry shall apply on or after the expiry of a period of one year from the date of commencement of operations of the regional connectivity scheme airport as notified by the Ministry of Civil Aviation.</p> <p>w.e.f. 25-1-2018, Viability Gap Funding (VGF) for a period of 3 years from the date of commencement of RCS airport from the present period of 1 year.</p>
17	<p>Service of transportation of passengers, with or without accompanied belongings, by—</p> <p>(a) railways in a class other than—</p> <p>(i) first class; or (ii) an air-conditioned coach;</p> <p>(b) metro, monorail or tramway;</p> <p>(c) inland waterways;</p> <p>(d) public transport, other than predominantly for tourism purpose, in a vessel between places located in India; and</p> <p>(e) metered cabs or auto rickshaws (including e-rickshaws).</p> <p>w.e.f 1-1-2022, The exemption on service of transportation of passengers, with or without accompanied belongings, by metered cabs or auto-rickshaws (including e-rickshaws) shall not be available if such services are supplied through an electronic commerce operator, and are notified under sub-section (5) of section 9 of the CGST Act, 2017.</p>
18	<p>Services by way of transportation of goods—</p> <p>(a) by road except the services of—</p> <p>(i) a goods transportation agency; (ii) a courier agency;</p> <p>(b) by inland waterways.</p>
19	Services by way of transportation of goods by an aircraft from a place outside India upto the customs station of clearance in India
19A	w.e.f. 25.1.2018, Services by way of transportation of goods by an aircraft from customs station of clearance in India to a place outside India.

S.No.	Exempted services Notification No. 12/2017-Central Tax (Rate), dated 28-06-2017)
	This exemption granted only till 30th September, 2018. Now extended upto 30th September, 2019. w.e.f. 1-10-2019 this exemption further extended upto September, 2020 w.e.f. 1-10-2020 this exemption further extended upto September, 2021 w.e.f. 1-10-2021 this exemption further extended upto September, 2022 w.e.f. 01-10-2022 taxable supply.
19B	w.e.f. 25.1.2018, Services by way of transportation of goods by a vessel from customs station of clearance in India to a place outside India. This exemption granted only till 30th September, 2018 Now extended upto 30th September, 2019. w.e.f. 1-10-2019 this exemption further extended upto September, 2020 w.e.f. 1-10-2020 this exemption further extended upto September, 2021 w.e.f. 1-10-2021 this exemption further extended upto September 2022 w.e.f. 01-10-2022 taxable supply.
19C	Satellite services supplied by Indian Space Research Organisation, Antrix Corporation Limited or New Space India Limited is exempted from GST (vide Notification No. 5/2020-CT (Rate), dated 16-10-2020).
20	Services by way of transportation by rail or a vessel from one place in India to another of the following goods— (a) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; (b) defense or military equipment's; (c) newspaper or magazines registered with the Registrar of Newspapers; (d) railway equipment's or materials (Omitted w.e.f. 18-07-2022); (e) agricultural produce; (f) milk, salt and food grain including flours, pulses and rice; and (g) organic manure.
21	Services provided by a goods transport agency, by way of transport in a goods carriage of— (a) agricultural produce; (b) goods, where consideration charged for the transportation of goods on a consignment transported in a single carriage does not exceed ₹1,500 (Omitted w.e.f. 18-07-2022); (c) goods, where consideration charged for transportation of all such goods for a single consignee does not exceed ₹750 (Omitted w.e.f. 18-07-2022); (d) milk, salt and food grain including flour, pulses and rice; (e) organic manure; (f) newspaper or magazines registered with the Registrar of Newspapers; (g) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; or (h) defense or military equipment's.
21A	“Services provided by a goods transport agency to an unregistered person, including an unregistered casual taxable person, other than the specified recipients” also exempt from GST [vide Notification No. 33/2017-Central Tax (Rate), dated 13.10.2017].
21B	Notification No. 28/2018-CT(R), dated 31st December, 2018: Services provided by a goods transport agency, by way of transport of goods in a goods carriage, to,— (a) a Department or Establishment of the Central Government or State Government or Union territory; or (b) local authority; or (c) Governmental agencies, which has taken registration under the Central Goods and Services Tax Act, 2017 (12 of 2017) only for the purpose of deducting tax under Section 51 and not for making a taxable supply of goods or services.
22	Services by way of giving on hire:— (a) to a state transport undertaking, a motor vehicle meant to carry more than twelve passengers; or (aa) Services by way of giving on hire to a local authority, an Electrically operated vehicle (EOV) meant to carry more than 12 passengers;

S.No.	Exempted services Notification No. 12/2017-Central Tax (Rate), dated 28-06-2017)
	<p>or</p> <p>(b) to a goods transport agency, a means of transportation of goods. w.e.f. 25.1.2018,</p> <p>(c) motor vehicle for transport of students, faculty and staff, to a person providing services of transportation of students, faculty and staff to an educational institution providing services by way of pre-school education and education upto higher secondary school or equivalent.</p> <p>Entry 22 (aa): w.e.f 1-10-2019: Services by way of giving on hire to a local authority, an Electrically operated vehicle (EOV) meant to carry more than 12 passengers;</p> 
23	<p>Service by way of access to a road or a bridge on payment of toll charges.</p> <p>Entry 23A: Service by way of access to a road or a bridge on payment of annuity is also exempt from GST (Notification No. 32/2017-Central Tax (Rate), dated 13.10.2107)</p>
24	Services by way of loading, unloading, packing, storage or warehousing of rice.
24A	<p>w.e.f. 27th July 2018: Service by way of Services by way of warehousing of minor forest produce exempt from GST [Notification No. 14/2018-Central Tax (Rate)].</p>
24B	<p>w.e.f. 1-10-2019: services provided by way of storage or warehousing of cereals, pulses, fruits, nuts and vegetables, (omitted w.e.f. 18-07-2022 spices, copra, sugarcane, jaggery, raw vegetable fibres, jute etc. indigo, unmanufactured tobacco, betel leaves, tendu leaves, coffee and tea) exempted from GST.</p>
24C	w.e.f 18-07-2022, Services by the Department of Posts by way of post card, inland letter, book post and ordinary post (envelopes weighing less than 10 grams) exempted from GST.
25	Transmission or distribution of electricity by an electricity transmission or distribution utility.
26	Services by the Reserve Bank of India (Omitted w.e.f. 18-07-2022).
27	<p>Services by way of—</p> <p>(a) extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount (other than interest involved in credit card services);</p> <p>(b) sale or purchase of foreign currency amongst banks or authorized dealers of foreign exchange or amongst banks and such dealers.</p>
27A	<p>Notification No. 28/2018-CT (R), dated 31st Dec, 2018: Services provided by a banking company to Basic Saving Bank Deposit (BSBD) account holders under Pradhan Mantri Jan Dhan Yojana (PMJDY).</p>
28	Services of life insurance business provided by way of annuity under the National Pension System regulated by the Pension Fund Regulatory and Development Authority of India under the Pension Fund Regulatory and Development Authority Act, 2013 (23 of 2013).
29	Services of life insurance business provided or agreed to be provided by the Army, Naval and Air Force Group Insurance Funds to members of the Army, Navy and Air Force, respectively, under the Group Insurance Schemes of the Central Government.
29A	w.e.f. 25.1.2018, Services of life insurance provided or agreed to be provided by the Naval Group Insurance Fund to the personnel of Coast Guard under the Group Insurance Schemes of the Central Government retrospectively w.e.f. 1st July 2017.
29B	<p>w.e.f. 1-10-2019: Services of life insurance provided or agreed to be provided by the Central Armed Police Forces (under Ministry of Home Affairs) Group Insurance Funds to their members under the Group Insurance Schemes of the concerned Central Armed Police Force exempted from GST.</p>

S.No.	Exempted services Notification No. 12/2017-Central Tax (Rate), dated 28-06-2017
30	Services by the Employees' State Insurance Corporation to persons governed under the Employees' State Insurance Act, 1948 (34 of 1948).
31	Services provided by the Employees Provident Fund Organisation to the persons governed under the Employees Provident Funds and the Miscellaneous Provisions Act, 1952 (19 of 1952).
31A	w.e.f. 27th July 2018: Services by Coal Mines Provident Fund Organisation to persons governed by the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948 [Notification No. 14/2018-Central Tax (Rate)]
31B	w.e.f. 27th July 2018: Services by National Pension System (NPS) Trust to its members against consideration in the form of administrative fee. [Notification No. 14/2018-Central Tax (Rate)].
32	(Omitted w.e.f. 18-07-2022) Services provided by the Insurance Regulatory and Development Authority of India to insurers under the Insurance Regulatory and Development Authority of India Act, 1999 (41 of 1999).
33	(Omitted w.e.f. 18-07-2022) Services provided by the Securities and Exchange Board of India set up under the Securities and Exchange Board of India Act, 1992 (15 of 1992) by way of protecting the interests of investors in securities and to promote the development of, and to regulate, the securities market.
34	Services by an acquiring bank, to any person in relation to settlement of an amount upto ₹2,000 in a single transaction transacted through credit card, debit card, charge card or other payment card service. <i>Explanation.</i> —For the purposes of this entry, “acquiring bank” means any banking company, financial institution including non-banking financial company or any other person, who makes the payment to any person who accepts such card.
34A	w.e.f. 27th July 2018: Services supplied by Central Government, State Government, Union territory to their undertakings or Public Sector Undertakings (PSUs) by way of guaranteeing the loans taken by such undertakings or PSUs from the financial institutions. [Notification No. 14/2018-Central Tax (Rate)].
35	Services of general insurance business provided under following schemes— (a) Hut Insurance Scheme; (b) Cattle Insurance under Swarnajayanti Gram Swarozgar Yojna (earlier known as Integrated Rural Development Programme); (c) Scheme for Insurance of Tribals; (d) Janata Personal Accident Policy and Gramin Accident Policy; (e) Group Personal Accident Policy for Self-Employed Women; (f) Agricultural Pumpset and Failed Well Insurance; (g) premia collected on export credit insurance; (h) Weather Based Crop Insurance Scheme or the Modified National Agricultural Insurance Scheme, approved by the Government of India and implemented by the Ministry of Agriculture; (i) Jan Arogya Bima Policy; (j) National Agricultural Insurance Scheme (Rashtriya Krishi Bima Yojana); (k) Pilot Scheme on Seed Crop Insurance; (l) Central Sector Scheme on Cattle Insurance; (m) Universal Health Insurance Scheme; (n) Rashtriya Swasthya Bima Yojana; (o) Coconut Palm Insurance Scheme; (p) Pradhan Mantri Suraksha BimaYojna; (q) Niramaya Health Insurance Scheme implemented by the Trust constituted under the provisions of the National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999). w.e.f. 1-10-2019: exemption notification has been amended to exempt services of general insurance business provided under “Bangla Shasya Bima” scheme.

S.No.	Exempted services Notification No. 12/2017-Central Tax (Rate), dated 28-06-2017
36	Services of life insurance business provided under following schemes— (a) Janashree Bima Yojana; (b) Aam Aadmi Bima Yojana; (c) Life micro-insurance product as approved by the Insurance Regulatory and Development Authority, having maximum amount of cover of two lakhs rupees (w.e.f. 25.1.2018). Prior to 25.1.2018 it was fifty thousand rupees; (d) Varishtha Pension Bima Yojana; (e) Pradhan Mantri Jeevan Jyoti Bima Yojana; (f) Pradhan Mantri Jan Dhan Yojana; (g) Pradhan Mantri Vaya Vandhan Yojana
36A	w.e.f. 25.1.2018 Services by way of reinsurance of the insurance schemes specified in serial number 35 or 36. It is expected that the premium amount charged from the Government/insured in respect of future insurance services is reduced.
37	Services by way of collection of contribution under the Atal Pension Yojana.
38	Services by way of collection of contribution under any pension scheme of the State Governments.
39	Services by the following persons in respective capacities— (a) business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch; (b) any person as an intermediary to a business facilitator or a business correspondent with respect to services mentioned in entry (a); or (c) business facilitator or a business correspondent to an insurance company in a rural area.
39A	w.e.f. 25.1.2018, Services by an intermediary of financial services located in a multi services SEZ with International Financial Services Centre (IFSC) status to a customer located outside India for international financial services in currencies other than Indian rupees (INR). <i>Explanation.—For the purposes of this entry, the intermediary of financial services in IFSC is a person,—</i> (i) who is permitted or recognised as such by the Government of India or any Regulator appointed for regulation of IFSC; or (ii) who is treated as a person resident outside India under the Foreign Exchange Management (International Financial Services Centre) Regulations, 2015; or (iii) who is registered under the Insurance Regulatory and Development Authority of India (International Financial Service Centre) Guidelines, 2015 as IFSC Insurance Office; or (iv) who is permitted as such by Securities and Exchange Board of India (SEBI) under the Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015.
40	Services provided to the Central Government, State Government, Union territory under any insurance scheme for which total premium is paid by the Central Government, State Government, Union territory. Services of Re-insurance of the insurance schemes provided to the Central Government, State Government, Union territory under any insurance scheme for which total premium is paid by the Central Government, State Government, Union territory (i.e. insurance scheme exempted under Entry 40) [vide Notification No. 14/2018-Central Tax (Rate) dated 27th July 2018].
41	One time upfront amount (called as premium, salami, cost, price, development charges or by any other name) leviable in respect of the service, by way of granting long term (thirty years, or more) lease of industrial plots, provided by the State Government Industrial Development Corporations or Undertakings to industrial units. w.e.f. 20th September, 2018: <i>“Explanation.—For the purpose of this exemption, the Central Government, State Government or Union territory shall have 50 per cent. or more ownership in the entity directly or through an entity which is wholly owned by the Central Government, State Government or Union territory.” [Notification No. 23/2018-Central Tax (Rate)].</i>

S.No.	Exempted services Notification No. 12/2017-Central Tax (Rate), dated 28-06-2017)
	<p>W.e.f. 1-10-2019:</p> <p><i>Explanation.—For the purpose of this exemption, the Central Government, State Government or Union territory shall have 20 per cent. or more ownership in the entity directly or through an entity which is wholly owned by the Central Government, State Government or Union territory.”</i></p> <p><i>Provided that the leased plots shall be used for the purpose for which they are allotted, that is, for industrial or financial activity in an industrial or financial business area:</i></p> <p><i>Provided also that the State Government concerned shall monitor and enforce the above condition, as per the order issued by the State Government in this regard:</i></p> <p><i>Provided further that in case of any violation or subsequent change of land use, due to any reason whatsoever, the original lessor, original lessee as well as any subsequent lessee or buyer or owner shall be jointly and severally liable to pay such amount of integrated tax, as would have been payable on the upfront amount charged for the long term lease of the plots but for the exemption contained herein, along with the applicable interest and penalty:</i></p> <p><i>Provided also that the lease agreement entered into by the original lessor with the original lessee or subsequent lessee, or sub-lessee, as well as any subsequent lease or sale agreements, for lease or sale of such plots to subsequent lessees or buyers or owners shall incorporate in the terms and conditions, the fact that the integrated tax was exempted on the long term lease of the plots by the original lessor to the original lessee subject to above condition and that the parties to the said agreements undertake to comply with the same.</i></p>
41A	<p>Service by way of transfer of development rights or Floor Space Index on or after 1st April, 2019 for construction of residential apartments.</p> <p>Exemption is available only when promoter or builder paying tax under construction supply of service.</p>
41B	<p>Upfront amount payable in respect of service by way of granting of long-term lease of 30 years, or more, on or after 01.04.2019, for construction of residential apartments.</p> <p>Exemption is available only when promoter or builder paying tax under construction supply of service.</p>
42	<p>Services provided by the Central Government, State Government, Union territory or local authority by way of allowing a business entity to operate as a telecom service provider or use radio frequency spectrum during the period prior to the 1st April, 2016, on payment of licence fee or spectrum user charges, as the case may be</p>
43	<p>Omitted w.e.f. 1-10-2021, Services of leasing of assets (rolling stock assets including wagons, coaches, locos) by the Indian Railways Finance Corporation to Indian Railways.</p>
44	<p>Services provided by an incubatee upto a total turnover of ₹50 lakh in a financial year subject to the following conditions, namely:—</p> <p>(a) the total turnover had not exceeded fifty lakh rupees during the preceding financial year; and</p> <p>(b) a period of three years has not elapsed from the date of entering into an agreement as an incubatee.</p>
45	<p>Services provided by—</p> <p>(a) an arbitral tribunal to—</p> <ul style="list-style-type: none"> (i) any person other than a business entity; or (ii) a business entity with an aggregate turnover upto ₹20 lakh (₹10 lakh in the case of special category states) in the preceding financial year; (iii) w.e.f. 25.1.2018, the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity; <p>(b) a partnership firm of advocates or an individual as an advocate other than a senior advocate, by way of legal services to—</p> <ul style="list-style-type: none"> (i) an advocate or partnership firm of advocates providing legal services; (ii) any person other than a business entity; or (iii) a business entity with an aggregate turnover upto ₹20 lakh (₹10 lakh in the case of special category states) in the preceding financial year; (iv) w.e.f. 25.1.2018, the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity; <p>(c) a senior advocate by way of legal services to—</p> <ul style="list-style-type: none"> (i) any person other than a business entity; or

S.No.	Exempted services Notification No. 12/2017-Central Tax (Rate), dated 28-06-2017
	<p>(ii) a business entity with an aggregate turnover upto ₹20 lakh (₹10 lakh in the case of special category states) in the preceding financial year or</p> <p>(iii) w.e.f. 25.1.2018, the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity.</p> <p>w.e.f. 1-10-2019:</p> <p>aggregate turnover of up to “such amount in the preceding financial year as makes it eligible for exemption from registration under the Central Goods and Services Tax Act, 2017 (12 of 2017)” is exempt.</p> <p>Earlier the turnover was specified as “twenty lakh rupees (ten lakh rupees in case of a special category state) in the preceding financial year” which has now been rationalised.</p>
46	Services by a veterinary clinic in relation to health care of animals or birds.
47	Services provided by the Central Government, State Government, Union territory or local authority by way of— (a) registration required under any law for the time being in force; (b) testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, including fire license, required under any law for the time being in force
47A	(Omitted w.e.f. 18-07-2022) Services by way of licensing, registration and analysis or testing of food samples supplied by the Food Safety and Standards Authority of India (FSSAI) to Food Business Operators. [Notification No. 14/2018-Central Tax (Rate)].
48	Taxable services, provided or to be provided, by a Technology Business Incubator or a Science and Technology Entrepreneurship Park recognised by the National Science and Technology Entrepreneurship Development Board of the Department of Science and Technology, Government of India or bioincubators recognised by the Biotechnology Industry Research Assistance Council, under the Department of Biotechnology, Government of India.
49	Services by way of collecting or providing news by an independent journalist, Press Trust of India or United News of India.
50	Services of public libraries by way of lending of books, publications or any other knowledge-enhancing content or material.
51	(Omitted w.e.f. 18-07-2022) Services provided by the Goods and Services Tax Network to the Central Government or State Governments or Union territories for implementation of Goods and Services Tax.
52	Services by an organiser to any person in respect of a business exhibition held outside India
52A	w.e.f. 18-07-2022, Tour operator service, which is performed partly in India and partly outside India, supplied by a tour operator to a foreign tourist, to the extent of the value of the tour operator service which is performed outside India: Provided that value of the tour operator service performed outside India shall be such proportion of the total consideration charged for the entire tour which is equal to the proportion which the number of days for which the tour is performed outside India has to the total number of days comprising the tour, or 50% of the total consideration charged for the entire tour, whichever is less: Provided further that in making the above calculations, any duration of time equal to or exceeding 12 hours shall be considered as one full day and any duration of time less than 12 hours shall be taken as half a day. <i>Explanation.—“foreign tourist” means a person not normally resident in India, who enters India for a stay of not more than six months for legitimate non-immigrant purposes.</i> <i>Illustrations:</i> <i>A tour operator provides a tour operator service to a foreign tourist as follows:—</i> (a) <i>3 days in India, 2 days in Nepal; Consideration Charged for the entire tour: ₹1,00,000/-</i> <i>Exemption: ₹40,000/- (= ₹1,00,000/- x 2/5) or, ₹50,000/- (= 50% of ₹1,00,000/-) whichever is less, i.e., ₹40,000/- (i.e., Taxable value: ₹60,000/-);</i> (b) <i>2 days in India, 3 nights in Nepal; Consideration Charged for the entire tour: ₹1,00,000/-</i> <i>Exemption: ₹60,000 (= ₹1,00,000/- x 3/5) or, ₹50,000/- (= 50% of ₹1,00,000/-) whichever is less, i.e., ₹50,000/- (i.e., Taxable value: ₹50,000/-);</i>

S.No.	Exempted services Notification No. 12/2017-Central Tax (Rate), dated 28-06-2017
	(c) 2.5 days in India, 3 days in Nepal; Consideration charged for the entire tour: ₹1,00,000/- Exemption: ₹54,545 (=₹1,00,000/- x 3/5.5) or, ₹50,000/- (= 50% of ₹1,00,000/-) whichever is less, i.e., ₹50,000/- (i.e., Taxable value: ₹50,000/-).
53	Services by way of sponsorship of sporting events organised— (a) by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, State, zone or Country; (b) by Association of Indian Universities, Inter-University Sports Board, School Games Federation of India, All India Sports Council for the Deaf, Paralympic Committee of India or Special Olympics Bharat; (c) by the Central Civil Services Cultural and Sports Board; (d) as part of national games, by the Indian Olympic Association; or (e) under the Panchayat Yuva Kreedha Aur Khel Abhiyaan Scheme.
53A	Omitted w.e.f. 18-07-2022, Services by way of fumigation in a warehouse of agricultural produce.
54	Services relating to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce by way of— (a) agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing; (b) supply of farm labour; (c) processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging and such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market; (d) renting or leasing of agro machinery or vacant land with or without a structure incidental to its use; (e) loading, unloading, packing, storage or warehousing of agricultural produce; (f) agricultural extension services; (g) services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce. (h) Omitted w.e.f. 18-07-2022, Services by way of fumigation in a warehouse of agricultural produce.
55	Carrying out an intermediate production process as job work in relation to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce
55A	w.e.f. 27th July 2018: Services by way of artificial insemination of livestock (other than horses) [Notification No. 14/2018-Central Tax (Rate)].
56	Omitted w.e.f. 18-07-2022, Services by way of slaughtering of animals
57	Services by way of pre-conditioning, precooling, ripening, waxing, retail packing, labelling of fruits and vegetables which do not change or alter the essential characteristics of the said fruits or vegetables.
58	Services provided by the National Centre for Cold Chain Development under the Ministry of Agriculture, Cooperation and Farmer's Welfare by way of cold chain knowledge dissemination.
59	Services by a foreign diplomatic mission located in India
60	Services by a specified organisation in respect of a religious pilgrimage facilitated by the Ministry of External Affairs, the Government of India, under bilateral arrangement. w.e.f. 25.1.2018, the words "the Ministry of External Affairs," shall be omitted;
61	Services provided by the Central Government, State Government, Union territory or local authority by way of issuance of passport, visa, driving licence, birth certificate or death certificate.
61A	Services by way of granting National Permit to a goods carriage to operate through-out India / continuous States (new exemption inserted w.e.f. 1-10-2021)
62	Services provided by the Central Government, State Government, Union territory or local authority by way of tolerating non-performance of a contract for which consideration in the form of fines or liquidated damages is payable to the Central Government, State Government, Union territory or local authority under such contract.

S.No.	Exempted services Notification No. 12/2017-Central Tax (Rate), dated 28-06-2017)
63	Services provided by the Central Government, State Government, Union territory or local authority by way of assignment of right to use natural resources to an individual farmer for cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products
64	Services provided by the Central Government, State Government, Union territory or local authority by way of assignment of right to use any natural resource where such right to use was assigned by the Central Government, State Government, Union territory or local authority before the 1st April 2016: Provided that the exemption shall apply only to tax payable on one time charge payable, in full upfront or in instalments, for assignment of right to use such natural resource.
65	Services provided by the Central Government, State Government, Union territory by way of deputing officers after office hours or on holidays for inspection or container stuffing or such other duties in relation to import export cargo on payment of Merchant Overtime charges.
65A	w.e.f. 25.01.2018 Services by way of providing information under the Right to Information Act, 2005 – EXEMPT
65B	w.e.f. 27th July 2018: Services supplied by a State Government to Excess Royalty Collection Contractor (ERCC) by way of assigning the right to collect royalty on behalf of the State Government on the mineral dispatched by the mining lease holders. <i>Explanation.</i> —“mining lease holder” means a person who has been granted mining lease, quarry lease or license or other mineral concession under the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957), the rules made thereunder or the rules made by a State Government under sub-section (1) of section 15 of the Mines and Minerals (Development and Regulation) Act, 1957. Provided that at the end of the contract period, ERCC shall submit an account to the State Government and certify that the amount of goods and services tax deposited by mining lease holders on royalty is more than the goods and services tax exempted on the service provided by State Government to the ERCC of assignment of right to collect royalty and where such amount of goods and services tax paid by mining lease holders is less than the amount of goods and services tax exempted, the exemption shall be restricted to such amount as is equal to the amount of goods and services tax paid by the mining lease holders and the ERCC shall pay the difference between goods and services tax exempted on the service provided by State Government to the ERCC of assignment of right to collect royalty and goods and services tax paid by the mining lease holders on royalty.”; [Notification No. 14/2018-Central Tax (Rate), dated 26th July 2018]
66	Services provided— (a) by an educational institution to its students, faculty and staff; “(aa) w.e.f. 25.1.2018, by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee;” (b) to an educational institution, by way of,— (i) transportation of students, faculty and staff; (ii) catering, including any mid-day meals scheme sponsored by the Central Government, State Government or Union territory; (iii) security or cleaning or housekeeping services performed in such educational institution; (iv) services relating to admission to, or conduct of examination by, such institution; upto higher secondary: w.e.f. 25.1.2018, the words “upto higher secondary” shall be omitted; as a result, services relating to admission to, or conduct of examination provided to all educational institutions, as defined in the notification is exempt from GST. (v) “w.e.f. 25.1.2018, supply of online educational journals or periodicals:”; w.e.f. 25.1.2018, Provided that nothing contained in sub-items (i), (ii) and (iii) of item (b) shall apply to an educational institution other than an institution providing services by way of pre-school education and education upto higher secondary school or equivalent. w.e.f. 25.1.2018, “Provided further that nothing contained in sub-item (v) of item (b) shall apply to an institution providing services by way of,—

S.No.	Exempted services Notification No. 12/2017-Central Tax (Rate), dated 28-06-2017)									
	<p>(i) pre-school education and education upto higher secondary school or equivalent; or (ii) education as a part of an approved vocational education course.”;</p> <p>It means, to exempt subscription of online educational journals/periodicals by educational institutions who provide degree recognized by any law from GST.</p> <p>“educational institution” means an institution providing services by way of,—</p> <ul style="list-style-type: none"> (a) pre-school education and education upto higher secondary school or equivalent; (b) education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force; (c) education as a part of an approved vocational education course; 									
67	<p>Services provided by the Indian Institutes of Management, as per the guidelines of the Central Government, to their students, by way of the following educational programmes, except Executive Development Programme:—</p> <ul style="list-style-type: none"> (a) two year full time Post Graduate Programmes in Management for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test (CAT) conducted by the Indian Institute of Management; (b) fellow programme in Management; (c) five year integrated programme in Management. <p>Entry No. 67 Omitted w.e.f. 1-1-2019 (vide CBIC Circular No. 82/01/2019-GST, dated 1-1-2019):</p> <table border="1"> <thead> <tr> <th>Period</th><th>Exemption</th><th>Remarks</th></tr> </thead> <tbody> <tr> <td>1-7-2017 to 30-1-2018</td><td>IIM's exempted from Entry No. 67 of Notification No. 12/2017-CT</td><td>IIMs were not covered by the definition of educational institutions as given in notification No. 12/2017 Central Tax (Rate), dated 28.06.2017. Thus, they were not entitled to exemption under Sl. No. 66 of the said notification.</td></tr> </tbody> </table> <p>It is further, clarified that with effect from 31st January 2018, all IIMs have become eligible for exemption benefit under Sl. No. 66 of notification No. 12/ 2017-CT (Rate), dated 28.06.2017. As such, specific exemption granted to IIMs vide Sl. No. 67 has become redundant. The same has been deleted vide notification No. 28/2018-CT (Rate), dated, 31st December 2018 w.e.f. 1st January 2019.</p> <table border="1"> <tbody> <tr> <td>31-1-2018 to 31-12-2018</td><td>Two exemptions, i.e. under Sl. No. 66 and under Sl. No. 67 of notification No. 12/2017-CT (Rate), dated 28.06.2017 are available to the IIMs.</td><td>As per Hon'ble Supreme Court of India, if there are two or more exemption notifications available to an assessee, the assessee can claim the one that is more beneficial to him.</td></tr> </tbody> </table> <p>Important Note: Indian Institutes of Managements also provide various short duration/ short term programs for which they award participation certificate to the executives/ professionals as they are considered as “participants” of the said programmes. These participation certificates are not any qualification recognized by law. Such participants are also not considered as students of Indian Institutes of Management. Services provided by IIMs as an educational institution to such participants is not exempt from GST.</p>	Period	Exemption	Remarks	1-7-2017 to 30-1-2018	IIM's exempted from Entry No. 67 of Notification No. 12/2017-CT	IIMs were not covered by the definition of educational institutions as given in notification No. 12/2017 Central Tax (Rate), dated 28.06.2017. Thus, they were not entitled to exemption under Sl. No. 66 of the said notification.	31-1-2018 to 31-12-2018	Two exemptions, i.e. under Sl. No. 66 and under Sl. No. 67 of notification No. 12/2017-CT (Rate), dated 28.06.2017 are available to the IIMs.	As per Hon'ble Supreme Court of India, if there are two or more exemption notifications available to an assessee, the assessee can claim the one that is more beneficial to him.
Period	Exemption	Remarks								
1-7-2017 to 30-1-2018	IIM's exempted from Entry No. 67 of Notification No. 12/2017-CT	IIMs were not covered by the definition of educational institutions as given in notification No. 12/2017 Central Tax (Rate), dated 28.06.2017. Thus, they were not entitled to exemption under Sl. No. 66 of the said notification.								
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68	Services provided to a recognised sports body by—(a) an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organised by a recognized sports body; (b) another recognised sports body.									
69	<p>Any services provided by,—</p> <ul style="list-style-type: none"> (a) the National Skill Development Corporation set up by the Government of India; (b) a Sector Skill Council approved by the National Skill Development Corporation; (c) an assessment agency approved by the Sector Skill Council or the National Skill Development Corporation; (d) a training partner approved by the National Skill Development Corporation or the Sector Skill Council, 									

S.No.	Exempted services Notification No. 12/2017-Central Tax (Rate), dated 28-06-2017)
	<p>in relation to—</p> <ul style="list-style-type: none"> (i) the National Skill Development Programme implemented by the National Skill Development Corporation; or (ii) a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or (iii) any other Scheme implemented by the National Skill Development Corporation.
70	Services of assessing bodies empanelled centrally by the Directorate General of Training, Ministry of Skill Development and Entrepreneurship by way of assessments under the Skill Development Initiative Scheme.
71	Services provided by training providers (Project implementation agencies) under Deen Dayal Upadhyaya Grameen Kaushalya Yojana implemented by the Ministry of Rural Development, Government of India by way of offering skill or vocational training courses certified by the National Council for Vocational Training.
72	Services provided to the Central Government, State Government, Union territory administration under any training programme for which 75% or more of the (inserted w.e.f. 1-10-2021) total expenditure is borne by the Central Government, State Government, Union territory administration.
73	Omitted w.e.f. 18-07-2022, Services provided by the cord blood banks by way of preservation of stem cells or any other service in relation to such preservation.
74	<p>Services by way of—</p> <ul style="list-style-type: none"> (a) health care services by a clinical establishment, an authorised medical practitioner or paramedics; w.e.f. 18-07-2022, “Provided that nothing in this entry shall apply to the services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU)] having room charges exceeding ₹5000 per day to a person receiving health care services.”; (b) services provided by way of transportation of a patient in an ambulance, other than those specified in (a) above.
74A	<p>Notification No. 28/2018-CT(R), dated 31st December 2018:</p> <p>Services provided by rehabilitation professionals recognized under the Rehabilitation Council of India Act, 1992 (34 of 1992) by way of rehabilitation, therapy or counselling and such other activity as covered by the said Act at medical establishments, educational institutions, rehabilitation centers established by Central Government, State Government or Union territory or an entity registered under section 12AA or 12AB (inserted w.e.f. 1-10-2021) of the Income tax Act, 1961 (43 of 1961).</p>
75	Omitted w.e.f. 18-07-2022, Services provided by operators of the common bio-medical waste treatment facility to a clinical establishment by way of treatment or disposal of bio-medical waste or the processes incidental thereto.
76	Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets
77	<p>Service by an unincorporated body or a non- profit entity registered under any law for the time being in force, to its own members by way of reimbursement of charges or share of contribution—</p> <ul style="list-style-type: none"> (a) as a trade union; (b) for the provision of carrying out any activity which is exempt from the levy of Goods and service Tax; or (c) w.e.f. 25.1.2018, upto an amount of ₹7,500 per month per member (prior to 25.1.2018 it was ₹5,000 per month per member) for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex.
77A	<p>w.e.f. 27th July 2018:</p> <p>Services provided by an unincorporated body or a non-profit entity registered under any law for the time being in force, engaged in,—</p> <ul style="list-style-type: none"> (i) activities relating to the welfare of industrial or agricultural labour or farmers; or (ii) promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment,

S.No.	Exempted services Notification No. 12/2017-Central Tax (Rate), dated 28-06-2017)	
	to its own members against consideration in the form of membership fee upto an amount of one thousand rupees (₹1000/-) per member per year. (Notification No. 14/2018-Central Tax (Rate), dated 26th July, 2018)	
78	Services by an artist by way of a performance in folk or classical art forms of— (a) music, or (b) dance, or (c) theatre, if the consideration charged for such performance is not more than ₹1,50,000: Provided that the exemption shall not apply to service provided by such artist as a brand ambassador.	
79	Services by way of admission to a museum, national park, wildlife sanctuary, tiger reserve or zoo.	
79A	w.e.f. 15-11-2017, Services by way of admission to a protected monument so declared under the Ancient Monuments and Archaeological Sites and Remains Act 1958 (24 of 1958) or any of the State Acts, for the time being in force is exempt from GST. [Notification No. 47/2017-Central Tax (Rate), dated 14th November 2017]	
80	Services by way of training or coaching in (a) recreational activities relating to— arts or culture, (by an individual - inserted w.e.f. 18-07-2022), or (b) sports by charitable entities registered under section 12AA or 12AB (inserted w.e.f. 1-10-2021) of the Income-tax Act	
81	Services by way of right to admission to— (a) circus, dance, or theatrical performance including drama or ballet; (b) award function, concert, pageant, musical performance or any sporting event other than a recognised sporting event; (c) recognised sporting event, (d) w.e.f. 25.1.2018, planetarium, where the consideration for right to admission to the events or places as referred to in items (a), (b), (c) or (d) above is not more than ₹500 per person.” prior to 25.1.2018, where the consideration for admission is not more than ₹250 per person as referred to in (a), (b) and (c) above.	
82	Entry 82: Services by way of right to admission to the events organised under FIFA U-17 World Cup 2017 have been exempted from CGST [Notification No. 25/2017 CT (R), dated 21.09.2017].	
82A	w.e.f. 1-10-2019 services by way right to admission to the events organised under FIFA U-17 Women's World Cup 2020 (whenever rescheduled inserted w.e.f. 18-07-2022) exempted from GST.	
82B	w.e.f. 1-10-2021 Services by way of right to admission to the events organised under AFC Women's Asia Cup 2022 exempted from GST.	

11.3.1 List of services exempt from IGST

Apart from above, list of services exempts from IGST by Notification No. 9/2017-Integrated Tax (Rate), dated 28th June, 2017 also include following three services.	
1	Services received from a provider of service located in a non-taxable territory by— (a) the Central Government, State Government, Union territory, a local authority, a governmental authority or an individual in relation to any purpose other than commerce, industry or any other business or profession; (b) an entity registered under section 12AA or 12AB (inserted w.e.f. 1-10-2021) of the Income-tax Act, 1961 (43 of 1961) for the purposes of providing charitable activities; or (c) a person located in a non-taxable territory: Provided that the exemption shall not apply to— (i) online information and database access or retrieval services received by persons specified in entry (a) or entry (b); or

	Apart from above, list of services exempts from IGST by Notification No. 9/2017-Integrated Tax (Rate), dated 28th June, 2017 also include following three services.
	(ii) services by way of transportation of goods by a vessel from a place outside India upto the customs station of clearance in India received by persons specified in the entry. it means Item No. (i) and (ii) are taxable.
2	Omitted w.e.f. 18-07-2022, (<i>vide</i> Notification No. 04/2022 IT (Rate), dated 13-07-2022) Services received by the Reserve Bank of India, from outside India in relation to management of foreign exchange reserves.
3	w.e.f. 18-07-2022, Tour operator service, which is performed partly in India and partly outside India, supplied by a tour operator to a foreign tourist, to the extent of the value of the tour operator service which is performed outside India is exempted from GST.
4	w.e.f. 1-10-2019, Notification No. 20/2019-(IT Rate), dated September 30, 2019: so as to exempt “Services provided by an intermediary when location of both supplier and recipient of goods is outside the taxable territory”.



11.4 Exempted services under GST

1. SERVICES BY AN ENTITY REGISTERED UNDER SECTION 12AA or 12AB (inserted w.e.f. 1-10-2021) OF THE INCOME TAX ACT, 1961

Following are the specified charitable activities:—

"Charitable activities" as defined in clause (r) of para 2 of the definitions in the Notification No. 12/2017- Central Tax (Rate), dated 28-06-2017 means activities relating to—

- (r) "Charitable activities" means activities relating to—
 - (i) public health by way of—
 - (a) care or counselling of (i) terminally ill persons or persons with severe physical or mental disability, (ii) persons afflicted with HIV or AIDS, or (ii) persons addicted to a dependence-forming substance such as narcotics drugs or alcohol; or
 - (b) public awareness of preventive health, family planning or prevention of HIV infection;
 - (ii) advancement of religion or spirituality or Yoga (w.e.f. 21-10-2015);
 - (iii) advancement of educational programmes or skill development relating to,—
 - (a) abandoned, orphaned or homeless children;
 - (b) physically or mentally abused and traumatized persons;
 - (c) prisoners; or
 - (d) persons over the age of 65 years residing in a rural area;
 - (iv) preservation of environment including watershed, forests and wildlife;

Services received from a provider of service located in a non-taxable territory by—

- (c) an entity registered under section 12AA or 12AB (inserted w.e.f. 1-10-2021) of the Income-tax Act, 1961 (43 of 1961) for the purposes of providing charitable activities;

exempted from GST.

As per CBIC Circular No. 66/40/2018-GST, dated 26th September, 2018:

GST on Residential programmes or camps meant for advancement of religion, spirituality or yoga by religious and charitable trusts:

"The services provided by entity registered under Section 12AA or 12AB (inserted w.e.f. 1-10-2021) of the Income Tax Act, 1961 by way of advancement of religion, spirituality or yoga are exempt. Fee or consideration charged in any other form from the participants for participating in a religious, Yoga or meditation programme or camp meant for advancement of religion, spirituality or yoga shall be exempt. Residential programmes or camps where the fee charged includes cost of lodging and boarding shall also be exempt as long as the primary and predominant activity, objective and purpose of such residential programmes or camps is advancement of religion, spirituality or yoga.

However, if charitable or religious trusts merely or primarily provide accommodation or serve food and drinks against consideration in any form including donation, such activities will be taxable. Similarly, activities such as holding of fitness camps or classes such as those in aerobics, dance, music etc. will be taxable".

Example 1: Services of a NGO registered under section 12AA or 12AB (inserted w.e.f. 1-10-2021) of the Income Tax Act, 1961 working for the rehabilitation of disabled. The aggregate value of taxable supply is ₹20 Lakh. Find the taxability for the given service?

Answer: As per entry 74A of NT No. 12/2017-C.T.

Notification No. 28/2018-CT(R), dated 31st December 2018:

Services provided by rehabilitation professionals recognized under the Rehabilitation Council of India Act, 1992 (34 of 1992) by way of rehabilitation, therapy or counselling and such other activity as covered by the said Act at medical establishments, educational institutions, rehabilitation centers established by Central Government, State Government or Union territory or an entity registered under section 12AA or 12AB (inserted w.e.f. 1-10-2021) of the Income tax Act, 1961 (43 of 1961) is exempt from GST.

Therefore, NGO is not liable to pay GST.

Example 1: Divyakripa Trust, an entity registered under section 12AA or 12AB (inserted w.e.f. 1-10-2021) of the Income-tax Act, 1961, has furnished you the following details with respect to the activities undertaken by it. You are required to compute its tax liability from the information given below:

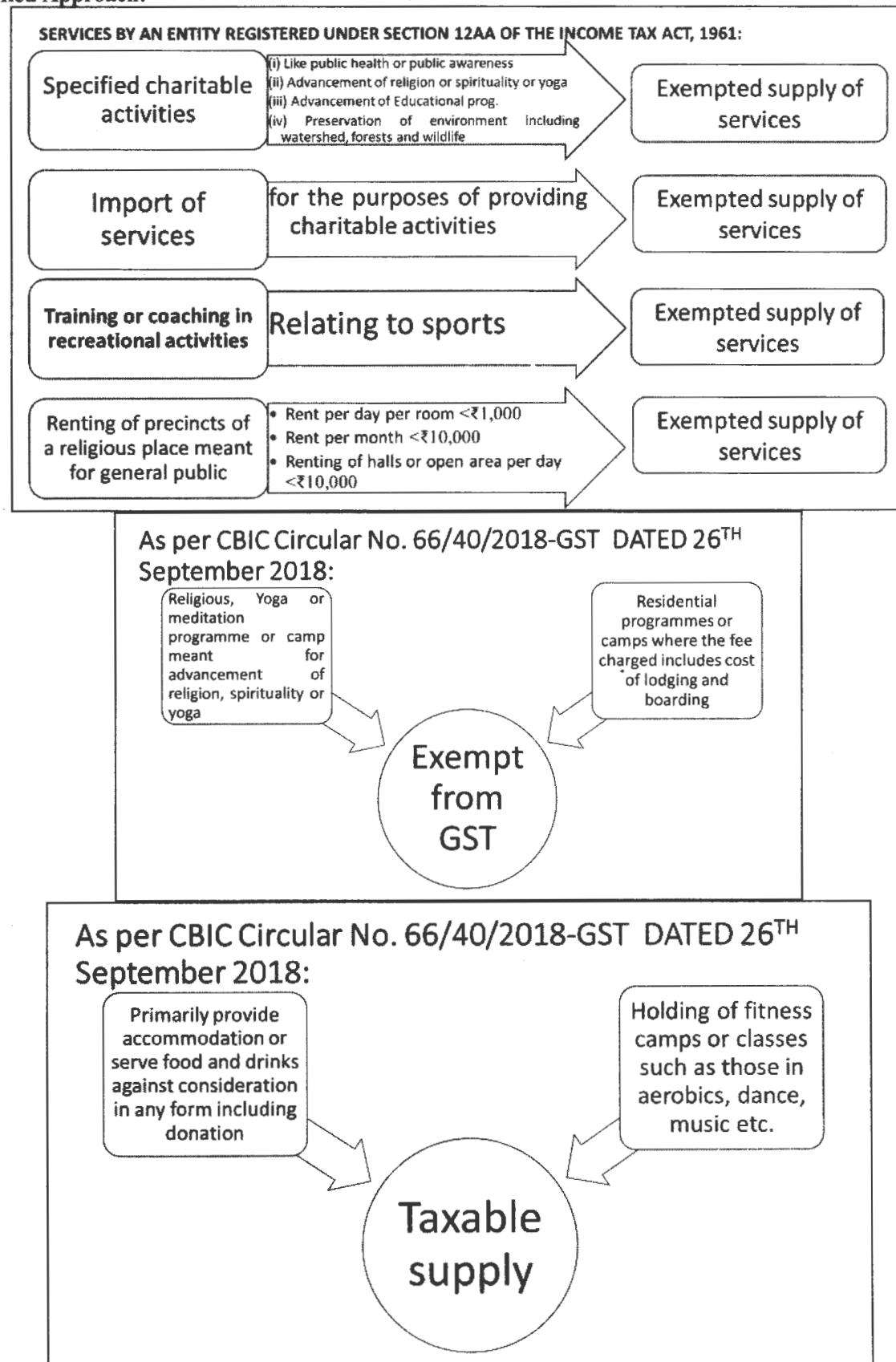
Particulars	₹
Amount received for the Yoga camps organized for elderly people	4,83,000
Payment made for the services received from a service provider located in US, for the purposes of providing 'charitable activities'	5,50,000
Amount received for counseling of mentally disabled persons	10,50,000
Amount received for renting of commercial property owned by the trust	1,50,000
Amount received for activities relating to preservation of forests and wildlife	12,35,000

Note: Applicable CGST 9% and SGST 9% have been charged separately wherever applicable. Divyakripa Trust is not eligible for composition levy.
(CA Final RTP Nov 2016 model)

Answer:

Particulars	₹
Amount received for the Yoga camps organized for elderly people	Exempted supply
Payment made for the services received from a service provider located in US, for the purposes of providing 'charitable activities'	Exempted supply
Amount received for counselling of mentally disabled persons	Exempted supply
Amount received for renting of commercial property owned by the trust	1,50,000
Amount received for activities relating to preservation of forests and wildlife	Exempted supply
CGST 9% x 1,50,000	13,500
SGST 9% x 1,50,000	13,500
Total GST liability	27,000

Simplified Approach:



2. SERVICES BY WAY OF TRANSFER OF A GOING CONCERN

Services by way of transfer of a going concern, as a whole or an independent part thereof, are exempt from Goods and Services Tax. Therefore, no GST on such sale of business. Sale of business as going concern to another not a supply as per schedule II of the CGST Act, 2017.

Example: M/s X & Co., is a partnership firm registered under GST Law. The partners decided to convert the partnership into a limited liability partnership (LLP). The LLP takes over M/s X & Co., assets and liabilities and continues to operate the same business. Is it taxable supply?

Answer: It is not taxable supply. Since, transfer of business as a going concern to another person, then it will not be supply (as per schedule II of CGST Act, 2017).

Note: If taxable person de-registered, he will be liable to pay GST.

3. Services provided in relation to function entrusted to Panchayat under section 243G or in relation to any function entrusted to a Municipality under article 243W of the Constitution

Pure services (excluding works contract service or other composite supplies involving supply of any goods) provided to the Central Government, State Government or Union territory or local authority (Omitted w.e.f. 1-1-2022 or a Governmental authority or Govt. Entity) by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution.

<u>ARTICLE 243G OF SCHEDULE XI</u>	<u>TWELFTH SCHEDULE (Article 243W)</u>
<ul style="list-style-type: none"> (1) agriculture, including agriculture extensions. (2) land improvement, implementation of land reforms, land consolidation & soil conservation. (3) minor irrigation, water management & water shed development. (4) Animal husbandry, dairying & poultry. (5) fisheries (6) social forestry & farm forestry. (7) minor forestry produce. (8) small scale industries, including food processing industries. (9) khadi, village & cottage industries. (10) rural housing (11) drinking water (12) fuel & fodder. (13) roads, culverts, bridges, ferries, waterways & other means of communication. (14) rural electrification, including distribution of electricity. (15) non-conventional energy. (16) poverty alleviation programmes. (17) education including primary & secondary schools, technical training & vocational education. (18) adult & non-formal education. (19) Libraries. (20) cultural activities. (21) markets & fairs. (22) health & sanitation, including hospitals, primary health centres & dispensaries. (23) family welfare (24) women & child development. (25) social welfare including welfare of handicapped & mental retarded. (26) welfare of the weaker sections & in particulars of the SC & ST's (27) public distribution system. (28) maintenance of community assets. 	<ul style="list-style-type: none"> 1. Urban planning including town planning. 2. Regulation of land-use and construction of buildings. 3. Planning for economic and social development. 4. Roads and bridges. 5. Water supply for domestic, industrial and commercial purposes. 6. Public health, sanitation conservancy and solid waste management. 7. Fire services. 8. Urban forestry, protection of the environment and promotion of ecological aspects. 9. Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded. 10. Slum improvement and upgradation. 11. Urban poverty alleviation. 12. Provision of urban amenities and facilities such as parks, gardens, playgrounds. 13. Promotion of cultural, educational and aesthetic aspects. 14. Burials and burial grounds; cremations, cremation grounds; and electric crematoriums. 15. Cattle pounds; prevention of cruelty to animals. 16. Vital statistics including registration of births and deaths. 17. Public amenities including street lighting, parking lots, bus stops and public conveniences. 18. Regulation of slaughter-houses and tanneries.

Section 2(53) of the CGST Act, 2017 “Government” means the Central Government;

Section 2(69) of the CGST Act, 2017 “local authority” means—

- (a) a “Panchayat” as defined in clause (d) of article 243 of the Constitution;
- (b) a “Municipality” as defined in clause (e) of article 243P of the Constitution;
- (c) a Municipal Committee, a Zilla Parishad, a District Board, and any other authority legally entitled to, or entrusted by the Central Government or any State Government with the control or management of a municipal or local fund;
- (d) a Cantonment Board as defined in section 3 of the Cantonments Act, 2006;
- (e) a Regional Council or a District Council constituted under the Sixth Schedule to the Constitution;
- (f) a Development Board constituted under article 371 of the Constitution; or
- (g) a Regional Council constituted under article 371A of the Constitution;

Example 1: What is the meaning of ‘Government’?

Answer: As per section 2(53) of the CGST Act, 2017, ‘Government’ means the Central Government. As per clause (23) of section 3 of the General Clauses Act, 1897 the ‘Government’ includes both the Central Government and any State Government. As per clause (8) of section 3 of the said Act, the ‘Central Government’, in relation to anything done or to be done after the commencement of the Constitution, means the President. As per Article 53 of the Constitution, the executive power of the Union shall be vested in the President and shall be exercised by him either directly or indirectly through officers subordinate to him in accordance with the Constitution.

Further, in terms of Article 77 of the Constitution, all executive actions of the Government of India shall be expressed to be taken in the name of the President.

Therefore, the Central Government means the President and the officers subordinate to him while exercising the executive powers of the Union vested in the President and in the name of the President.

Similarly, as per clause (60) of section 3 of the General Clauses Act, 1897, the ‘State Government’, as respects anything done after the commencement of the Constitution, shall be in a State the Governor, and in an Union Territory the Central Government. As per Article 154 of the Constitution, the executive power of the State shall be vested in the Governor and shall be exercised by him either directly or indirectly through officers subordinate to him in accordance with the Constitution.

Further, as per article 166 of the Constitution, all executive actions of the Government of State shall be expressed to be taken in the name of Governor. Therefore, State Government means the Governor or the officers subordinate to him who exercise the executive powers of the State vested in the Governor and in the name of the Governor.

Example 2: Would a statutory body, corporation or an authority constituted under an Act passed by the Parliament or any of the State Legislatures be regarded as ‘Government’ or “local authority” for the purposes of the GST Acts?

Answer: A statutory body, corporation or an authority created by the Parliament or a State Legislature is neither ‘Government’ nor a ‘local authority’. Such statutory bodies, corporations or authorities are normally created by the Parliament or a State Legislature in exercise of the powers conferred under article 53(3)(b) and article 154(2)(b) of the Constitution respectively.

It is a settled position of law (*Agarwal v Hindustan Steel AIR 1970 Supreme Court 1150*) that the manpower of such statutory authorities or bodies do not become officers subordinate to the President under article 53(1) of the Constitution and similarly to the Governor under article 154(1). Such a statutory body, corporation or an authority as a juridical entity is separate from the State and cannot be regarded as the Central or a State Government and also do not fall in the definition of ‘local authority’. Thus, regulatory bodies and other autonomous entities would not be regarded as the government or local authorities for the purposes of the GST Acts.

Example 3: A contract awarded by Bombay Municipal Corporation (BMC) for repair of a particular road to M/s B Ltd. of Mumbai with a total consideration of ₹12 lakhs with terms and conditions as stated that:

- (a) It is pure service (excluding works contract service or other composite supplies involving supply of any goods) and
- (b) the entire work should be completed within 30 days.

The said work has been completed as per terms and conditions. Applicable rate of GST 18%

Find the following:

- (a) Is it taxable supply?
- (b) Rework if the contract is in the nature of works contract where material is involved (i.e. 40% of the Composite supply) in the value of contract. Is it taxable supply? If so who is liable to pay GST.

Note: previous turnover of M/s B Ltd. was ₹22 crores

Answer: (a) Pure services (excluding works contract service or other composite supplies involving supply of any goods) provided to the local authority exempt from GST.

Therefore, in the given case M/s B Ltd. supplied exempted service.

(b) M/s B Ltd. supplied works contract service which includes material and hence it is taxable supply.

M/s B Ltd is liable to pay GST.

CGST 9% = ₹1,08,000

SGST 9% = ₹1,08,000

Note: It is assumed that material value exceeds 25% of the total contract value.

Otherwise, it exempted from GST under entry No. 3A.

3A. w.e.f. 25.1.2018, Composite supply of goods and services in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply provided to the Central Government, State Government or Union territory or local authority or a Governmental authority or a Government Entity by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution.

Example: A contract awarded by Chennai Corporation for repair of a particular road to M/s B Ltd. with a total consideration of ₹12 lakhs (pure service).

Applicable rate of GST 18%

Find the following:

- (a) Is it taxable supply?
- (b) Rework if the contract is in the nature of works contract where material of ₹4 lakhs is involved in the value of contract. Is its taxable supply? If so, who is liable to pay GST.

Answer:

- (a) Pure services (excluding works contract service or other composite supplies involving supply of any goods) provided to the local authority exempt from GST. Therefore, in the given case M/s B Ltd. supplied exempted service.
- (b) M/s B Ltd. supplied works contract service which includes material and hence it is taxable supply.

M/s B Ltd is liable to pay GST.

CGST 9% = ₹1,08,000

SGST 9% = ₹1,08,000

Note:

- (i) w.e.f. 25.1.2018, Composite supply of goods and services in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply is exempt from GST under entry no. 3A of the NT No. 12/2017 as amended from time to time.
- (ii) In the given case value of material @33% as a result does not qualify for exemption.

4. Services governmental authority by way of any activity in relation to any function entrusted to a municipality under article 243W of the Constitution

Example 1: Validate the following statement:

Charges recovered by the Government for regulation of land use like conversion of agriculture to non-agriculture will be exempt from payment of GST.

Answer: The given statement is valid.

Covered under entry 4 of exemption Notification No. 12/2017, dated 28.06.2017-Central Tax (Rate).

Example 2: Validate the following statement:

Charges recovered by the Government of India from local authority for construction of building like granting approval of the plant is exempt from GST?

Answer: The given statement is valid.

Covered under entry 4 of exemption Notification No. 12/2017, dated 28.06.2017-Central Tax (Rate).

Example 3: Validate the following statement:

Grant received by the State Government from Central Government for implementing National Bio-gas and Manure management Programme operating under Ministry of New and Renewable Energy is taxable supply of service?

Answer: The given statement is invalid:

State Government is bound to implement the centrally sponsored scheme on receipt of grant. Consequently, State Governments are implementing agency and not service provider.

Therefore, there is no supply.

GST does not arise in the given case.

5. Services by a governmental authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution.

6. Services by the Central Government, State Government, Union territory or local authority excluding the following services—

- (a) services by the Department of Posts (omitted w.e.f. 18-07-2022

by way of—

- (i) speed post,
- (ii) express parcel post,
- (iii) life insurance, and
- (iv) agency services provided

to a person other than the Central Government, State Government, Union territory);

- (b) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;

- (c) transport of goods or passengers; or

- (d) any service, other than services covered under entries (a) to (c) above, provided to business entities.

are exempted from GST.

It means, all types of supply of services are taxable unless specifically exempted from GST.

CBIC clarification:

Services provided by State Government by way of general insurance (managed by government) to employees of the State government/ Police personnel, employees of Electricity Department or students are exempt vide entry 6 of notification No. 12/2017-CT(R) which exempts Services by Central Government, State Government, Union territory or local authority to individuals.

Example: Examine whether GST is payable in the following case:—

Speed post services by Department of Post to Union Territory of Lakshadweep.

Answer: GST is payable in case of speed post services by Department of Post to Union territory of Lakshadweep. The said service taxable under GST (not covered under Entry No. 8, w.e.f. 18-07-2022).

Applicability of GST on sanitation and conservancy services supplied to Army and other Central and State Government department:

Circular No. 177/09/2022-TRU, dated 03.08.2022. It has been clarified that if such services are procured by Indian Army or any other Government Ministry/Department which does not perform any functions listed in the 11th and 12th Schedule of the Constitution, in the manner as a local authority does for the general public, the same are not eligible for exemption under Sl. No. 3 and 3A of Notification No. 12/2017-CT(R), dated 28.06.2017.

List of services are specifically exempted:

1. Entry No. 4: Services by (omitted vide notification No. 14/2018-Central Tax (Rate), dated 26.07.2018 Central Government, State Government, Union territory, local authority or) governmental authority by way of any activity in relation to any function entrusted to a municipality under article 243W of the Constitution.

2. Entry No. 5: Services by governmental authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution.

3. Entry No. 7: Services provided by the Central Government, State Government, Union territory or local authority to a business entity with an aggregate turnover of upto ₹20 lakh (₹10 lakh in case of a special category state) in the preceding financial year.

Explanation: For the purposes of this entry, it is hereby clarified that the provisions of this entry shall not be applicable to—

- (a) services,—

- (i) by the Department of Posts (omitted w.e.f. 18-07-2022 by way of speed post, express parcel post, life insurance, and agency services provided to a person other than the Central Government, State Government, Union territory);

- (ii) in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;

- (iii) of transport of goods or passengers; and

- (b) services by way of renting of immovable property.

4. Entry No. 8: Services provided by the Central Government, State Government, Union territory or local authority to another Central Government, State Government, Union territory or local authority;

Provided that nothing contained in this entry shall apply to services—

- (i) by the Department of Posts (omitted w.e.f. 18-07-2022 by way of speed post, express parcel post, life insurance, and agency services provided to a person other than the Central Government, State Government, Union territory);

- (ii) in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;
- (iii) of transport of goods or passengers;
5. Entry No. 9: Services provided by Central Government, State Government, Union territory or a local authority where the consideration for such services does not exceed ₹5,000:
Provided that nothing contained in this entry shall apply to services—
(i) by the Department of Posts (omitted w.e.f. 18-07-2022 by way of speed post, express parcel post, life insurance, and agency services provided to a person other than the Central Government, State Government, Union territory);
(ii) in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;
(iii) of transport of goods or passengers;
Provided further that in case where continuous supply of service, as defined in sub-section (33) of section 2 of the Central Goods and Services Tax Act, 2017, is provided by the Central Government, State Government, Union territory or a local authority, the exemption shall apply only where the consideration charged for such service does not exceed ₹5,000 in a financial year.
- Entry No. 24C: w.e.f 18-07-2022, Services by the Department of Posts by way of post card, inland letter, book post and ordinary post (envelopes weighing less than 10 grams) exempted from GST.
6. Entry No. 42: Services provided by the Central Government, State Government, Union territory or local authority by way of allowing a business entity to operate as a telecom service provider or use radio frequency spectrum during the period prior to the 1st April 2016, on payment of licence fee or spectrum user charges, as the case may be.
7. Entry No. 47: Services provided by the Central Government, State Government, Union territory or local authority by way of—
(a) registration required under any law for the time being in force;
(b) testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, including fire license, required under any law for the time being in force
8. Entry No. 61: Services provided by the Central Government, State Government, Union territory or local authority by way of issuance of passport, visa, driving licence, birth certificate or death certificate.
9. Entry No. 62: Services provided by the Central Government, State Government, Union territory or local authority by way of tolerating ~~non-performance of a contract~~ for which consideration in the form of fines or liquidated damages is payable to the Central Government, State Government, Union territory or local authority under such contract.
10. Entry No. 61A: Services by way of granting National Permit to a goods carriage to operate throughout India/continuous States (new exemption inserted w.e.f. 1-10-2021)
11. Entry No. 63: Services provided by the Central Government, State Government, Union territory or local authority by way of assignment of right to use natural resources to an individual farmer for cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products.
12. Entry No. 64: Services provided by the Central Government, State Government, Union territory or local authority by way of assignment of right to use any natural resource where such right to use was assigned by the Central Government, State Government, Union territory or local authority before the 1st April, 2016:
Provided that the exemption shall apply only to tax payable on one time charge payable, in full upfront or in instalments, for assignment of right to use such natural resource.
13. Entry No. 65: Services provided by the Central Government, State Government, Union territory by way of deputing officers after office hours or on holidays for inspection or container stuffing or such other duties in relation to import export cargo on payment of Merchant Overtime charges.

Reverse Charge Mechanism (RCM) applicable:

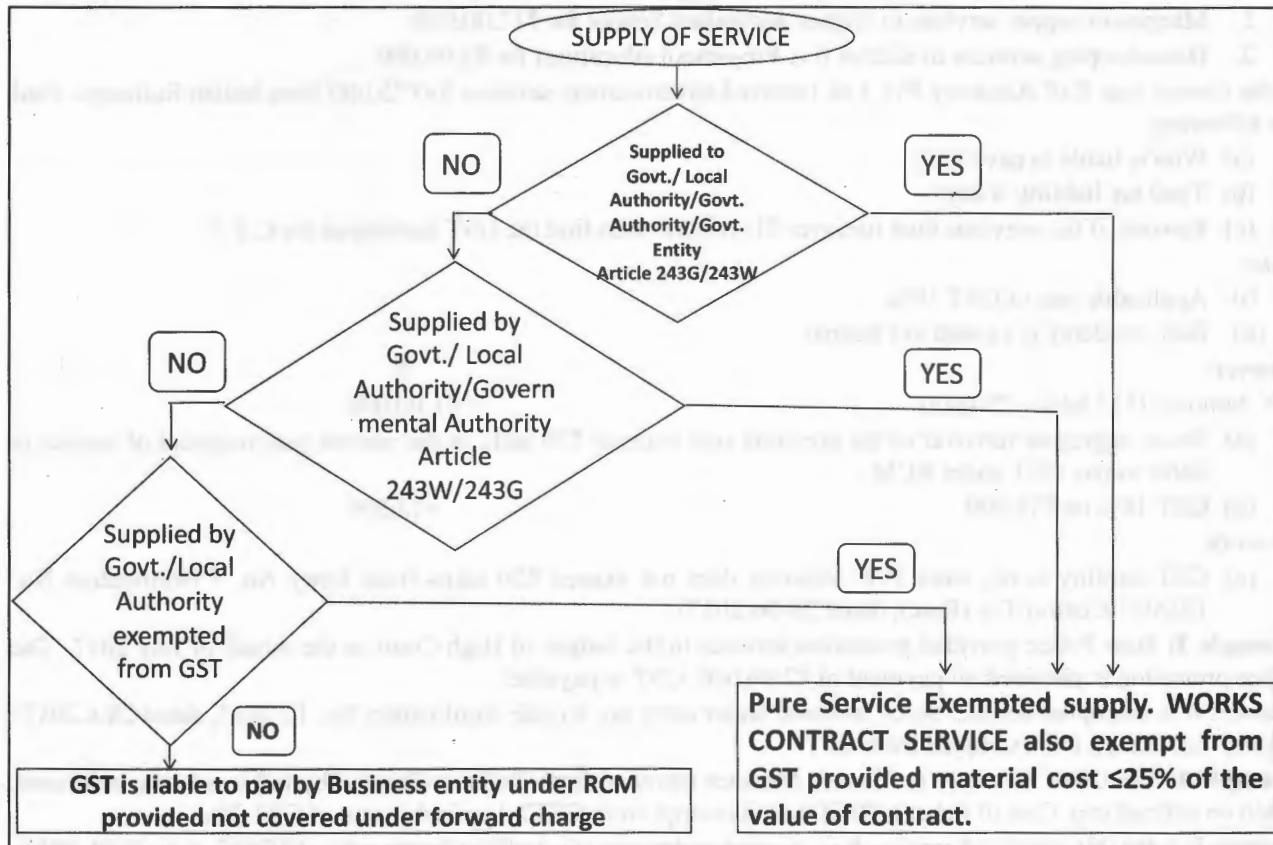
S. No.	Description of supply of service	Supplier of service	Recipient of service	Person liable to pay GST
5	Services supplied by the Central Government, State Government, Union territory or local authority to a business entity excluding:— (1) Renting of immovable property to a registered person, w.e.f. 25.1.2018 covered under RCM. However, Renting of immovable	Central Government, State Government, Union territory, or local authority	Any business entity located in the taxable territory.	Recipient

S. No.	Description of supply of service	Supplier of service	Recipient of service	Person liable to pay GST
	<p>property by government or local authority to un-registered person shall continue under forward charge; and</p> <p>(2) Services specified below: —</p> <p>(i) Services by the Department of Posts (omitted w.e.f. 18-07-2022 by way of speed post, express parcel post, life insurance, and agency services provided to a person other than Central Government, State Government or Union territory or local authority);</p> <p>(ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;</p> <p>(iii) Transport of goods or passengers.</p>			

Definitions:

(1) “**business entity**” means any person carrying out business;

Summary:



Example 1: w.e.f. 18-07-2022, GST will be applicable on following services provided by Government or Local Authority:

S.No.	Nature of service	Taxability	Who is liable to pay	Remarks
(i)	Speed Post Service provided by Department of Post to Government	Taxable supply	Supplier	exemption withdrawn w.e.f. 18-07-2022)
(ii)	Express Parcel Post Services by department of Post provided to a business entity	Taxable supply	Dept. of Post	Not covered under RCM (not specially exempted)

S.No.	Nature of service	Taxability	Who is liable to pay	Remarks
(iii)	Services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport.	Taxable supply	Supplier of service	Not covered under RCM (also not exempted)
(iv)	Transport of goods or passengers	Taxable supply	Supplier of service	-do-
(v)	Renting of immovable property for commercial nature to Business Entity whose turnover in the P.Y. is ₹18 lakh.	Taxable supply	Renting of immovable property by government or local authority to un-registered person shall continue under forward charge.	Not covered under RCM and also not covered under any exemption.
(vi)	Other services provided to business entity whose P.Y. turnover is ₹8 lakh.	Exempted supply	NA	Covered under entry no. 7 and hence exempted from GST.
(vii)	Other services provided to business entity whose P.Y. turnover is ₹22 lakh.	Taxable supply	Business entity being recipient is liable to pay GST	Covered under RCM. It is not covered under any exemptions.

Example 2: Rafi Academy Pvt. Ltd. provided following services in the previous year:

1. Manpower supply services to Higher Secondary School for ₹12,00,000.
2. Housekeeping services to Kidzee (i.e. Pre-school education) for ₹9,00,000.

In the current year Rafi Academy Pvt. Ltd. received advertisement services for ₹75,000 from Indian Railways. Find the following:

- (a) Who is liable to pay GST?
- (b) Total tax liability if any?
- (c) Rework, if the previous total turnover ₹11,10,000 then find the GST liability in the C.Y.?

Note:

- (i) Applicable rate of GST 18%.
- (ii) Rafi Academy is located in Chennai

Answer:

$$\begin{array}{lcl}
 \text{P.Y. turnover (₹12 lakh + ₹9 lakh)} & & ₹ \\
 & & = 21,00,000 \\
 \text{(a) Since, aggregate turnover of the previous year exceeds ₹20 lakh, in the current year recipient of service is} \\
 \text{liable to pay GST under RCM.} & & \\
 \text{(b) GST 18% on ₹75,000} & & ₹ = 13,500
 \end{array}$$

Re-work

- (c) GST liability is nil, since P.Y. turnover does not exceed ₹20 lakhs (*vide* Entry No. 7 Notification No. 12/2017-Central Tax (Rate), dated 28-06-2017).

Example 3: State Police provided protection services to the Judges of High Court in the month of July 2017. The police protection is provided on payment of ₹2,00,000. GST is payable?

Answer: It is exempted service. Since, covered under entry no. 8 (*vide* Notification No. 12/2017, dated 28.6.2017-Central Tax (Rate), it is exempted from GST.

Example 4: The Chief Secretary to Finance Minister travelled from Delhi to Chennai by rail in an air conditioned coach on official trip. Cost of ticket is ₹1,200. Is it exempt from GST? Applicable rate of GST 5%.

Answer: It is taxable supply of service. It is covered under entry 6(c) of Notification No. 12/2017, date 28.06.2017-Central Tax (Rate), GST will be levied under forward charge.

Example 5: Passport is issued by the office of the External Affairs Ministry under Passport Act, 1967 to individual. The fee of ₹6,500 paid by business entity in which such individual person is working. This activity will attract GST.

Answer: The exemption from payment of GST would be available both cases, where fee is paid by individual or by the business entity. The said activity is exempted from GST under entry no. 61 of the Notification No.12/2017, date 28.06.2017 Central Tax (Rate).

Example 6: X Pvt. Ltd., received the following services from the Government of India during the taxable period:

1. Application fee paid towards processing of application for issuance of advance authorization ₹12,000.
2. Security services provided by Government security agency for a period of four months for a total consideration of ₹6,000:
 - (a) Jan 2023 – Part payment ₹500
 - (b) Feb 2023 – Part payment ₹2,000
 - (c) Mar 2023 – Part payment ₹2,000
 - (d) April 2023 – Final payment ₹1,500.
3. Customs authorities have charged Merchant Over Time (MOT) fee for ₹1,000 at the time of special warehousing of goods.

Find the total GST payable by X Pvt. Ltd. if any?

Note: Previous Turnover of X Pvt. Ltd. ₹21 lakhs.

Note: Applicable rate of GST 18%

Answer: Statement showing GST liability of X Pvt. Ltd.

S.No.	Particulars	Value in ₹	Remarks
1	Application fee paid towards processing of application for issuance of advance authorization	12,000	Taxable supply of service. Since, amount exceeds ₹5,000.
2	Security services provided by Government security agency. F.Y. 2022-23 ₹4,500 F.Y. 2023-24 ₹1,500 the exemption shall apply only where the consideration charged for such service does not exceed ₹5,000 in a financial year.	Nil	Exempted supply of service under entry no. 9.
3	Merchant Overtime charges	Nil	Exempted supply of service under Entry No. 65.
	Total subject to tax under reverse charge	12,000	
	Total GST liability	2,160	12,000 × 18%

Example 7: M/s X Ltd. paid penalty under section 49 of the CGST Act, 2017 ₹20,00,000 to the Government Department in the month of February 2023. Is it taxable supply under the GST law?

Answer: It is not a supply of service. The fine or penalty chargeable by Government or local authority imposed for violation of statute, bye-laws, rules or regulations are not leviable to GST. Such fines or penalty are not recovered for tolerating non-performance of a contract.

Example 8: A contract awarded by Bombay Municipal Corporation (BMC) for repair of a particular road to M/s B Ltd of Mumbai with terms and conditions that the entire work should be completed within 30 days. However, there is a delay of 10 days to complete the work. BMC charged liquidated damages of ₹1,20,000 and the same recovered from M/s B Ltd.

Applicable rate of GST 18%

Find the following:

- (a) who is liable to pay GST on what amount?
- (b) Total GST liability if any?

Note: Previous year turnover of M/s B Ltd. was ₹88 lakh.

Answer: (a) It is supply of service.

M/s B Ltd. being recipient of service is liable to pay GST on ₹1,20,000 (i.e. Reverse Charge applicable). Since, the contractor has performed the contract, but there is a delay of 10 days.

(b) GST liability = ₹21,600

Note:

- (i) It appears the liquidated damages recovered by local authority for delay in performance in contract will not be covered under exemption list of GST. The contract has been performed in such cases, GST will be payable on the same.
- (ii) Services provided by Government or a local authority by way of tolerating non-performance of a contract for which consideration in the form of fines or liquidated damages is payable to the Government or the local authority under such contract; is exempted from GST.

Example 9: For registration of a company whose nominal share capital does not exceed ₹1,00,000, paid registration fee of ₹5,000.

Whether your answer is different if registration fee ₹6,000.

Is it taxable supply? Attract GST?

Answer: Exempted from GST *vide* Entry No. 47, Notification No. 12/2017-Central Tax (Rate), dated 28-06-2017.

Our answer is not differing even if the registration fee is ₹6,000 under the entry no. 47.

Example 10: Domicile Certificate for certifying the number of years during which the person has stayed in State, has been obtained from District Collector's Office, by paying fee of ₹5,500. It is taxable supply?

Answer: This activity falls under entry no. 47 Notification No. 12/2017-Central Tax (Rate), dated 28-06-2017.

Therefore, the given activity is exempted from GST.

Example 11: X Ltd. covered under the Factories Act, 1948. Inspector of Factories certified the factory is safe for the workers to carry their work and charged Government fee of ₹10,000.

X Ltd. owned one more factory at another place, which is not covered under Factories Act, 1948. However, X Ltd. obtained safety certificate for the factory from the Inspector of Factories by paying ₹15,000 voluntarily.

Is it taxable supply? Attract GST? If so who is liable to pay GST.

Applicable rate of GST 18%.

Answer: X Ltd. being recipient of service from the Inspector of Factories is not liable to pay GST. Since, certification relating safety of workers **required** under the Factories Act, 1948 covered under entry 47.

Another factory which is not covered under Factories Act, 1948 for which fee paid by X Ltd. voluntarily is liable to pay GST under reverse charge mechanism.

CGST 9% on ₹15,000= ₹1,350

SGST 9% on ₹15,000= ₹1,350

Example 12: The Inspector of the Metrology department verified the calibration of weighing scale as well as the weight and collected charges of ₹7,500 from the shop owner under the The Legal Metrology Act, 2009. Is it taxable supply?

Answer: This activity is exempt from GST under Entry No. 47 Notification No. 12/2017-Central Tax (Rate), dated 28-06-2017.

Example 13: The Department of Agriculture, Co-operation and Farmers Welfare, provided Soil Conservation Service, Animal Husbandry, Dairying and Fisheries to a farmer by charging fee of ₹20,000 in relation to assignment of natural resources. It is taxable supply?

Answer: This activity is specifically exempted from GST under Entry No. 63 Notification No. 12/2017- Central Tax (Rate), dated 28-06-2017.

Example 14: A Ltd., becomes the successful bidder. The spectrum is assigned to A Ltd., for a total consideration of ₹1000 crores in the month of June 2015.

Government permitted to pay as one time charge payable, in full upfront or in instalments as the case may be.

A Ltd. chooses to make in instalments over a period of 5 years. Instalment due fallen on or after 1st July 2017 is leviable to GST?

Whether your answer is different if periodic payment required to be made by the assignee.

Answer: The exemption under entry 42 Notification No. 12/2017-Central Tax (Rate),dated 28-06-2017shall apply only to one time charge, payable in full upfront or in instalments, for assignment of right to use any natural resource or spectrum assigned. Hence, A Ltd. is not liable to pay GST.

The exemption shall not applicable to any periodic payment required to be made by the assignee.

GST is payable on periodic payments due after 1.7.2017 in respect of spectrum assigned before 1.4.2016. GST is liable to pay by A Ltd. (RCM applicable).

Example 15: Is GST leviable on the fee/amount charged in the following situations/cases: –

- (1) A customer pays fees while registering complaints to Consumer Disputes Redressal Commission office and its subordinate offices. These fees are credited into State Customer Welfare Fund's bank account.
- (2) Consumer Disputes Redressal Commission office and its subordinate offices charge penalty in cash when it is required.
- (3) When a person files an appeal to Consumers Disputes Redressal Commission against order of District Forum, amount equal to 50% of total amount imposed by the District Forum or ₹ 25,000/- whichever is less, is required to be Paid.

Answer: As per CBIC Circular No. 32/06/2018-GST, dated 12th February, 2018, fee paid by litigants in the Consumer Disputes Redressal Commissions are not leviable to GST. Any penalty imposed by or amount paid to these Commissions will also not attract GST.

Thus, GST will not be levied in case of (1), (2) and (3) above.

Case Law: Bai Mumbai Trust v Suchitra (Bombay High Court)

Whether GST is applicable on services or assistance rendered by the Court receiver appointed by the Court?

Decision:

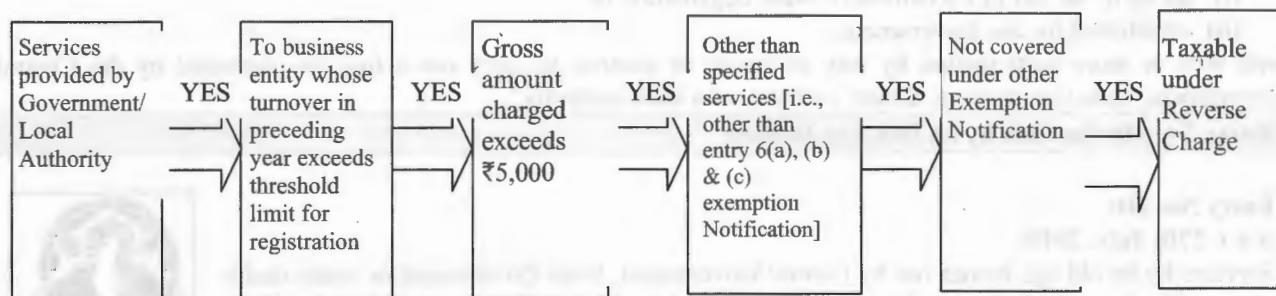
Court observed that schedule III provides that services provided by any court or tribunal established under any law is neither a supply of goods nor supply of services.

Court Receiver should implement orders of the court and functions under the supervision and direction of the Court. Hence, office of the Court Receiver is an establishment of the High Court through which the orders issued by the Court are given effect to.

Therefore, the services of the Court Receiver are to be considered as services provided by any Court. Accordingly, the fees or charges paid to the Court Receiver are not liable to GST.

The Honorable High Court held that GST cannot be levied or recovered on services provided by the Court Receiver.

Changes w.r.t. 1.7.2017 services provided by Government or Local Authority:



If answer for any one of these is 'NO', then the same would not be liable to GST under reverse charge mechanism

Entry No. 9A: FIFA U-17

Services provided by and to Fédération Internationale de Football Association (FIFA) and its subsidiaries directly or indirectly related to any of the events under FIFA U-17 World Cup 2017 to be hosted in India have been exempted from GST (Notification No. 21/2017-Central Tax (Rate), dated 22nd Aug., 2017).

Provided that Director (Sports), Ministry of Youth Affairs and Sports certifies that the services are directly or indirectly related to any of the events under FIFA U-17 World Cup 2017.”;



Entry 9AA: w.e.f 1-10-2019 services provided by and to Federation International de Football Association (FIFA) and its subsidiaries directly or indirectly related to any of the event under FIFA U-17 Women's World Cup 2020 to be hosted in India is exempted from GST. **W.e.f. 1-10-2021 the words “hosted in India”, the words “whenever rescheduled” shall be inserted.**

w.e.f. 1-10-2021:

Entry No. 9AB: Services provided by and to Asian Football Confederation (AFC) and its subsidiaries directly or indirectly related to any of the events under AFC Women's Asia Cup 2022 to be hosted in India exempt from GST. Provided that Director (Sports), Ministry of Youth Affairs and Sports certifies that the services are directly or indirectly related to any of the events under AFC Women's Asia Cup 2022.”

Notification No. 07/2021-Central Tax (Rate), dated 30th September, 2021.

Entry No. 9B: Transit cargo to Nepal and Bhutan

Supply of services associated with transit cargo to Nepal and Bhutan (landlocked countries) have been exempted from GST [vide Notification No. 30/2017-CT(R), dated 29.09.2017].

The government of India has removed the goods and services tax on services provided by Indian service providers for transit cargo such as—

- transportation,
- insurance,
- shipment,
- container freight station and
- cargo handling charges, among others

considering these services provided by the Indian service providers as ‘service export’.

Circular No. 177/09/2022-TRU, dated 03.08.202, It has been clarified that exemption under Sl. No. 9B of the exemption notification shall cover services associated with transit cargo both to and from Nepal and Bhutan.

Entry No. 9C: Supply of service by a Government Entity to Govt.

Supply of service by a **Government Entity** to Central Government, State Government, Union territory, local authority or any person specified by Central Government, State Government, Union territory or local authority against consideration received from Central Government, State Government, Union territory or local authority, in the form of grants [*vide* Notification No. 33/2017-Central Tax (Rate), dated 13.10.2017].

“Government Entity” means an authority or a board or any other body including a society, trust, corporation,—

- (i) set up by an Act of Parliament or State Legislature; or
- (ii) established by any Government,

with 90% or more participation by way of equity or control, to carry out a function entrusted by the Central Government, State Government, Union Territory or a local authority”.

Entry No. 9D: Services by an Old Age Homes:

Entry No. 9D:

w.e.f. 27th July, 2018:

Services by an old age homes run by Central Government, State Government or entity under section 12AA or 12AB (**inserted w.e.f. 1-10-2021**) of the Income Tax Act, 1961, to residents for consideration upto ₹25,000 per month per member is exempted from GST [*vide* Notification No. 14/2018-Central Tax (Rate)].



Entry No. 10: Pure labour services for Housing Scheme

Services provided by way of pure labour contracts of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of a civil structure or any other original works pertaining to the beneficiary-led individual house construction or enhancement under the Housing for All (Urban) Mission or Pradhan Mantri Awas Yojana.

Entry No. 10. Pure labour services for Housing Scheme Services provided by way of pure labour contracts of—

- construction,
- erection
- commissioning,
- installation
- completion
- finishing
- repair,
- maintenance,
- renovation, or
- alteration of a civil structure or
- any other original works pertaining to the beneficiary-led individual house construction or enhancement



under the Housing for All (Urban) Mission or Pradhan Mantri Awas Yojana.

“original works” means all new constructions;

- (i) all types of additions and alterations to abandoned or damaged structures on land that are required to make them workable;
- (ii) erection, commissioning or installation of plant, machinery or equipment or structures, whether pre-fabricated or otherwise;

Pure labour contract means supplier of service should not utilize any material in supplying the service. It should be a labour contract only.

The Housing for All (Urban) Mission or Pradhan Mantri Awas Yojana scheme where in Housing for all mission will be implemented through four verticals which are as follows:

1. 'In-situ' Slum Redevelopment
2. Affordable Housing through credit linked subsidy
3. Affordable Housing in Partnership
4. Subsidy for beneficiary-led individual house construction.

Entry No. 10A: Services by Electricity Distribution Utilities:

Entry No. 10A:

w.e.f. 27th July 2018

Services supplied by electricity distribution utilities by way of construction, erection, commissioning, or installation of infrastructure for extending electricity distribution network upto the tube well of the farmer or agriculturalist for agricultural use exempt from GST [vide Notification No. 14/2018-Central Tax (Rate)].

Entry No. 11: Construction, erection and related services pertaining to single residential unit:

Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a **single residential unit** otherwise than as a part of a residential complex is exempted from GST.



Example 1: Raj Builders is constructing a two-floor residential house. Is it taxable supply?

Answer: Yes, the given activity is a taxable supply and GST will be levied.

Example 2: Rana Contractors has undertaken pure labour contracts to repair a single residential house owned by Mr. Rafi. Is it taxable supply?

Answer: Yes, the given activity is a taxable supply and GST will be levied.

Example 3: Ram Contractors has undertaken to construct new single shop for M/s X & Co. Is it taxable supply?

Answer: Yes, the given activity is a taxable supply and GST will be levied.

Entry No. 11A: w.e.f. 15.11.2017

"Service provided by Fair Price Shops to Central Government, State Government or Union territory by way of sale of good grains, kerosene, sugar, edible oil, etc. under Public Distribution System against consideration in the form of commission or margin" is exempt from GST [vide Notification No. 47/2017-Central Tax (Rate)]



Entry No. 12: Services by way of renting of residential dwelling for use as residence is also exempt from GST (w.e.f. 18-07-2022, "except where the residential dwelling is rented to a registered person" shall be inserted);

The following are taxable supplies:

- Residential house taken on rent for commercial purposes
- House is given on rent and the same is used as a hotel or a lodge

w.e.f. 18-07-2022, residential dwelling is rented to a registered person is taxable:

Nature of supply	Supplier	Recipient	GST w.e.f.18-07-2022
Renting of residential dwelling for use as residence	Registered Person or Un-registered peson	Registered Person	RCM applicable (i.e. recipient is liable to pay GST)
		Un-registered person	Exempted from GST

Example: Mr. A owns a residential building in a prime commercial locality. Basement of the building is leased to Mr. B, a wholesaler. One-fourth of the basement is used by Mr. B as his office and remaining portion is used as a godown for storing his merchandise.

Ground floor of the building is given on rent to Mr. C who uses the same as a guest house for his business contacts. First floor of the building is occupied by Mr. A. and his family. Second floor is given on rent to Mr. D (un-registered person under GST) who uses the same as his residence.

There is a large vacant land in the backyard of the building which is also given on rent to a parking contractor, Mr. E who has set up a parking facility on the said land.

Separate rent/lease deeds have been executed in respect of each floor of the building and vacant land given on rent/lease.

Examine the GST liability of Mr. A with respect to the residential building owned by him.

(CA Final RTP Nov. 2014 model)

Answer: Renting of immovable property (whether residential or commercial) is supply of service as per Serial No. 5(a) of Schedule II. However, services by way of renting of residential dwelling for use as residence are covered under exempted supply of services and are thus not liable to GST.

Since, Mr. A has let out different floors of his residential building to different tenants and separate rent/lease deeds have been executed in respect of each floor of such building and vacant land given on rent/lease, principle of composite or mixed supply will not apply. In this backdrop, the taxability of each of the floor of the building and vacant land owned by Mr. A is discussed as under:

- (i) Basement: Leasing out of the basement of the building to Mr. B would not be covered under exemption list of services as Mr. B uses the basement for commercial purpose. Thus, it would be liable to GST as supply of service.
- (ii) Ground floor: Renting of ground floor of the building to Mr. C for being used as a guest house will not be covered under exemption list of services since Mr. C uses it for commercial purpose. Thus, it would be liable to GST as supply of service.
- (iii) First floor: Since Mr. A uses the first floor of the building himself, it would not be a supply and thus, would not be liable to tax.

- (iv) Second floor: Renting of second floor of the building to Mr. D for being used as a residence would not be chargeable to GST as it is covered in exemption list of supply of services.
- (v) Vacant land: Though vacant land is also an immovable property, renting thereof to Mr. E, a parking contractor, will not be covered under exemption list of services since Mr. E uses it for commercial purpose. Thus, it would be liable to GST.

Entry No. 13: Charitable/religious activities

Services by a person by way of—

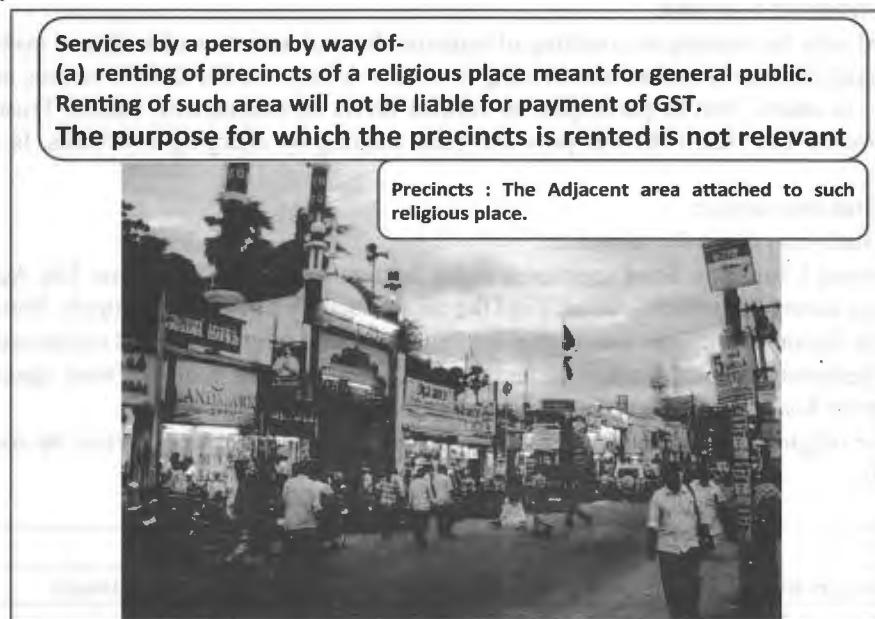
- (a) conduct of any religious ceremony;
- (b) renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust under section 12AA or 12AB (inserted w.e.f. 1-10-2021) of the Income-tax Act, 1961
or
a trust or an institution registered under sub clause (v) of clause (23C) of section 10 of the Income-tax Act or
a body or an authority covered under clause (23BBA) of section 10 of the said Income-tax Act:
Provided that nothing contained in entry (b) of this exemption shall apply to,—
 - (i) renting of rooms where charges are ₹1,000 or more per day;
 - (ii) renting of premises, community halls, kalyanmandapam or open area, and the like where charges are ₹10,000 or more per day;
 - (iii) renting of shops or other spaces for business or commerce where charges are ₹10,000 or more per month.

The term “religious place” as per the clause (zy) of the said notification means “a place which is primarily meant for conduct of prayers or worship pertaining to a religion, meditation, or spirituality”.

As per clause (zc) of the said notification, the term “general public” means “the body of people at large sufficiently defined by some common quality of public or impersonal nature”.

Dictionary meaning of “precincts” is an area within the walls or perceived boundaries of a particular building or place, an enclosed or clearly defined area of ground around a cathedral, church, temple, college, etc.

Precincts means:



Religious Ceremonies: Occasions like birth, marriage, and death involve elaborate religious ceremonies are exempted from service tax.

Services by the priest of temple shall also be exempted.

Few examples for religious ceremony:

- (i) Goat Sacrifice by a Muslim to exhibit his religious belief on a Bakrid Day;
- (ii) Performance of “Shradha” and offering of “Pinda” to ancestors;
- (iii) Carrying “Trishul” by a few in procession to be taken out by a particular community.

Example: Examine whether GST is payable in the following case:-

Ananda Deepam Charitable trust, registered under Section 10(23C)(v) of the Income Tax Act, 1961 manages a temple in Mylapore, Chennai. It has given on rent a community hall, located within temple premises, to public for celebration of new year evening. Rent charged is ₹9,499/-.

Answer: A trust or an institution registered under sub clause (v) of clause (23C) of section 10 of the Income-tax Act, 1961, renting of its premises, community halls, kalyanmandapam or open area, and the like where charges are ₹10,000 or more per day; is taxable supply.

In the given case Ananda Deepam Chartitable trust, registered under Section 10(23C)(v) of the Income Tax Act, 1961 and given on rent for ₹9,499/- per day. Hence, it is exempted from GST.

Entry No. 80: Services by way of training or coaching in recreational activities relating to—

Services by way of training or coaching in—

- (a) recreational activities relating to— arts or culture, (by an individual (inserted w.e.f. 18-07-2022), or
- (b) sports by charitable entities registered under section 12AA or 12AB (inserted w.e.f. 1-10-2021) of the Income-tax Act.

Entry No. 80: Exemption for Recreational Activities

This is exemption from GST to training or coaching in recreational activities relating to arts, culture or sports. The benefit is available to coaching or training relating to all forms of dance, music, painting, sculpture making, theatre and sports, etc.



Example 1: Validate the following statement.

Activities in sculpture making is exempt from GST.

Answer: the given statement is invalid.

Exemption is granted only for training or coaching of sculpture but not activities of sculpture making.

Example 2: Mr. Rohith Sharma is undertaken training in cricket to improve his skill in various areas like bowling, batting, fielding etc. to enable him to participate in various levels of tournament. Sachin Trust registered under Sec.12AA of the Income Tax Act, 1961 has provided such training by charging ₹10 lakhs. Is taxable supply of service?

Answer: Yes, it is a taxable service.

Because training in such case is not for recreation.

Example 3: Kapleswara Charitable Trust registered under Section 12AA of the Income Tax Act, 1961. Supplied the following services during the taxable period. Find the taxable supply or exempted supply from the following:

- (a) Income from Navratri functions, other religious functions, and religious poojas conducted for ₹2,12,345/-
- (b) During Ganeshutsav or other religious functions, charitable trusts rent out their space to agencies for advertisement hoardings, income from such advertisement ₹4,98,765/-
- (c) Donation for religious ceremony is received with specific instructions to advertise the name of a donor for ₹1,00,001/-.

Answer:

Particulars	Nature of supplies	Remarks
(a) Income from Navratri functions etc.	Exempted supply	Meant of religious ceremony
(b) Income for renting out space	Taxable supply	Advertisement services
(c) Donation received with reciprocity	Taxable supply	Donation is compensating against consideration

Example 4: Marry Charitable Trust registered under section 12AA of the income tax and also registered person under GST Law.

Provided the following services in the month of October.

- (1) Services by way of training or coaching in recreational activities relating to sports for ₹4,00,000/-.
- (2) Fee from organizing yoga camps or other fitness camps for ₹5,00,500/-
- (3) Organizes fitness camps in reiki, aerobics, etc., and receive donation from participants ₹2,25,000/-.

- (4) Services of public libraries by way of lending of books, publications or any other knowledge-enhancing content or material for ₹20,000

Assume applicable rate of GST for taxable supplies @18%.

Answer:

Particulars	Value in ₹	Remarks
training or coaching in recreational activities relating to sports	Nil	Exempted supply.
Fee from organizing yoga camps or other fitness camps	5,00,500	Since, not covered under advancement of religion, spirituality or yoga, it is taxable supply.
Donation for Organizes fitness camps in reiki, aerobics	2,25,000	Covered under health and fitness services, which is not exempted.
Public libraries	Nil	Exempted supply.
Total	7,25,500	
GST 18%	1,30,590	(7,25,500 x 18%)

Example 5: Chari Charitable Trust registered under section 10(23BBA) of the income tax and also registered person under GST Law.

Provided the following services in the month of October.

- (1) Services by way of accommodation (i.e. Rest house) for ₹1,000 per day for 12 days. This property located within the precincts of the trust.
- (2) Fee from convention hall for ₹8,000 per day for 4 days. However, this hall located outside the premises of the Trust.
- (3) shops situated within the premises of a religious place are rented out for ₹8,000 per month.

Find the taxable supply and exempted supply of services.

Assume applicable rate of GST for taxable supplies @18%.

Answer:

Particulars	Value in ₹	Remarks
Services by way of Rest house	12,000	Taxable supply.
Fee from convention hall	32,000	Taxable supply.
Rent from shops situated within the premises of a religious place	Nil	Exempted supply ₹8,000/- under Entry No. 13 Exempted supply.
Total	44,000	
GST 18%	7,920	(44,000 x 18%)

Renting of rooms where charges are ₹1000 or more per day;

Practical theory:

DEPARTMENT CLAIM: Tirumal Tirupati Devasthanams, Tirupati registered under section 12AA of the Income Tax Act, 1961 was running guest houses for pilgrims. Renting of precincts of a religious place meant for general public, by charging more than ₹1,000 per day. Therefore, the assessee was liable to pay GST.

ASSESSEE CONTENTION: Since, they were running guest houses without any profit motive hence they were not liable to pay GST.

Decide the case whether assessee contention is right or Department claim is justifiable?

Answer:

Renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust under section 12AA of the Income-tax Act, 1961 is exempt from GST.

However, w.e.f. 1-7-2017, this exemption shall not be applicable to—

1. Renting of rooms where charges are ₹1,000/- or more per day,
2. Renting of premises, community halls, kalyanmandapam or open area, etc. where charges are ₹10,000/- or more per day, and
3. Renting of shops or other spaces for business or commerce where charges are ₹10,000/-or more per month.

Thus, the law gives a limited exemption to renting of only religious precincts or a religious place meant for general public by the entity registered under Section 12AA of the Income Tax Act or section 10(23C)(v) or section 10(23BBA) of the Income Tax Act, 1961.

In the given case is not exempt from GST. Therefore, department claim is justifiable.

Example 6: Sarva Sugam Charitable Trust, a trust registered under section 12AA of the Income Tax Act, 1961 provides the following information relating to supply of its services for the month of February 2023:

	₹
Renting of residential dwelling for use as a residence to unregistered person	18,00,000
Renting of rooms for Pilgrims (Charge per day ₹1,200)	8,00,000
Renting of rooms for devotees (Charges per day ₹750)	6,00,000
Renting of Kalyana Madapam (Charges per day ₹15,000)	12,00,000
Renting of Halls and open space (Charges per day ₹7,500)	10,75,000
Renting of Shops for business (Charges per month ₹9,500)	4,75,000
Renting of Shops for business (Charges per month ₹12,000)	7,50,000

Compute the total taxable value of supply for the month of August 2017 assuming that the above amounts are exclusive of GST.
(CA Final May 2018 old Syl.)

Answer:

	₹	Remarks
Renting of residential dwelling for use as a residence	Nil	Exempted
Renting of rooms for Pilgrims (Charge per day ₹1,200)	8,00,000	Taxable
Renting of rooms for devotees (Charges per day ₹750)	Nil	exempted
Renting of Kalyana Mandapam (Charges per day ₹15,000)	12,00,000	Taxable
Renting of Halls and open space (Charges per day ₹7,500)	Nil	Exempted
Renting of Shops for business (Charges per month ₹9,500)	Nil	Exempted
Renting of Shops for business (Charges per month ₹12,000)	7,50,000	Taxable
Total taxable supply	27,50,000	

Omitted w.e.f. 18-7-2022, Entry No. 14: Renting of Hotel, Inn, Guesthouse, Club or Camp site, etc.

Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation below ₹1,000 per day or equivalent is an exempted supply under GST.

w.e.f. 1-10-2019 clarification given by Govt. of India:

Amendment has been brought under S. No. 14 of Services exemption notification to clarify that services by way of residential or lodging purposes, having value of supply of a unit of accommodation below or upto one thousand rupees per day is exempt.

w.e.f. 27-7-2018 “Declared Tariff” has been repealed by “Value of Supply”

W.e.f. 27th July 2018, vide notification No. 13/2018-CT (Rate), the concept of “Declared Tariff” has been repealed and the term is replaced by “Value of Supply”. Therefore, the tax rate will be determined in accordance with the “Value of Supply” instead of “Declared Tariff”.

Example 1: QUEEN HOTEL LTD. PROVIDER OF ROOMS. Rent charged per day per room on 1st January 2023 is as follows:

	₹
Room Rent	
Furniture rent	=550
Air-conditioner rent	=400
Refrigerator rent	=150
Less: Discount	=50
Net amount charged	=(250)
	=900

During the month of January 2023, 20 rooms are let out throughout the month, and balance 35 rooms are let out only for 15 days.

Input Tax Credit available ₹7,500.

The following GST rates are applicable for the hotel industry:

CGST 6% and SGST 6%.

Find the GST liability if any for the month of January 2023.

Answer: working note:

- (1) Since, value is 900, Hotel Queen Ltd., is liable to pay GST:

Room Rent	= 550
Furniture rent	= 400
Air-conditioner rent	= 150

Refrigerator rent	= 50
Less: Discount	= (250)
value per day	= 900
(2) Taxable Services	
(20 rooms x 31 days x ₹900)	= ₹5,58,000
(35 rooms x 15 days x ₹900)	= ₹4,72,500
Total taxable services	= ₹10,30,500

Statement showing GST liability of QUEEN HOTEL LTD		
Particulars	Value in ₹	
Taxable supply of services	10,30,500	
GST liability:		
	6% CGST	6% SGST
Output tax	61,830	61,830
Less: ITC	-3,750	-3,750
Total tax	58,080	58,080

Example 2: Is hostel accommodation provided by Trusts to students covered within the definition of Charitable Activities and thus, exempt under Sl. No. 1 of notification No. 12/2017-CT (Rate)?

Answer:

w.e.f. 18-07-2022 taxable service (*vide* Notification No. 04/2022 -Central Tax (Rate) dated 13th July, 2022.

Entry No. 15: Transportation of passengers by any mode of conveyance

Transport of passengers, with or without accompanied belongings, by—

- (a) air, (inserted w.e.f 18-07-2022 in economic class) embarking from or terminating in an airport located in the state of—
 - (x) Arunachal Pradesh,
 - (xi) Assam,
 - (xii) Manipur,
 - (xiii) Meghalaya,
 - (xiv) Mizoram,
 - (xv) Nagaland,
 - (xvi) Sikkim, or
 - (xvii) Tripura or
 - (xviii) at Bagdogra located in West Bengal;
- (b) non-airconditioned contract carriage other than radio taxi, for transportation of passengers, excluding tourism, conducted tour, charter or hire; or
- (c) stage carriage other than airconditioned stage carriage.

are exempted from GST.

TRANSPORT OF PASSENGERS BY AIR (inserted w.e.f 18-07-2022 in economic class)	
Passengers embarking from or terminating in an airport located in the state of	In round trip tickets involving multiple journeys that involves embarkation or disembarkation at North-Eastern States / Bagdora alone will be covered under exemption.
<ul style="list-style-type: none"> • Arunachal Pradesh • Assam • Manipur • Meghalaya • Mizoram • Nagaland • Sikkim • Tripura or at Bagdogra located in West Bengal are exempted from GST.	 North-Eastern States

w.e.f. 1-1-2022, Notification No. 16/2021-CT(R), dated 18.11.2021, "Provided that nothing contained in items (b) and (c) above shall apply to services supplied through an electronic commerce operator and notified under sub-section (5) of Section 9 of the Central Goods and Services Tax Act, 2017 (12 of 2017)."

It means, w.e.f. 1-1-2022, the exemption on services of transport of passengers, with or without accompanied belongings,—

- (a) by non-air-conditioned contract carriage other than radio taxi, for transportation of passengers, excluding tourism, conducted tour, charter or hire, or
- (b) stage carriage other than air-conditioned stage carriage;

shall not be available if such services are supplied through an electronic commerce operator and are notified under sub-section (5) of section 9 of the CGST Act, 2017.

Question: Whether hiring of vehicles by firms for transportation of their employees to and from work is exempt under Sr. No. 15(b) of Notification No. 12/2017-CT(R) transport of passengers by non-air conditioned contract carriage?

Answer: Sr. No. 15(b) of Notification No. 12/2017-CT(R), dated 28.06.2017 exempts “transport of passengers, with or without accompanied belongings, by non-air conditioned contract carriage, other than radio taxi, excluding tourism, conducted tour, charter or hire.

It is clarified that ‘charter or hire’ excluded from the above exemption entry is charter or hire of a motor vehicle for a period of time, where the renter defines how and when the vehicles will be operated, determining schedules, routes and other operational considerations.

Thus, the said exemption would apply to passenger transportation services by non-air conditioned contract carriage falling under Heading 9964 where according to explanatory notes, transportation takes place over pre-determined route on a pre-determined schedule. The exemption shall not be applicable where contract carriage is hired for a period of time, during which the contract carriage is at the disposal of the service recipient and the recipient is thus free to decide the manner of usage (route and schedule) subject to conditions of agreement entered into with the service provider (*vide Circular No. 177/09/2022-TRU*, dated 03.08.2022).

Place of Supply – Transportation of passengers:

The Place of Supply of Services where location of supplier and recipient is in India, section 12 of the IGST Act, 2017:

S. No.	Nature of service	Place of supply of service Sec. 12(9) of the IGST Act 2017.
1	Passenger transportation service. Including: Rail, Mono Rail, Metro Rail, Road, Air, Vessel, boat, Cycle rickshaw, Bullock cart, Camel etc.	Provided to a registered person: <ul style="list-style-type: none"> • Location of recipient of Service. Provided to an un-registered person: <ul style="list-style-type: none"> • Place where the passenger embarks on the continuous journey.

Place of supply of service where location of Supplier of Service or Location of Recipient of Service is outside India [Sec. 13 of IGST]

S. No.	Nature of service	Place of supply of service Sec. 13(10) of the IGST Act 2017.
1	Passenger transportation service. Including: Rail, Mono Rail, Metro Rail, Road, Air, Vessel, boat, Cycle rickshaw, Bullock cart, Camel etc.	where the passenger embarks on the conveyance for a continuous journey.



Assume recipient of service un-registered person

EMBARKING	DISEMBARKING	SERVICE	REMARKS
ASSAM	DELHI	EXEMPTED SUPPLY OF SERVICE	SINCE, EMBARKING FROM ASSAM
CHENNAI	MANIPUR	EXEMPTED SUPPLY OF SERVICE	SINCE, DISEMBARKING IN MANIPUR
MUMBAI-SKKIM	SKKIM-MUMBAI	EXEMPTED SUPPLY OF SERVICE	SINCE, DISEMBARKING IN SKKIM & EMBARKING FROM SKKIM (SIGNLE TICKET)
CHENNAI	LONDON	TAXABLE SUPPLY OF SERVICE	SINCE, PLACE OF PROVISION IS CHENNAI
J & K	HYDERABAD	TAXABLE SUPPLY OF SERVICE	SINCE, PLACE OF PROVISION IS J & K.
COCHIN	J & K	TAXABLE SUPPLY OF SERVICE	SINCE, PLACE OF PROVISION IS COCHIN

The GST rate applicable for transport of passengers by air in economy class is 5% with input tax credit allowed on input services.

The GST rate for transport of passengers, with or without accompanied belongings, by air, embarking from or terminating in a Regional Connectivity Scheme Airport is also fixed at 5% with input tax credit allowed on input services.

The GST rate for transport of passengers by air in other than economy class is 12% with full input tax credit.

Summary:

Transportation of Passengers by Air	GST Rate	Input Tax Credit		
		Inputs	Capital goods	Input service
Economic class	5%	Not allowed	Not allowed	allowed
Business class	12%	allowed	allowed	allowed
Embarking from or terminating in a regional connectivity Scheme Airport	5%	Not allowed	Not allowed	allowed

EXAMPLE: Air Bus Ltd furnishes you the following information for computation of its GST liability for the month of Oct 2017.

- (a) Passenger travelling from Mizoram to Chennai – 2000 passengers, Gross Value per ticket ₹2,500.
- (b) Passenger travelling from Chennai-USA 500 passengers, USA-CHENNAI – 200 passengers, Gross Value per ticket ₹45,000.
- (c) Passengers travelling from Mumbai – Tripura -Mumbai with single ticket – 1000 passengers. Gross value per ticket ₹5,000

Air Bus Ltd. charging 40% passenger tax which is not included in the gross value per ticket.

Find the GST liability?

All passengers are travelled in economic class except point (b).

Answer: ST. SHOWING S.T LIABILITY OF AIR BUS LTD. FOR Oct 2017.

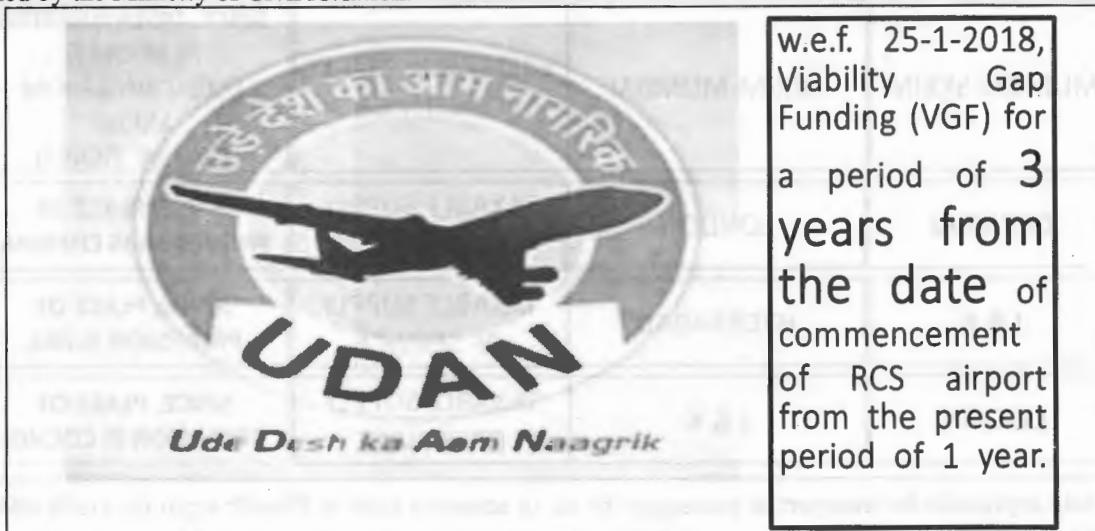
- | | |
|--|-------------------|
| (a) From Mizoram to Chennai | = exempted supply |
| (b) Passenger travelling from Chennai-USA
(500 passengers x 45,000) | = 2,25,00,000 |
| Passenger tax 40% | = 90,00,000 |
| (c) From Mumbai – Tripura -Mumbai | = exempted supply |
| VALUE OF TAXABLE SUPPLY OF SERVICES | = 3,15,00,000 |

CGST 6%	= 18,90,000
SGST 6%	= 18,90,000
TOTAL TAX	= 37,80,000

Note: Compulsory Inclusions: Any taxes, fees, charges levied under any law other than GST law, are required to be added to the price (if not already added) to arrive at the taxable value.

Entry No. 16 Regional connectivity scheme – exempted from GST

Services provided to the Central Government, by way of transport of passengers with or without accompanied belongings, by air, embarking from or terminating at a regional connectivity scheme airport, against consideration in the form of viability gap funding: Provided that nothing contained in this entry shall apply on or after the expiry of a period of one year from the date of commencement of operations of the regional connectivity scheme airport as notified by the Ministry of Civil Aviation.



Entry No. 17: Service of transportation of passengers with or without accompanied belongings by—

- Inland waterways (i.e. National waterways)
- Public transport, other than predominantly for tourism purpose, in a vessel between places located in India (by coastal waterways);

are exempted from GST.

Example 2: Compute value of taxable supply of services of Air Speed Air lines located in Chennai for transportation of passengers by air from the following data relating to sums received exclusive of GST –

- (1) Passengers embarking at Arunachal Pradesh (in economic class): ₹5 lakhs;
- (2) Passengers where journey terminated at Assam (in economic class): ₹4 lakhs;
- (3) Amount charged from passenger for flights starting from USA to Chennai: ₹250 lakhs;
- (4) Amount charged from passengers flying from Chennai to Sydney (Business class): ₹540 lakhs (including passenger taxes levied by government and shown separately on ticket: ₹100 lakhs). All passengers booked ticket from Delhi Office of Air Speed Air lines.
- (5) Passengers embarking from Chennai to Coimbatore (Economic class): ₹4 lakhs. Passengers booked tickets from Chennai office of Air Speed Air lines.

Applicable rate of GST 5% and 12%. Find the IGST, CGST & SGST if any.

Answer: ST. SHOWING GST LIABILITY OF AIR Speed Airlines:

(a) embarking at Arunachal Pradesh	= exempted supply
(b) where journey terminated at Assam	= exempted supply
(c) from USA to Chennai	= exempted supply
(d) from Chennai to Sydney (Business class)	= 4,40,00,000
Passenger tax	= 1,00,00,000
(e) from Chennai to Coimbatore	= 4,00,000(Economic class)
VALUE OF TAXABLE SUPPLY OF SERVICES	= 5,44,00,000
IGST 12% on ₹5,40,00,000	= 64,80,000
CGST 2.5% on ₹4,00,000	= 10,000
SGST 2.5% on ₹4,00,000	= 10,000
TOTAL TAX	= 65,00,000

Note:

Compulsory Inclusions: Any taxes, fees, charges levied under any law other than GST law, are required to be added to the price (if not already added) to arrive at the taxable value.

Air Travel Agents - GST

Air Travel agents are the mediator between the ultimate customer and the airlines e.g. Makemytrip.com, PayTM are all examples of Air travel agents because they act as a mediator between the customer and the airline companies like Air India, Spice Jet, etc.

Exemption: Air Travel Agents are not entitled for any exemption.

Payment of tax at the option of the Air Travel Agent:

(A) air travel agents are required to pay 18% GST on commission earned from airlines and also service charges, handling charges etc. (by whatever name called) collected from the customers/passengers.

There is no bar on air travel agents in availing ITC on input services to support the output services of travel agents.

OR

(B) As per rule 32(3) of the CGST Rules, 2017 permits an air travel agent to discharge GST at fixed percentage of basic fare on which commission is normally paid by the airlines to the agent. In such a case, the effective value and the effective rate of GST is tabulated below:—

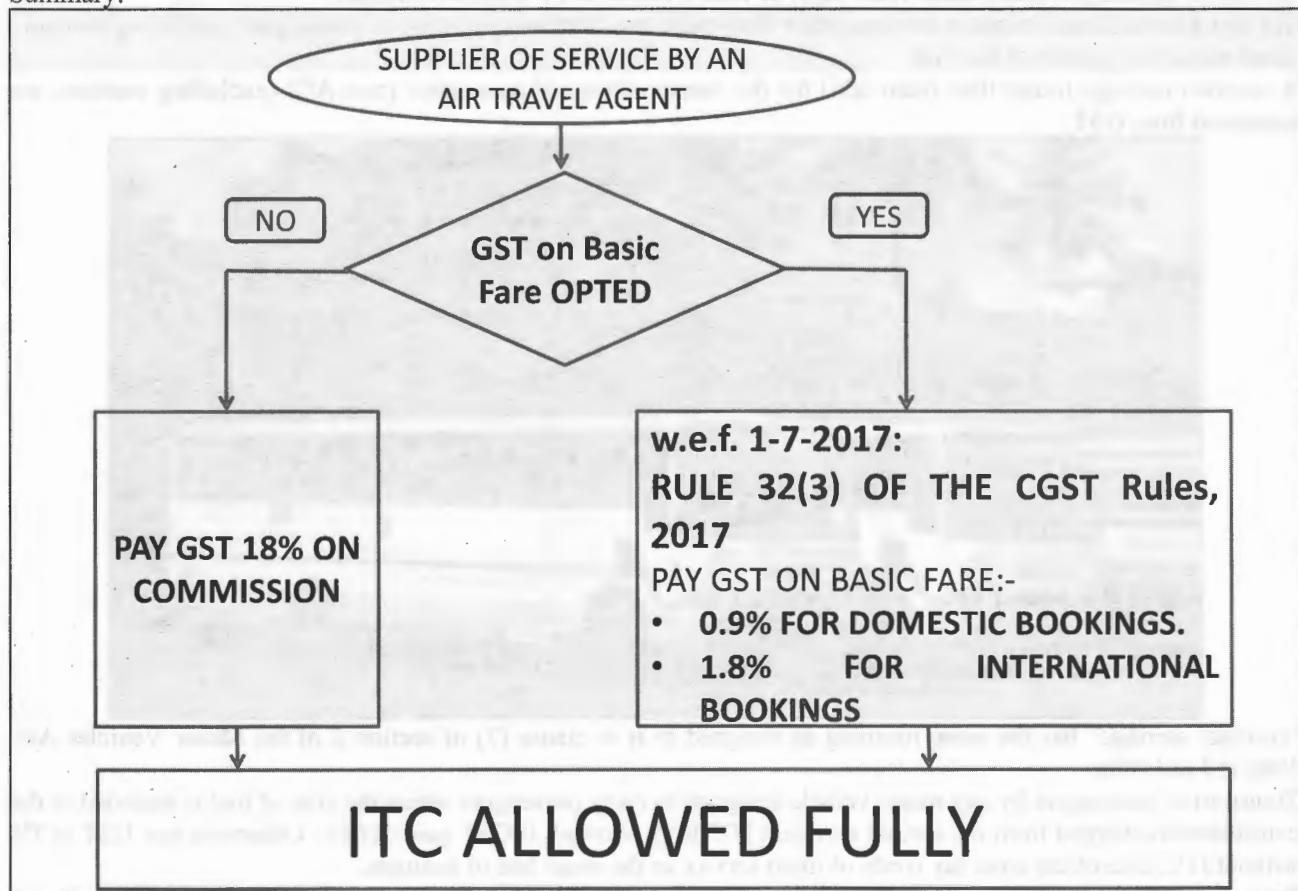
Air travel Agent	Domestic booking	International booking
Value of taxable supplies	5% on Basic Fare	10% on Basic Fare

Air Travel Agent has to pay GST 18% on the above value of taxable supplies.

An air travel agent can pay tax under any of the 2 options on transaction to transaction basis. The rules do not bind the travel agent to opt for any of the options uniformly throughout the given financial year.

Input Tax Credit: Full ITC is available to the air travel agents.

Summary:



Example: Compute the GST liability of Mr. A, an air travel agent, for the quarter ended December 31, 2017 using the following details:—

Particulars	Amount ₹
Basic air fare collected for domestic booking of tickets	50,00,000
Basic air fare collected for international booking of tickets	80,00,000
Commission received from the airlines on the sale of domestic and international tickets	4,50,000
Year ending bonus received from airlines	50,000

In the above case, would the GST liability of Mr. A be reduced if he opts for the special provision for payment of GST as per Rule 32(3) of the CGST Rules, 2017. The applicable rate of GST 18%.

Answer: ST. showing GST liability of Mr. A for the quarter ending 31st Dec 2017:

Commission received from ₹

the airlines on the sale of domestic and international tickets	=4,50,000
Year ending bonus or incentive	=50,000
Taxable supply of services	=5,00,000
GST @18% on ₹5 lakh	=90,000

ST. showing GST liability of Mr. A for the quarter ending 31st Dec., 2017 ₹

Basic air fare (domestic booking) [50,00,000 x 5%]	=2,50,000
Basic air fare (international booking) [80,00,000 x 10%]	=8,00,000
Total taxable supply of service	=10,50,000
GST 18% on ₹10,50,000	=1,89,000

Note: The GST liability of Mr. A would not be reduced in the aforesaid option.

Therefore, special provision under Rule 32(3) of CGST Rules, 2017 is not economical.

(b) non airconditioned contract carriage other than radio taxi, for transportation of passengers, excluding tourism, conducted tour, charter or hire; or

A contract carriage (other than radio taxi) for the transportation of passengers (non-AC) (excluding tourism) are exempted from GST.



“contract carriage” has the same meaning as assigned to it in clause (7) of section 2 of the Motor Vehicles Act, 1988 (59 of 1988);

Transport of passengers by any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged from the service recipient ITC fully allowed, if GST paid @12%. Otherwise pay GST @5% without ITC, except the input tax credit of input service in the same line of business.

Transport of passengers by motor cab/renting of motor cab (*vide* Notification No. 31/2017-Central Tax (Rate), dated 13th October 2017):—

- (i) GST of 5% without ITC and 12% with full ITC available to transport of passengers by motor cab/ renting of motor cab shall be extended to any motor vehicle (i.e. it includes contract carriage or stage carriage);
- (ii) ITC of input services shall be allowed in the same line of business at GST rate of 5%.

Tour and Travel services:

"Tour operator" means any person engaged in the business of planning, scheduling, organizing, arranging tours (which may include arrangements for accommodation, sight-seeing or other similar services) by any mode of transport and includes any person engaged in the business of operating tours".

GST @ 5% has been applied on services of tour operator without benefit of Input Tax Credit (ITC) on goods and services. 5% GST will be payable on the gross amount charged by the tour operator from the customer. This GST is uniform for all services – package tours, hotel accommodation only etc.

The concessional GST rate of 5% is subject to meeting the following conditions: —

- (i) Input Tax Credit on goods and services used in supplying output services of tour operator has not been taken.
w.e.f. 25.1. 2018, ITC of input services in the same line of business at the GST rate of 5% in case of tour operator service is allowed.
- (ii) The invoice/bill issued for supply of output service indicates that it is inclusive of charges of accommodation and transportation required for such a tour. This narration can be given by way of footnote in the invoice.

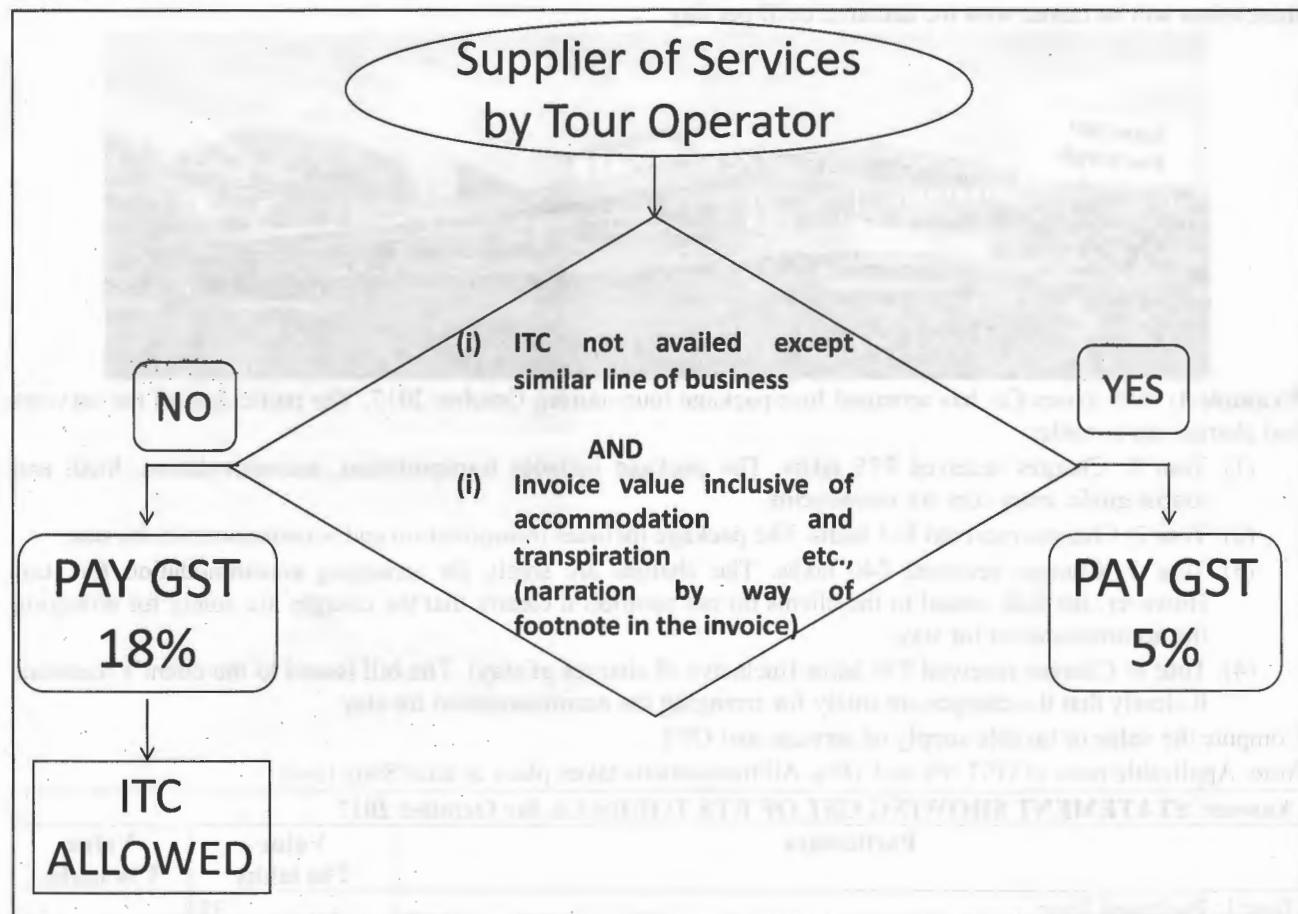
In case any of the above conditions are not met, the benefit of concessional rate of 5% would not apply and in that event the Department may demand full 18% GST from the tour operator.

Services provided by tour and travel agent (i.e. SPECIFIED SERVICES) Section 13(8) of the IGST Act, 2017

Place of Supply of Services	Location of the Supplier of Services
-----------------------------	--------------------------------------

However, services provided by a tour operator to a foreign tourist in relation to a tour conducted wholly outside India exempted from GST (Notification No. 9/2017 Integrated Tax (Rate) dated 28th June 2017).

Rate of GST and ITC:

**Important Note:**

(1) House Boats (moving): Services provided by house boats (moving) in Kerala and cruise ships, are also covered as Tour Operators Services. In both these cases, accommodation, food, transportation, sightseeing and other value added services are provided as combo package.



(2) Tours conducted through luxury trains like Maharaja Express, Deccan Odyssey, Heritage of India etc. are also covered as Tour Operators Services.



(3) The services provided by static house boats (in Kashmir) by way of providing accommodation and food to the tourists are not covered within the ambit of tour operators as such. These services are akin to services of hotels, inns, guest houses, campsites and other commercial places for residential or lodging purposes. The rate of GST in these cases will be linked with the declared tariff per day.



Example 1: RTS Tours Co. has arranged four package tours during October 2017. The particulars of the services and charges are as under:

- (1) Tour 1: Charges received ₹35 lakhs. The package includes transportation, accommodation, food, and tourist guide, entry fees for monuments.
- (2) Tour 2: Charges received ₹65 lakhs. The package includes transportation and accommodation for stay.
- (3) Tour 3: Charges received ₹40 lakhs. The charges are solely for arranging accommodation for stay.
However, the bills issued to the clients do not mention it clearly that the charges are solely for arranging the accommodation for stay.
- (4) Tour 4: Charges received ₹50 lakhs (inclusive of charges of stay). The bill issued to the client's mentions it clearly that the charges are solely for arranging the accommodation for stay.

Compute the value of taxable supply of services and GST.

Note: Applicable rates of GST 5% and 18%. All transactions taken place at inter State level.

Answer: STATEMENT SHOWING GST OF RTS TOURS Co. for October 2017

Particulars	Value ₹ in lakhs	Value ₹ in lakhs
Tour 1: Packaged Tour	35	
Tour 2: Transportation and Accommodation	65	
Tour 3: Accommodation for stay		40
Tour 4: Accommodation for stay	50	
Taxable supply of services	150	40

GSR Rate	5%	18%
IGST	7.50	7.20
Less: ITC	Not allowed	Allowed
Net GST liability	7.50	7.20

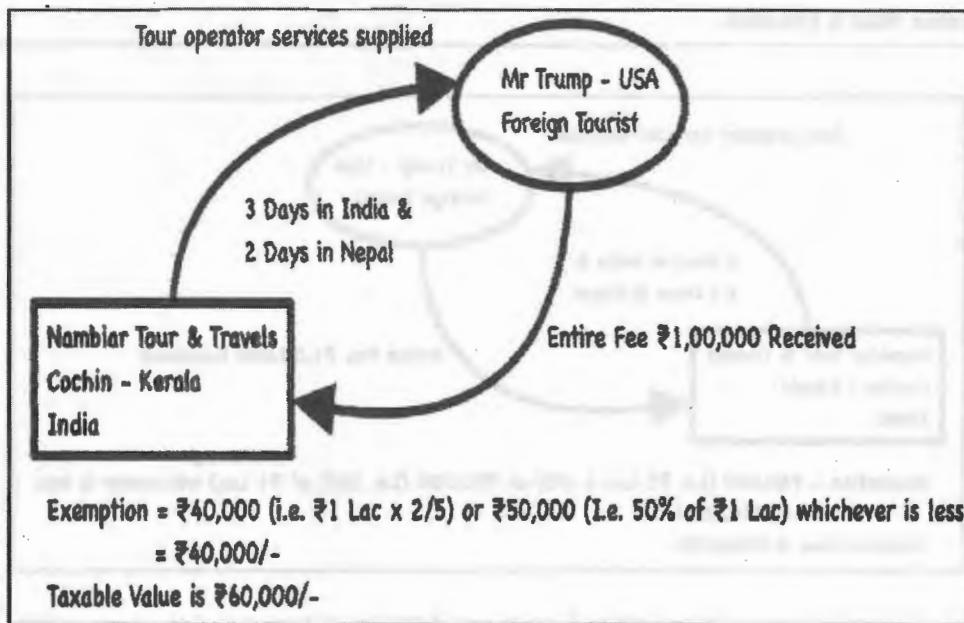
Entry 52A: w.e.f. 18-07-2022, Tour operator service, which is performed partly in India and partly outside India, supplied by a tour operator to a foreign tourist, to the extent of the value of the tour operator service which is performed outside India is exempted from GST:

Provided that value of the tour operator service performed outside India shall be such proportion of the total consideration charged for the entire tour which is equal to the proportion which the number of days for which the tour is performed outside India has to the total number of days comprising the tour, or 50% of the total consideration charged for the entire tour, whichever is less:

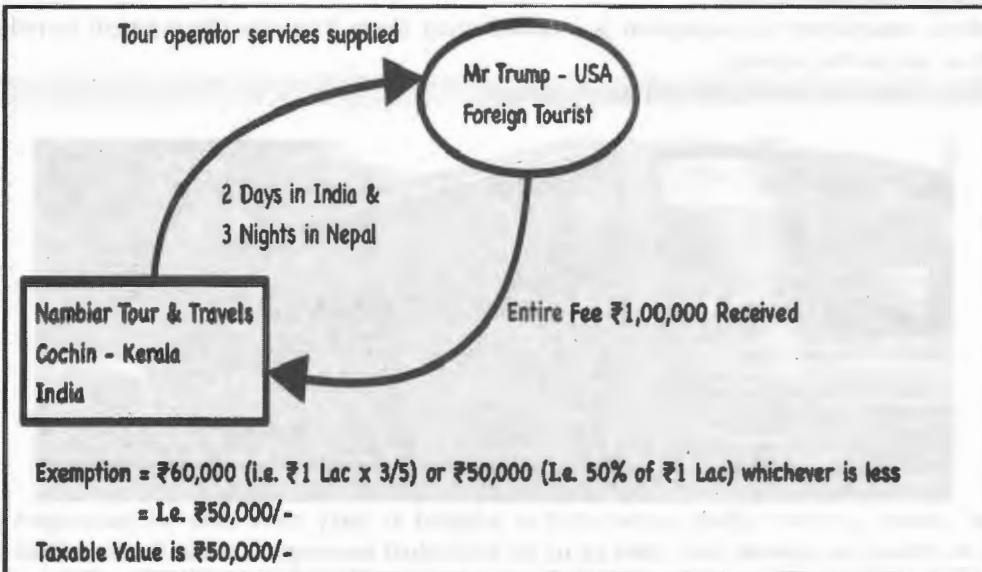
Provided further that in making the above calculations, any duration of time equal to or exceeding 12 hours shall be considered as one full day and any duration of time less than 12 hours shall be taken as half a day.

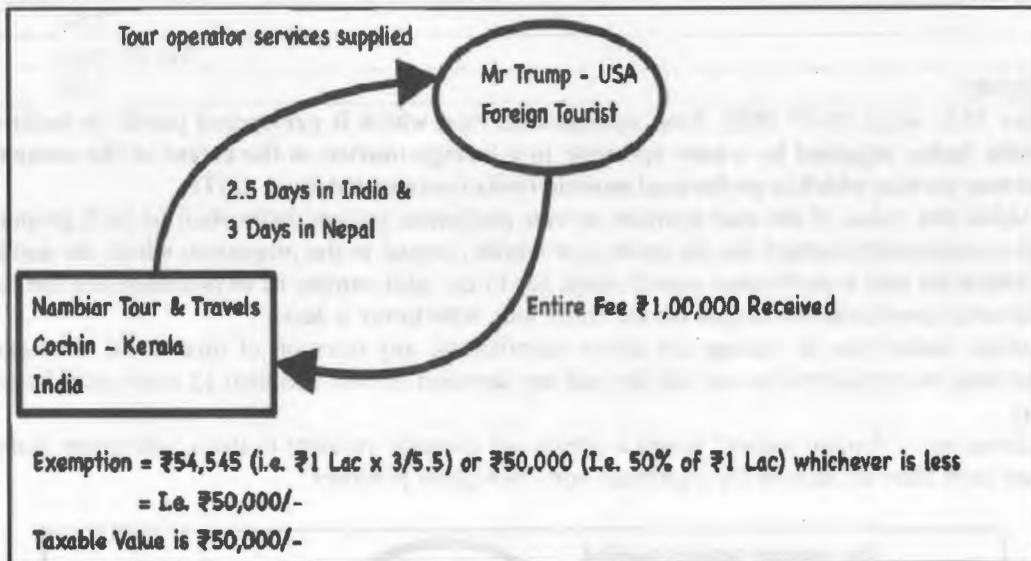
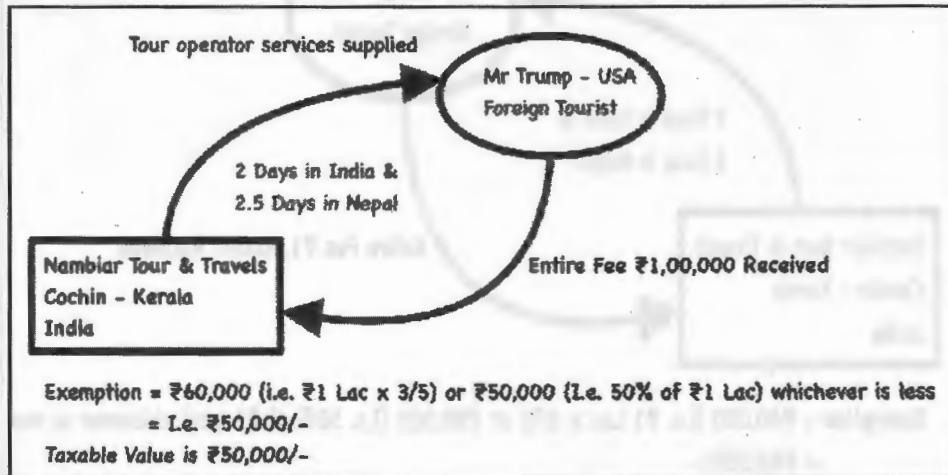
Explanation.—“foreign tourist” means a person not normally resident in India, who enters India for a stay of not more than six months for legitimate non-immigrant purposes.

Example 1:



Example 2:



Example 3:**Example 4:****Note:**

1. The days of 2.5 had been rounded off to 3 since any duration of time equal to or exceeding 12 hours shall be considered as one full day.
2. The above amendment in exemption is a encouraging move from the Government to reduce the undue burden of tax on the industry.

(c) stage carriage other than airconditioned stage carriage.



"stage carriage" means a motor vehicle constructed or adapted to carry more than six passengers excluding the driver for hire or reward at separate fares paid by or for individual passengers, either for the whole journey or for stages of the journey;

Transport of passengers by any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged from the service recipient ITC fully allowed, if GST paid @12%. Otherwise pay GST @5% without ITC, except the input tax credit of input service in the same line of business.

Transport of passengers by motor cab/renting of motor cab (*vide* Notification No. 31/2017-Central Tax (Rate), dated 13th October 2017):—

- (i) GST of 5% without ITC and 12% with full ITC available to transport of passengers by motor cab/ renting of motor cab shall be extended to any motor vehicle (i.e. it includes contract carriage or stage carriage);
- (ii) ITC of input services shall be allowed in the same line of business at GST rate of 5%.

Example 1: XY Travels Pvt. Ltd., located in New Delhi, is engaged in providing services of transportation of passenger and discharges its GST liability by availing 5% tax rate. Value of services rendered by the company during the month of October 2017 is ₹5,50,000.

The company has sub-contracted part of its services to YZ Cabs Pvt. Ltd., which is also engaged in transportation of passenger. Total value of such sub-contracted services is ₹1,00,000 and GST charged @12%.

Determine the net GST liability of XY Travels Pvt. Ltd. (to be paid in cash) for the month of October, 2017.

(CA Final Supplementary May & Nov 2015 model)

Answer:

Statement showing Net GST liability of XY Travels Pvt. Ltd., for the month of October 2017:

Particulars	Value in ₹	Working note
Output tax	27,500	$5,50,000 \times 5\% = ₹27,500$
Less: ITC on input service from similar line of business	(5,000)	$1,00,000 \times 12\% = 12,000$ $12,000 \times 5/12 = ₹5,000$
Net output tax	22,500	

Under Old regime of Indirect Taxes similar concept already exists:

As per Finance Act, 1994 under service tax provisions (Notification No. 08/2014-ST, dated 11th July, 2014 - **Similar Line of Business**):

CENVAT Credit on input service of renting of motorcab has been taken under the provisions of the CENVAT Credit Rules, 2004 in the following manner:

- (a) Full CENVAT credit of such input service received from a person who is paying service tax on 40% of the value; or
- (b) Upto 40% CENVAT credit of such input service received from a person who is paying service tax on full value.

However, it is pertinent to note that similar type of Notification is not issued under GST Law so far. As a result, supplier of service may claim 100% of GST credit on input services from similar line of business. In such case supplier should pass the benefit of excess ITC (i.e. 7%) to recipient by reducing cost of supply. Otherwise, it covered under Anti-profitering.

Example 2: M/s. R Ltd. is engaged in providing service of transportation of passengers, furnished the following information in the month of October 2017. Find the GST liability.

- (1) Service of transportation of passengers by National Waterways: ₹50 lakhs;
- (2) Service of transportation of passengers by Stage carriage (non-A/c): ₹5 lakhs;
- (3) Service of transportation of passengers by contract carriage for tourism: ₹120 lakhs (bills inclusive of accommodation and transportation etc. indicated as narration at the bottom of invoice);
- (4) Transportation of passenger from Mumbai to Chennai port in a vessel and such service is not for tourism purpose: ₹12 lakhs;

Note: R Ltd. is willing to avail exemption benefits if any. Taxable supplies of Mr. R in the previous year were ₹22 lakh.

Answer: Statement showing service tax liability M/s. R Ltd.

Nature of service Transport of passengers	₹ in lakhs
By National Waterways	Exempted supply
By Stage carriage [non-A/c.]	Exempted supply
By contract carriage for tourism (bills inclusive of accommodation and transportation etc. indicated as narration at the bottom of invoice)	120

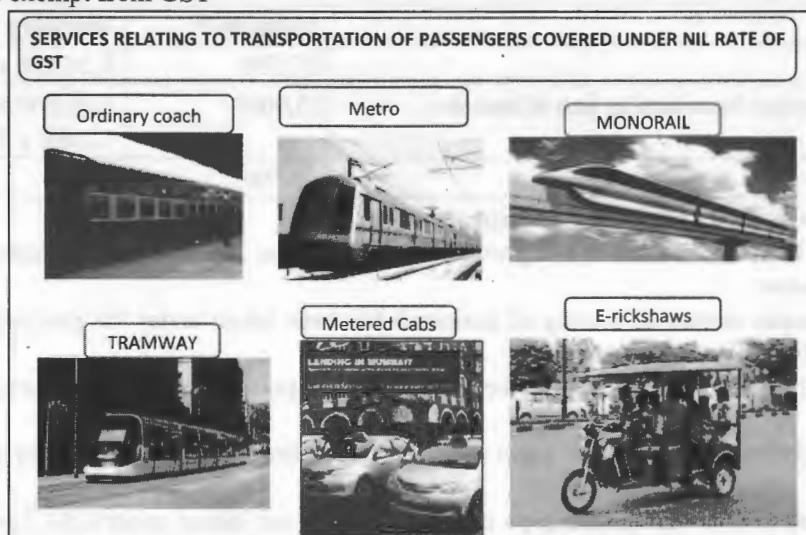
In a vessel from Mumbai to Chennai and such service is not for tourism	Exempted supply
Taxable supply of services	120
GST liability @5% on 120 lakhs (Note: input tax credit not allowed)	6

Entry No. 17: Service of transportation of passengers with or without accompanied belongings by—

- (a) railways in a class other than—
 - (i) first class; or
 - (ii) an air-conditioned coach;
- (b) metro, monorail or tramway;
- (c) inland waterways;
- (d) public transport, other than predominantly for tourism purpose, in a vessel between places located in India; and
- (e) metered cabs or auto rickshaws (including e-rickshaws).

Note:

- (1) The rate of GST on Transport of passengers by rail (other than sleeper class fixed by GST council at the introduction of GST in July 2017 is 5% with ITC of input services.
- (2) E-rickshaws exempt from GST



w.e.f 1-1-2022, The exemption on service of transportation of passengers, with or without accompanied belongings, by metered cabs or auto-rickshaws (including e-rickshaws) shall not be available if such services are supplied through an electronic commerce operator, and are notified under sub-section (5) of section 9 of the CGST Act, 2017.

GST on tickets of private ferry used for passenger transportation:

It has been clarified that this exemption would apply to tickets purchased for transportation from one point to another irrespective of whether the ferry is owned or operated by a private sector enterprise or by a PSU/government. It has been further clarified that the expression ‘public transport’ used in the exemption notification only means that the transport should be open to public; it can be privately or publicly owned. Only exclusion is on transportation which is predominantly for tourism, such as services which may combine with transportation, sightseeing, food and beverages, music, accommodation such as in shikara, cruise etc. (vide Circular No. 177/09/2022-TRU, dated 03.08.2022).



Example: Indian railways has provided following services—

- (1) Transport of passengers by general class : ₹15,00,000;
- (2) Transport of passengers by sleeper class : ₹10,00,000;
- (3) Transport of passengers by 1st Class air conditioned coach: ₹5,00,00,000;
- (4) Transport of passengers by 2 tier air conditioned coach: ₹20,00,00,000;
- (5) Transport of passengers by 3-tier air conditioned coach: ₹30,00,00,000;

Compute value of taxable supplies and GST liability. Applicable GST rate is 5%.

Answer. Statement showing service tax liability

Nature of service Transport of passengers	Value in ₹
General class	Exempted supply
Sleeper class	Exempted supply
1st Class air conditioned coach	5,00,00,000
2 tier air conditioned coach	20,00,00,000
3-tier air conditioned coach	30,00,00,000
Taxable supply of service	55,00,00,000
GST @5% on ₹55 crore	2,75,00,000

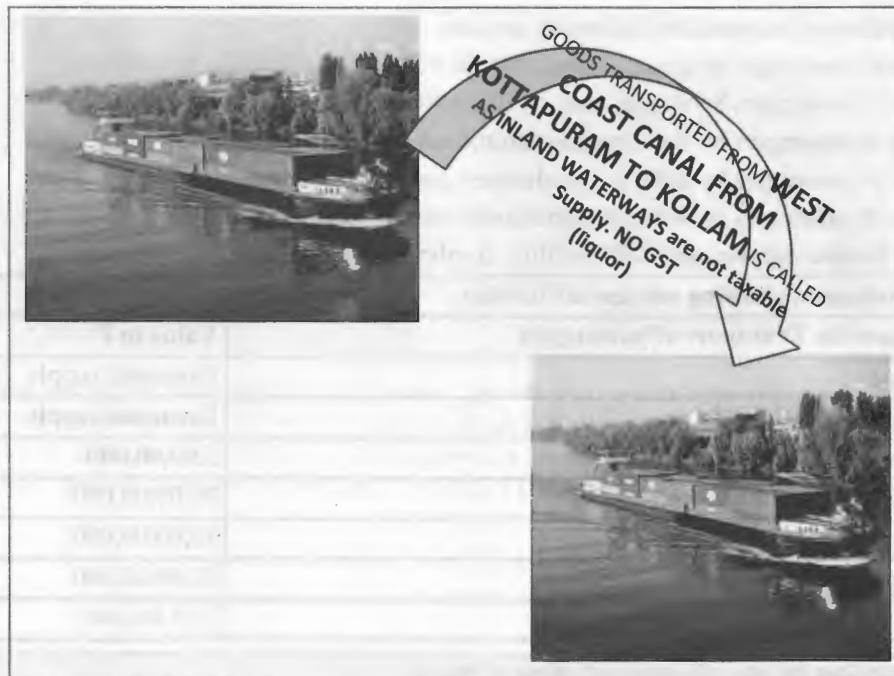
Entry No. 18: Services by way of transportation of goods

- (a) by road except the services of—
 - (i) a goods transportation agency;
 - (ii) a courier agency;
- (b) by inland waterways,

are exempted from GST.

Goods transported by Road not covered under GST.

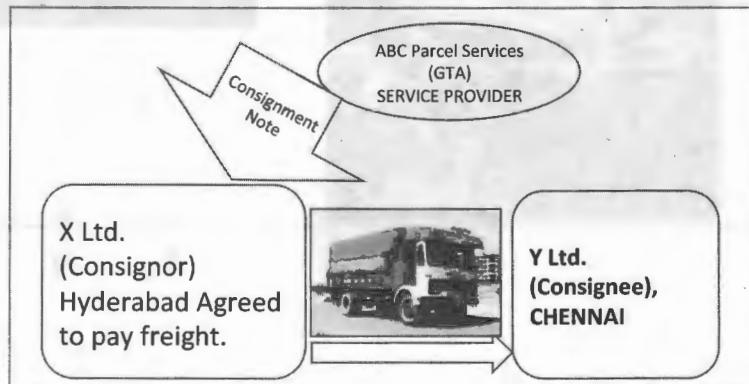




Goods Transport Agency – GST will be levied:

Under GST laws, the definition of Goods Transport Agency is provided in clause (ze) of Notification No. 12/2017-Central Tax (Rate), dated 28.06.2017. (ze) “goods transport agency” means any person who provides service in relation to transport of goods by road and issues **consignment note**, by whatever name called;

Example: ABC Parcel Services is a goods transport agency issued consignment note to X Ltd. for transporting of goods from Hyderabad to Y Ltd of Chennai. Hence, ABC Parcel Services is a provider of GTA service.





Individual truck/tempo operators who do not issue any consignment note are not covered within the meaning of the term GTA. As a result, the services provided by such individual transporters who do not issue a consignment note will be covered by the entry at S. No. 18 of notification No. 12/2017-Central Tax (Rate), which is exempt from GST.

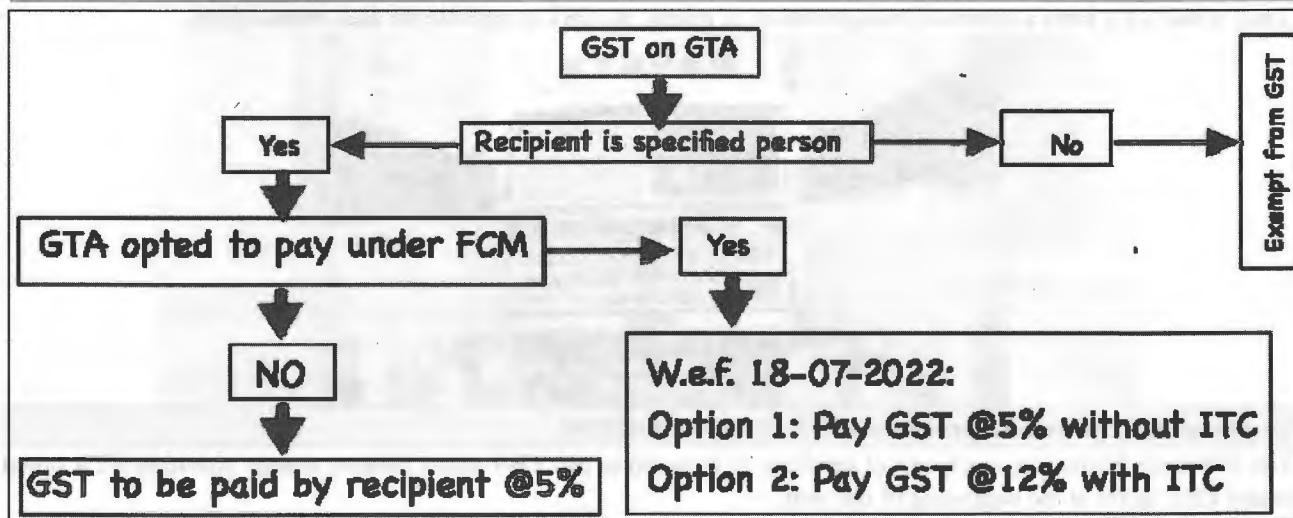
Thus, it is to be seen that mere transportation of goods by road, unless it is a service rendered by a goods transportation agency, is exempt from GST.

GTA - Reverse charge:

S. No.	Description of supply of service	Supplier of service	Recipient of service	Person liable to pay GST
1	GTA Services	Goods Transport Agency (GTA)	Any factory, society, co-operative society, registered person, body corporate, partnership firm, casual taxable person; located in the taxable territory.	Recipient

Thus, it is to be seen that mere transportation of goods by road, unless it is a service rendered by a goods transportation agency, is exempt from GST.

Person liable to pay GST:



The option by GTA to pay GST under Forward Charge Mechanism (FCM) on the services supplied by it during a Financial Year shall be exercised by making a declaration in Annexure V on or before the 15th March of the preceding Financial Year. However, for the Financial Year 2022-2023 option shall be exercised on or before the 16th August, 2022.

The option once chosen would be valid for a financial year and a GTA cannot shift to a different option in a same financial year.

Registration under GST for GTA:

As per Notification No. 5/2017-Central Tax, dated 19/06/2017, a person who is engaged in making only supplies of taxable goods/services on which reverse charge applies is exempted from obtaining registration under GST.

Thus, a GTA does not have to register under GST if he is exclusively transporting goods where the total tax is required to be paid by the recipient under reverse charge basis (even if the turnover exceeds ₹20 lakhs).

Entry No. 21: GTA services specifically exempt:

In terms of Notification No. 12/2017-Central Tax (Rate), dated 28.06.2017 (Sr. No. 21), the following services provided by a GTA (Heading 9965 or 9967) is exempt from payment of tax:

Services provided by a goods transport agency, by way of transport in a goods carriage of:

- (i) agricultural produce;
- (ii) goods, where consideration charged for the transportation of goods on a consignment transported in a single carriage does not exceed ₹1,500 (Omitted w.e.f. 18-07-2022);
- (iii) goods, where consideration charged for transportation of all such goods for a single consignee does not exceed ₹750 (Omitted w.e.f. 18-07-2022);
- (iv) milk, salt and food grain including flour, pulses and rice;
- (v) organic manure;
- (vi) newspaper or magazines registered with the Registrar of Newspapers;
- (vii) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; or
- (viii) defence or military equipments.

Entry No. 21A: “Services provided by a goods transport agency to an unregistered person, including an unregistered casual taxable person, other than the specified recipients” also exempt from GST [vide Notification No. 33/2017-Central Tax (Rate), dated 13.10.2017].

Similarly, the following services received by the GTA (Heading 9966 or 9973) is also exempt in terms of Notification No. 12/2017-Central Tax (Rate), dated 28.06.2017 (Sr. No. 22)

Entry No. 21B: Notification No. 28/2018- CT (R), dated 31st Dec, 2018:

Services provided by a goods transport agency, by way of transport of goods in a goods carriage, to, -

- (a) a Department or Establishment of the Central Government or State Government or Union territory; or
- (b) local authority; or
- (c) Governmental agencies,

which has taken registration under the Central Goods and Services Tax Act, 2017 (12 of 2017) only for the purpose of deducting tax under Section 51 and not for making a taxable supply of goods or services is exempted from GST.

Entry No. 22: Services by way of giving on hire:

- (b) to a goods transport agency, a means of transportation of goods.

Thus, if the GTA hires a means of transportation of goods, no GST is payable on such transactions.



In case of GTA provided services to SPECIFIED PERSONS:

The following businesses (recipient of services) is required to pay GST under reverse charge provided GTA opted to pay GST @5% at the beginning of the year: —

1. Factory registered under the Factories Act, 1948;
2. A society registered under the Societies Registration Act, 1860 or under any other law;
3. A co-operative society established under any law;
4. A GST registered person;
5. A body corporate established by or under any law; or
6. A partnership firm whether registered or not (including AOP);
7. Casual taxable person.

The liability to pay GST devolves on the recipients for supply of services by a goods transport agency (GTA) who has not paid central tax at the rate of 6%, Thus in cases where services of GTA are availed by the above categories

of persons in the taxable territory the GTA supplier has the option to pay tax (and avail ITC) @12% (6% CGST + 6% SGST); and if the GTA does not avail this option, the liability to pay GST will fall on the recipients.

In all other cases where the recipients do not fall in the categories mentioned above, the liability will be on the supplier of GTA services.

Important note:

- (1) It has been clarified that ancillary services such as loading/unloading, packing/unpacking, transhipment, temporary storage etc., would form part of the goods transport agency's (GTA) service if such services are provided by a GTA in the course of transportation of goods and the charges for such services are included in the invoice issued by the GTA, and not by any other person.

Example: A GTA engaged in transport of goods by road. As per the general business practices, GTA also provided intermediary and ancillary services like loading/unloading, packing, transhipment and temporary warehousing, in relation to transportation of goods by road.

With reference to the provisions of GST law, analyse whether such services are to be treated as part of the GTA service, being a composition supply, or as separate supplies.

Answer: CBIC has been clarified that ancillary services such as loading/unloading, packing/ unpacking, transhipment, temporary storage etc., would form part of the goods transport agency's (GTA) service if such services are provided by a GTA in the course of transportation of goods and the charges for such services are included in the invoice issued by the GTA, and not by any other person. Therefore, it is treated as composite supply and principal supply is GTA supply.

Place of supply of services in case of transportation of goods:

Place of supply of services by way of Transportation of goods including by mail or courier [Sec. 12(8) of IGST Act, 2017]:

S. No.	Nature of service	Place of supply of service
1	Services by way of Transportation of goods including by mail or courier	Provided to a registered person: <ul style="list-style-type: none"> Location of recipient of Service. Provided to a un-registered person: <ul style="list-style-type: none"> Location at which such goods are handed over for their transportation.

Place of provision of a service of transportation of goods, other than by way of mail or courier section 13(9) of IGST

Place of supply of Service = Destination of such Goods

Example 1: Discuss whether GST is leviable in respect of transportation services provided by Raja Ram Goods Transport Agency in each of the following independent cases:

Customer	Nature of service provided	Amount charged (₹)
A	Transportation of milk	22,00,000
B	Transportation of books on a consignment transported in a single goods carriage	1,30,000
C	Transportation of chairs for a single consignee in the goods carriage	600

Note: Raja Ram Goods Transport Agency registered person under GST Law. Opted to pay CGST 6% and SGST @ 6%.

Answer: Statement showing service tax liability of Raja Ram Goods Transport Agency:

Customer	Nature of Service	Taxable supply ₹	Remarks
A	Transportation of milk	Nil	Exempted supply.
B	Transportation of books on a consignment transported in a single goods carriage.	1,30,000	Taxable supply
C	Transportation of chairs for a single consignee in the goods carriage.	600	exemption, withdrawn w.e.f. 18-07-2022.
	Total taxable supply	1,30,600	
	CGST 6% on ₹1,30,600	7,836	
	SGST 6% on ₹1,30,600	7,836	

Example 2: ABC & Co., a goods transportation agency located in Delhi, transports a consignment of new colour TVs from the factory of XYZ Ltd. in Cochin, to the premises of a dealer in Jammu (taxable territory). As per mutually agreed terms between ABC & Co., and XYZ Ltd., the dealer in Jammu is the person liable to pay freight. The amount of freight exclusive of taxes is ₹4,50,000. State the person liable to pay GST and amount of tax payable. ABC & Co. not availing input tax credit. Applicable tax rates for GTA are 5% and 12%.

Note: Consignment note issued by ABC & Co. for transporting goods.

Answer: Person liable to pay GST is dealer in Jammu (i.e. taxable territory).

GST liability is as follows:

Total freight	=	₹4,50,000
IGST 5% on ₹4,50,000	=	₹22,500

Example 3: Calculate the value of taxable service of 'X' Transport Company engaged in the business of transport of goods by road. Give reasons for taxability or exemption of each item. No freight is received from any of the specified category of Consignor/Consignee. Suitable assumptions may be made wherever required. X does not avail Input Tax Credit:

	₹
(1) Total freight charges received by 'X' during the year	= 13,50,000
(2) Freight charges received for transporting fruits	= 1,25,000
(3) Freight collected for transporting small consignment for persons, who paid less than ₹750 for each consignment	= 75,000
(4) Freight collected for transporting goods in small vehicles for persons, who paid less than ₹1,500 per trip	= 1,50,000

Applicable GST Rates 5% / 12%.

Note: X Transport Company is not availing ITC

Rework, 'X' transport company provided services of GTA to specified person and opted to pay 12% GST.

(CA Final June 2009 model)

Answer: As per Entry No. 21A: "Services provided by a goods transport agency to an unregistered person, including an unregistered casual taxable person, other than the specified recipients" also exempt from GST [vide Notification No. 33/2017-Central Tax (Rate), dated 13.10.2017].

Therefore, in the given case 'X' Transport Company supply of services are fully exempted from GST.

Alternatively: 'X' Transport company provided services of GTA to specified person and opted to pay 12% GST.

Statement showing service tax liability of 'X' transport company:		
Particulars	Value in ₹	Remarks
Total freight charges received	13,50,000	
Less: transportation of fruits	-1,25,000	Exempted supply of service
transporting small consignment for persons, who paid less than ₹750 for each consignment		- taxable supply. Exemption Omitted w.e.f. 18-07-2022)
transporting goods in small vehicles for persons, who paid less than ₹1,500 per trip		- taxable supply. Exemption Omitted w.e.f. 18-07-2022)
Taxable value of supply of services	12,25,000	
CGST 6% on ₹12,25,000	73,500	
SGST 6% on ₹12,25,000	73,500	

Example 4: M/s Navatha a transporter registered under GST, located in Vijayawada. M/s C Ltd. of Chennai registered under GST, received services from M/s Navatha for transport of goods from its warehouse in Vijayawada to Guntur. M/s Navatha delivered goods at Guntur.

Find the place of supply of service and GST?

Whether your answer is different, if M/s C Ltd. of Chennai is not a registered person under GST?

Answer: If the recipient is registered person:

POS = Chennai (i.e. location of recipient).

M/s C LTD., is liable to pay IGST.

If the recipient is not a registered person:

POS = Vijayawada (i.e. Location at which such goods are handed over for their transportation).

M/s C Ltd., of Vijayawada is liable to pay CGST & SGST.

Note: It is assumed that GTA is opted to pay 5% GST. Otherwise GTA is liable to pay GST where he opted 12% GST.

Example 5: A& Co., a goods transportation agency located in Chennai, transports a consignment of new Laptops from the factory of X Ltd. in Cochin, to the premises of X Ltd. Branch office located in Bengaluru. As per mutually agreed terms between A & Co., and X Ltd., Cochin the Branch in Bengaluru is the person liable to pay freight. The amount of freight exclusive of taxes is ₹5,40,000. State the person liable to pay GST and amount of tax payable.

A & Co. availing input tax credit. Applicable tax rates for GTA are 5% and 12%.

Note: Consignment note issued by A & Co. for transporting goods.

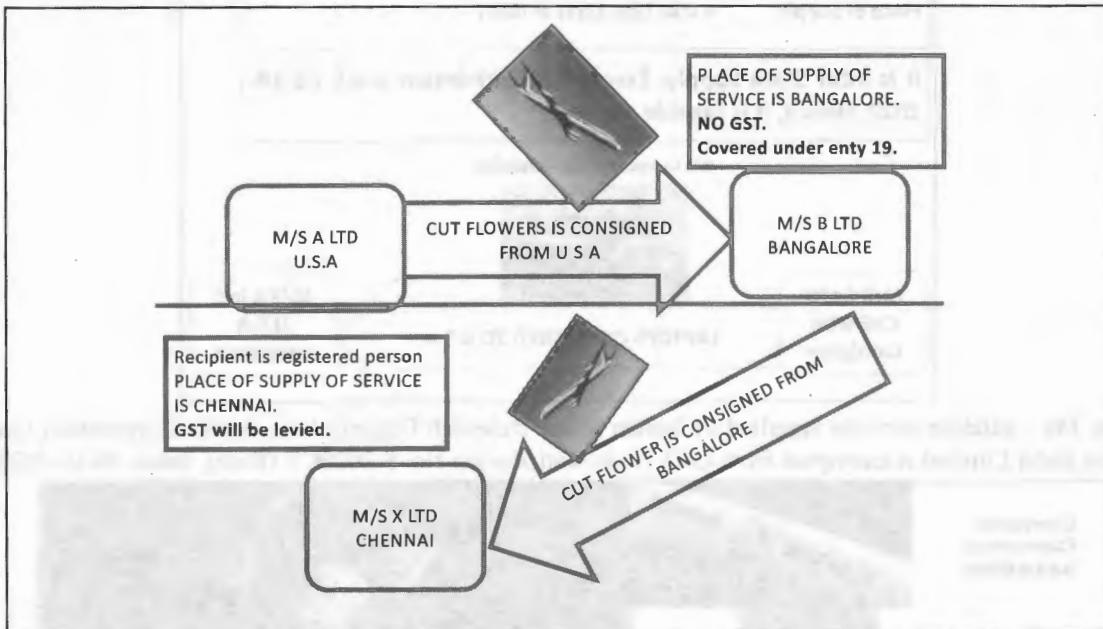
Answer:

Person liable to pay GST is A & Co., (namely GTA).

IGST liability 12% on ₹5,40,000 = ₹64,800

Entry No. 19: Services by way of transportation of goods by an aircraft from a place outside India upto the customs station of clearance in India

S.No.	Transportation of goods by Air	Taxable supply	GST Rate	Remarks
1	Within India	Yes	18%	Exemption not granted
2	From India to outside India	No	Nil	Destination of goods outside India
3	From outside India into India	No	Nil	Covered under Entry No. 19 of exemption list


19A. Transportation of goods by an aircraft from customs station of clearance in India to a place outside India:

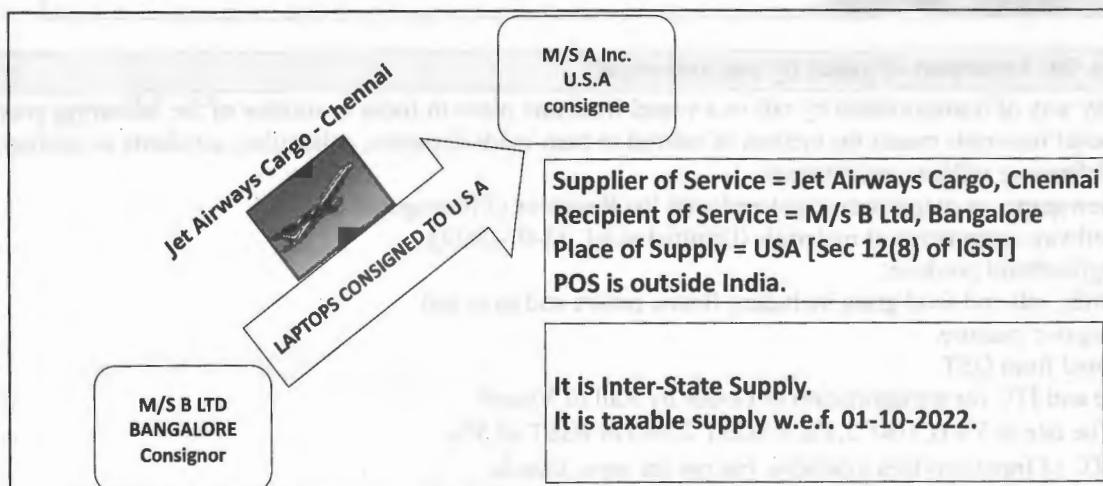
w.e.f. 25.1.2018, Services by way of transportation of goods by an aircraft from customs station of clearance in India to a place outside India.

w.e.f. 1-10-2019 this exemption further extended upto September 2020

w.e.f. 1-10-2020 this exemption further extended upto September 2021

w.e.f. 1-10-2021 this exemption further extended upto September 2022

w.e.f. 01-10-2022 taxable supply.



19B. Transportation of goods by a vessel from customs station of clearance in India to a place outside India:

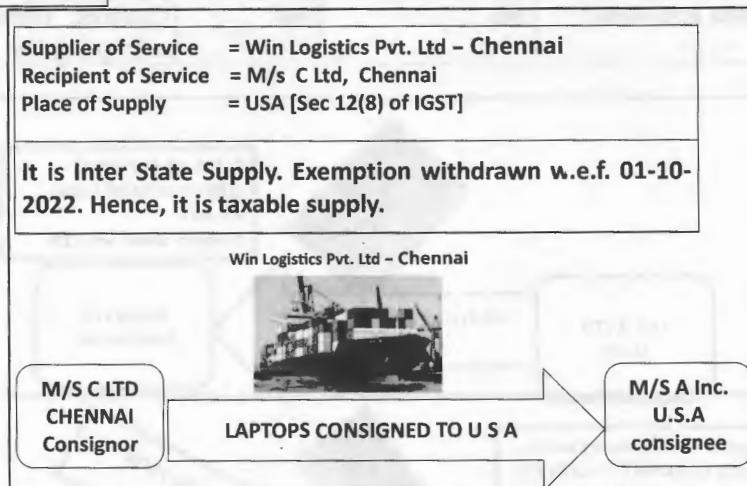
w.e.f. 25.1.2018, Services by way of transportation of goods by a vessel from customs station of clearance in India to a place outside India.

w.e.f. 1-10-2019 this exemption further extended upto September 2020

w.e.f. 1-10-2020 this exemption further extended upto September 2021

w.e.f. 1-10-2021 this exemption further extended upto September 2022+

w.e.f. 01-10-2022 taxable supply.



Entry No. 19C: Satellite services supplied by Indian Space Research Organisation, Antrix Corporation Limited or New Space India Limited is exempted from GST (vide Notification No. 5/2020CT (Rate), dated 16-10-2020):



Entry No. 20: Transport of goods by rail and vessel

Services by way of transportation by rail or a vessel from one place in India to another of the following goods—

- (a) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap;
- (b) defence or military equipments;
- (c) newspaper or magazines registered with the Registrar of Newspapers;
- (d) railway equipments or materials (Omitted w.e.f. 18-07-2022);
- (e) agricultural produce;
- (f) milk, salt and food grain including flours, pulses and rice; and
- (g) organic manure.

are exempted from GST

GST Rate and ITC for transportation of Goods by Rail or Vessel:

- The rate is 5% (CGST 2.5% + SGST 2.5%) or IGST @ 5%.
- ITC of Input services available, but not for input Goods.

Example 1: Compute taxable value for transport of goods by rail within India (all sums exclusive of all taxes)—

- (1) Transport of postal mails and postal bags : ₹55 lakhs;
- (2) Transportation of household effects: ₹50 lakhs
- (3) Transport of petroleum products: ₹25 lakhs;
- (4) Transport of relief materials to flood affected areas: ₹25 lakhs;
- (5) Transport of newspapers and magazines registered with registrar of newspapers: ₹15 lakhs
- (6) Transport of milk: ₹15 lakhs;
- (7) Transport of alcoholic beverages: ₹7 lakhs;
- (8) Transport of defence and military equipments: ₹40 lakhs;
- (9) Transport of chemical fertilizers: ₹90 lakhs;
- (10) Transport of other taxable goods: ₹200 lakh (including ₹20 lakhs demurages).

Answer: Statement showing GST liability:

Nature of service	₹ in lakhs
Transport of postal mails and postal bags	55
Transportation of household effects	50
Transport of petroleum products	25
Transport of relief materials to flood affected areas	Exempted supply
Transport of newspapers and magazines registered with registrar of newspapers	Exempted supply
Transport of milk	Exempted supply
Transport of alcoholic beverages	7
Transport of defence and military equipments	Exempted supply
Transport of chemical fertilizers:	90
Transport of other taxable goods (including demurages of ₹20 lakhs)	200
Taxable value of supply	427

Example 2: Validate the following:

Air Speed Airlines transported Fruits (i.e. agricultural produce) from Chennai airport to Meghalaya. It is exempted supply of service under GST.

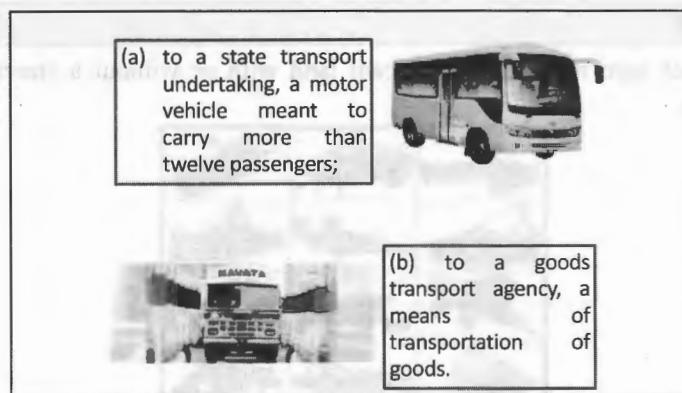
Answer: The given statement is invalid.

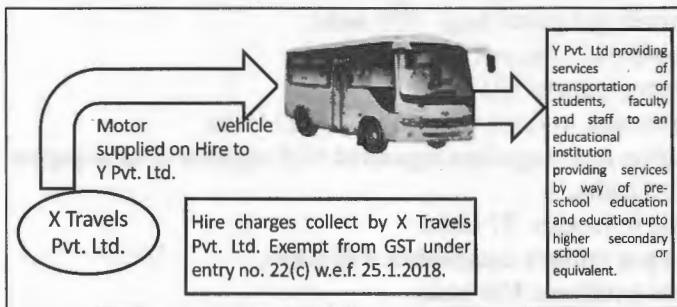
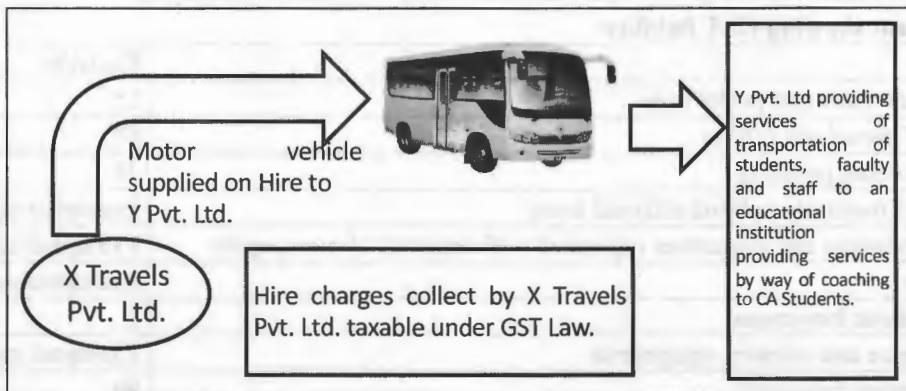
Transportation of goods within India by Air, exemption not granted. Hence, GST will be levied.

Entry No. 22: Services by way of giving on hire:

- (a) to a state transport undertaking, a motor vehicle meant to carry more than twelve passengers; or
- (b) to a goods transport agency, a means of transportation of goods.
w.e.f. 25.1.2018,
- (c) motor vehicle for transport of students, faculty and staff, to a person providing services of transportation of students, faculty and staff to an educational institution providing services by way of pre-school education and education upto higher secondary school or equivalent.
- (d) Services by way of giving on hire to a local authority, an Electrically operated vehicle (EOV) meant to carry more than 12 passengers.

Example 1:



Example 2:**Example 3:**

Entry 22(aa): w.e.f 1-10-2019:

Services by way of giving on hire to a local authority, an Electrically operated vehicle (EOV) meant to carry more than 12 passengers exempted supply of service;

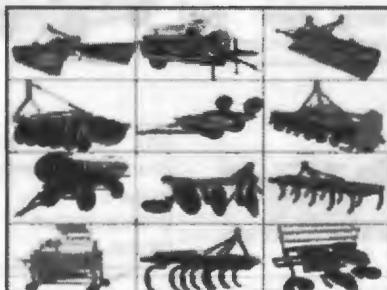
Note: EOV means vehicle falling under Chapter 87 in the First Schedule to the Customs Tariff Act, 1975 which is run solely on electrical energy derived from an external source or from one/more electrical batteries fitted to such road vehicle.



Services by way of giving on hire to a local authority, an Electrically operated vehicle (EOV) meant to carry more than 12 passengers.
EOV means vehicle falling under Chapter 87 in the First Schedule to the Customs Tariff Act, 1975 which is run solely on electrical energy derived from an external source or from one/more electrical batteries fitted to such road vehicle.

Entry No. 54: Agriculture

- (d) renting or leasing of agro machinery or vacant land with or without a structure incidental to its use; specially exempted.



Example 1: Examine whether GST is payable in the following case:—

X Ltd., has given on hire 7 trucks to ABC transporters of Delhi (a goods transport agency) for transporting goods in Central Chennai. The hiring charges for the trucks are ₹6,200 per truck per day.

Answer: GST is not payable in case of hiring of trucks to ABC Transporters. The Exemption Notification No. 12/2017-CT(R), dated 28.06.2017/Notification No. 9/2017-IT(R), dated 28.06.2017 provides exemption to services by way of giving on hire *inter alia* to a goods transport agency, a means of transportation of goods.

Example 2: From the following information compute the value of taxable supply and GST payable thereon if all charges are exclusive of GST.

- (1) Hiring of bus (capacity to carry 12) to APSRTC (a state transport undertaking): ₹22 lakhs
- (2) Hiring of goods vehicle to a goods transport agency: ₹12 lakhs
- (3) Hiring of cars designed to carry passengers to a goods transport agency: ₹22 lakh
- (4) Renting of dumpers: ₹15 lakhs
- (5) Hiring of audio visual equipment's for an event: ₹15 lakhs
- (6) Hiring of pandal or shamiana for organizing functions/events: ₹30 lakhs
- (7) Hiring of agro machinery for use in agriculture: ₹11 lakh

Assessee willing to avail the exemption benefits if any. Assume applicable rate of GST is 5%. Location of supplier and place of supply in the same State.

Answer. Statement showing GST liability:

Nature of service	Value ₹in lakhs
Hiring of bus to APSRTC	22
Hiring of goods vehicle to a goods transport agency	Exempted
Hiring of cars designed to carry passengers to a goods transport agency	22
Renting of dumpers	15
Hiring of audio visual equipment's for an event	15
Hiring of pandal or shamiana for organising functions	30
Hiring of agro machinery for use in agriculture	Exempted
Taxable value of supply	104
CGST 2.5%	2.60
SGST 2.5%	2.60

Entry No. 23: Service by way of access to a road or a bridge on payment of toll charges exempted from GST.

The activity of toll collection outsourced to any third party agency who undertakes the work for consideration, is not exempted from payment of GST.



Entry 23A: Service by way of access to a road or a bridge on payment of annuity is also exempt from GST (Notification No. 32/2017-Central Tax (Rate), dated 13.10.2017)

Example: Intertoll India Consultants was under taken a contract to collect toll on commission basis from Noida Toll Bridge Company (i.e. agency authorised to levy toll). Noida Toll Bridge Company collection in the month of Oct 2017 ₹2 crore. Commission paid to Intertoll India Consultants @5% on the gross receipts.

Find the exempted value of supply and taxable supply.

Answer: Exempted value of supply = ₹2 crore

Taxable value of supply = ₹10 lakh

(₹2 crore x 5%)

Note: The activity of toll collection outsourced to any third party agency who undertakes the work for consideration is a taxable supply and GST will be levied.

As per CBIC Circular No. 177/09/2022-TRU, dated 03.08.2022: additional toll fees collected in the form of higher toll charges from vehicles not having fastag is exempt from GST. Overloading charges collected at toll plazas in the form of higher toll also exempt from GST.

Entry No. 24: Services by way of loading, unloading, packing, storage or warehousing of rice exempted from GST.



Example: Find the taxability for the following independent cases.

- Packing of pulses in retail packs for ₹42,000.
- Packing of tomato ketchup for ₹54,000
- Commission on sale of rice for ₹10,125.
- Storage of rice flour in the warehouse for ₹12,000.

Answer:

- taxable supply of services

Entry No. 24A: Warehousing of minor forest produce:

Entry No. 24A

w.e.f. 27th July 2018:

Service by way of Services by way of warehousing of minor forest produce exempt from GST [Notification No. 14/2018-Central Tax (Rate)].

Entry 24B: Exempted Services: services provided by way of storage or warehousing of w.e.f. 1-10-2019: services provided by way of storage or warehousing of cereals, pulses, fruits, nuts and vegetables, (omitted w.e.f. 18-07-2022 spices, copra, sugarcane, jaggery, raw vegetable fibers, jute etc. indigo, unmanufactured tobacco, betel leaves, tendu leaves, coffee and tea) exempted from GST.

W.e.f. 18-7-2022, storage or warehousing of cotton in ginned and or baled form exemption withdrawn.

Entry 24C: w.e.f. 18-07-2022, Services by the Department of Posts by way of post card, inland letter, book post and ordinary post (envelopes weighing less than 10 grams) exempted from GST.

Entry No. 25: Transmission or distribution of electricity by an electricity transmission or distribution utility exempt from GST

Services provided by—

- The Central Electricity Authority
- A State Electricity Board
- A State Transmission Utility
- A Transmission licensee or distribution licensee under the Electricity Act, are exempted from GST.

Note: Charges collected by a developer or a housing society for distribution of electricity within a residential complex Installation of gensets attract the GST.

Example: The Resident Welfare Association (RWA) of Blue Heaven Building Housing Society in Delhi provides the following information pertaining to amounts received by it in the month of Oct, 2017.

Particular	(₹)
Electricity charges levied by State Electricity Board on the members of RWA (The same was collected from members and remitted to the Board on behalf of members).	3,50,000
Electricity charges levied by State Electricity Board on the RWA in respect of electricity consumed for common use of lifts and lights in common area. (Bill was raised in the name of RWA. RWA collected the said charges by apportioning them equally among 100 families and then, remitted the same to the Board.)	4,00,000

Find the GST liability if any. The applicable rate of GST 18%.

Note: (i) the Gross receipts of RWA was ₹24,50,000 and

(ii) Electricity charges are charged separately, not forming part of monthly maintenance.

Answer: Statement showing GST liability for the month of Oct 2017

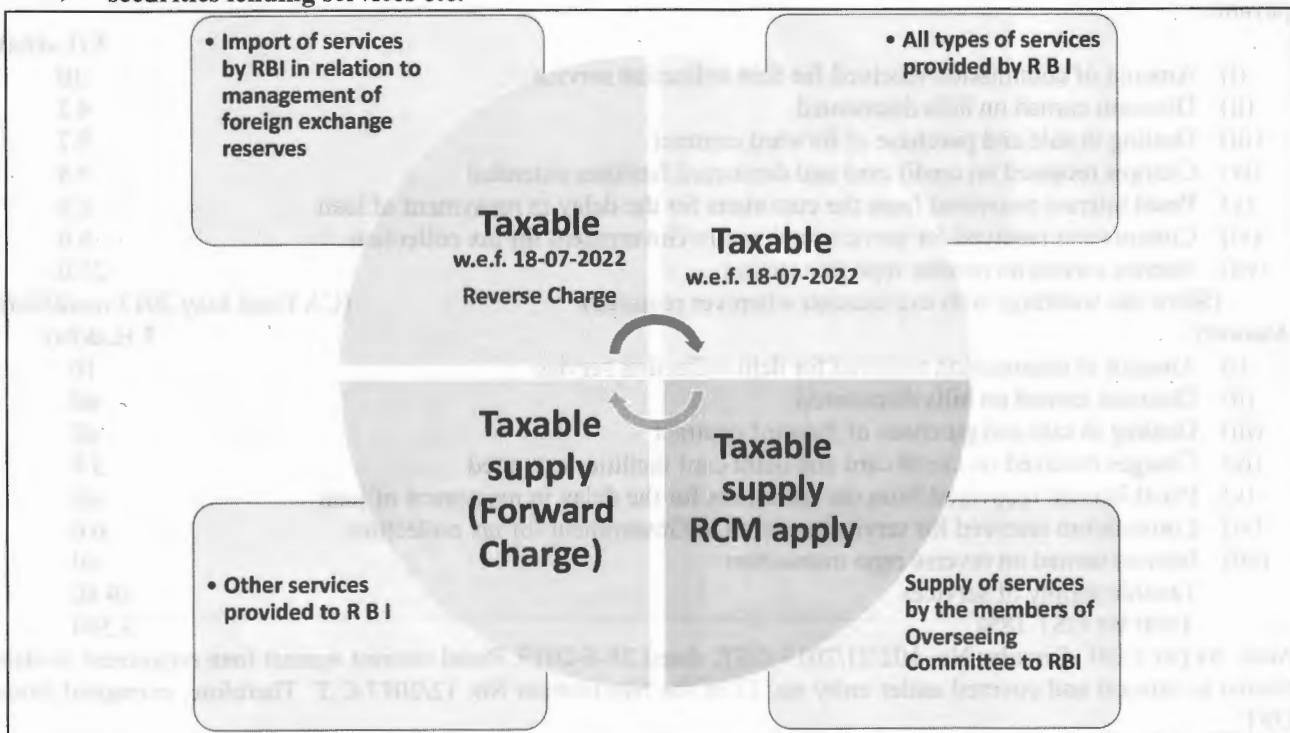
Particular	(₹)
Electricity charges levied by State Electricity Board on the members of RWA (i.e. Pure agent reimbursement expenses).	Nil
RWA collected Electricity charges by apportioning them equally among 100 families and then, remitted the same to the Board.)	4,00,000
Value of taxable supply of service	4,00,000
CGST 9%	36,000
SGST 9%	36,000

Omitted w.e.f. 18-07-2022, Entry No. 26: Services by the Reserve Bank of India exempt from GST.

As per IGST Act, 2017: Services received by the Reserve Bank of India from outside India in relation to management of foreign exchange reserves are taxable w.e.f. 18-07-2022 under GST:

Examples:

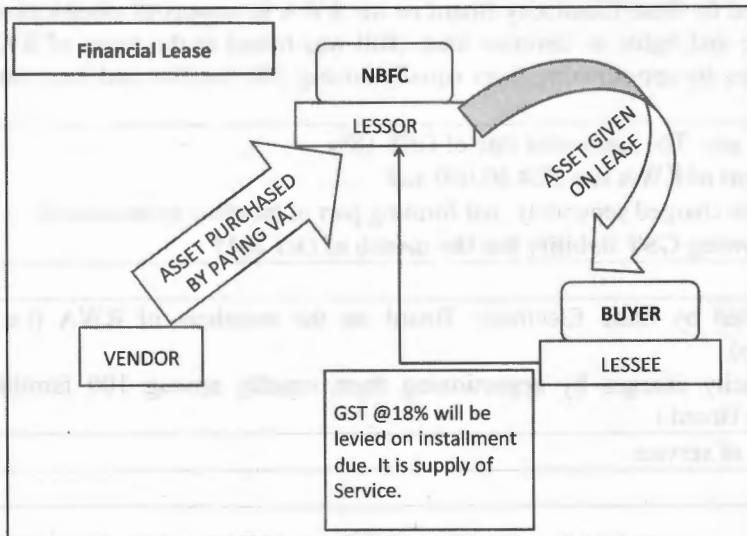
- External asset management,
- custodial services,
- securities lending services etc.



Entry No. 27: Banking and NBFC's Services are exempted from GST:

Services by way of—

- extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount (other than interest involved in credit card services);
- sale or purchase of foreign currency amongst banks or authorized dealers of foreign exchange or amongst banks and such dealers.

Lease — Applicability of GST:

CASE LAW:

Association of Leasing & Financial Service Companies v Union of India 2010 (20) STR 417 (SC):

Hon'ble Apex court had held that Lessor collecting principal as well as interest from Lessee and accounting the interest part as income by following Accounting Standard 19 and hence interest part is considered as consideration. Therefore, Lessor is liable to pay service tax on the interest part. **Now under GST Law the entire instalments (Principal + Interest) will attract GST.**

Example 1: Robinson Bank Ltd furnishes the following information relating to services provided and the gross amount received during the month of December 2017. Compute the value of taxable supply of services and GST payable:

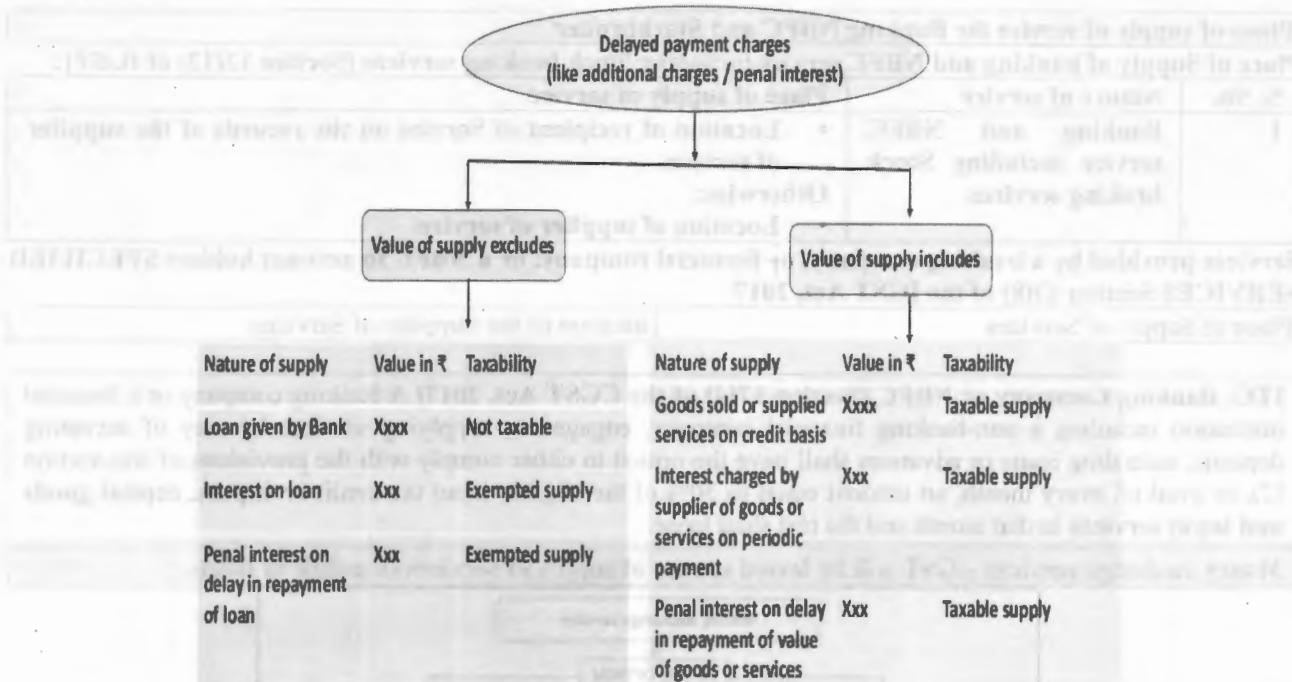
	₹ (Lakhs)
(i) Amount of commission received for debt collection service	10
(ii) Discount earned on bills discounted	4.5
(iii) Dealing in sale and purchase of forward contract	5.7
(iv) Charges received on credit card and debit card facilities extended	3.8
(v) Penal interest recovered from the customers for the delay in repayment of loan	2.6
(vi) Commission received for service rendered to Government for tax collection	6.0
(vii) Interest earned on reverse repo transaction	25.0

(Show the workings with explanation wherever required)

(CA Final May 2013 modified)

	₹ (Lakhs)
(i) Amount of commission received for debt collection service	10
(ii) Discount earned on bills discounted	nil
(iii) Dealing in sale and purchase of forward contract	nil
(iv) Charges received on credit card and debit card facilities extended	3.8
(v) Penal interest recovered from the customers for the delay in repayment of loan	nil
(vi) Commission received for service rendered to Government for tax collection	6.0
(vii) Interest earned on reverse repo transaction	nil
Taxable supply of services	19.80
Total tax GST 18%	3.564

Note: As per CBIC Circular No. 102/21/2019-GST, dated 28-6-2019, Penal interest against loan repayment is also treated as interest and covered under entry no. 27 of the Notification No. 12/2017-C.T. Therefore, exempted from GST.



[Circular No. 102/21/2019-GST, dated 28-6-2019]

Example 2: X Bank Ltd., furnishes the following information relating to services provided and the gross amount received

	₹ (lakhs)
Merchant Banking Services	8
Asset Management (including portfolio management)	3
Service charges for services to the Government of India	1.5
Interest on overdraft and cash credits	2
Banker to the issue	5
Locker rent	2

Repayment of financial lease made by the customer to the bank ₹80 lakhs which includes a principal amount of ₹50 lakhs.

Compute the value of taxable supply of services under "Banking and other financial services" as per the Central Goods and Services Tax Act, 2017 and also find the CGST and SGST where rate of GST is 9% each.

Note: Input Tax Credit availed by the bank on the asset which is given on financial lease.

Answer: Statement showing GST liability of X Bank Ltd

Particulars	₹ in lakhs
Merchant banking	8.00
Asset Management	3.00
Service charges for services to the Government of India	1.50
Interest on overdraft and cash credits	Nil
Particulars	₹ in lakhs
Banker to the issue	5.00
Locker rent	2.00
Particulars	₹ in lakhs
Financial lease (supply of service)	80.00
Taxable supply of services	99.50
CGST 9%	8.955
SGST 9%	8.955

Place of supply of service for Banking NBFC and Stockbroker
Place of Supply of banking and NBFC service including Stock broking services [Section 12(12) of IGST]:

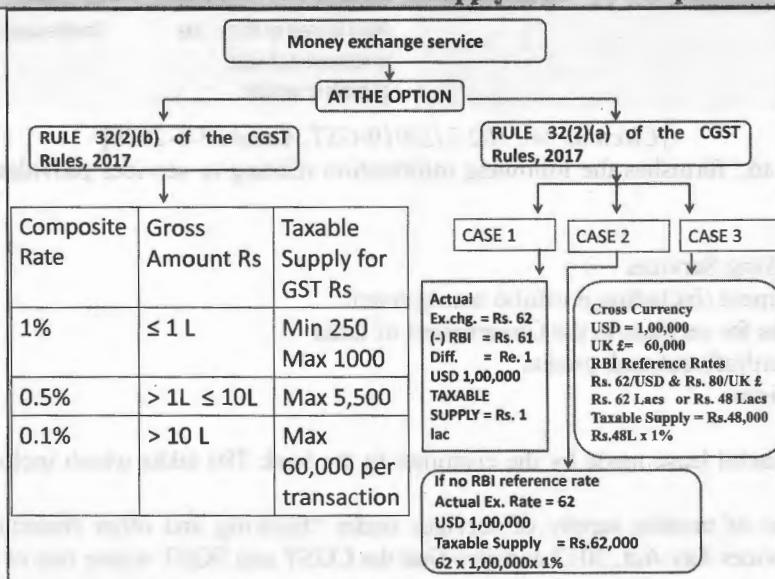
S. No.	Nature of service	Place of supply of service
1	Banking and NBFC service including Stock broking services	<ul style="list-style-type: none"> Location of recipient of Service on the records of the supplier of service. Otherwise: Location of supplier of service.

Services provided by a banking company, or financial company, or a NBFC to account holders SPECIFIED SERVICES Section 13(8) of the IGST Act, 2017

Place of Supply of Services	location of the Supplier of Services
-----------------------------	--------------------------------------

ITC: Banking Company or NBFC [Section 17(4) of the CGST Act, 2017] A banking company or a financial institution including a non-banking financial company, engaged in supplying services by way of accepting deposits, extending loans or advances shall have the option to either comply with the provisions of sub-section (2), or avail of, every month, an amount equal to 50% of the eligible input tax credit on **inputs, capital goods and input services** in that month and the rest shall lapse.

Money exchange services – GST will be levied in case of supply of services to public at large.



Provided, also that a person supplying the services may exercise the option to ascertain the value in terms of clause (b) of Rule 32(2) of the CGST Rules, 2017 for a financial year and such option shall not be withdrawn during the remaining part of that financial year.

Example 1: On 25th July 2017, Mr. X located in Chennai converted USD 100 into INR, actual exchange rate INR 62 per USD through Akbar Travel a money exchanger. RBI's reference rate for buying and selling was ₹61/61.5 respectively on such date. Akbar Travel registered under GST and located at Chennai.

(a) Find the Value of supply as per Rule 32(2)(a) of the CGST Rules, 2017 and GST where address of the recipient is available with Supplier?

(b) How much GST is liable to pay, in case where the RBI reference rate for a currency is not available.

Note: Applicable rate of GST 18%.

Answer: (a) The value of supply = $(62-61) * 100 = \text{INR } 100$

Thus, the value of taxable supply of Akbar Travel will be INR 100 and GST will be levied on this amount.

GST = ₹18/-

9% CGST = ₹9

9% SGST = ₹9

(b) The value of supply = ₹62 (i.e. 1% of INR 6,200)

GST = ₹11.16

9% CGST = ₹5.58

9% SGST = ₹5.58

Example 2: Royal Financial Corporation located in Mumbai being a money exchanger provided the following service in the month of July 2017 to M/s Infosys Bengaluru.

- (a) US\$ 1,000 is changed into UK £ 571.4286 (i.e. 1 UK POUND = US\$ 1.75).
- (b) RBI reference rate for that currency at that time for 1US\$ is ₹61 and for 1UK POUND = ₹85

Find the GST liability as per Rule 32(2)(a) of the CGST Rules, 2017.

Applicable rate of GST 18%.

Answer:

Taxable supply	= ₹486/- ($\text{₹}48,571 \times 1\%$)
IGST	= ₹87.43 (i.e. @18% on ₹486)
USD $1000 \times ₹61$	= ₹61,000
UKP $571.4286 \times ₹85$	= ₹48,571

whichever is less is ₹48,571

Example 3: Srinidhi Ltd. exported some goods to LG Inc. of USA. It received US \$ 9,000 as consideration for the same and sold the foreign currency @ ₹61 per US dollar. Compute the value of supply of money changing service under GST law and rules made thereunder in the following cases:—

- (a) RBI reference rate for US dollar at. That time is ₹62 per US dollar
- (b) RBI reference rate for US dollars is not available.

What would be the value of supply if US \$ 9,000 are converted into UK £ 4,500. RBI reference rate at that time for US \$ is ₹63 per US dollar and for UK £ is ₹101 per UK Pound.

Answer:

- (a) In the given case, value of taxable service would be as follows:—
= ₹(62-61) × 9,000 USD = ₹9,000
- (b) In the given case, value of taxable service would be as follows:—
1% of ₹(61 × 9,000 USD) = ₹5,490

In case neither of the currencies exchanged is Indian Rupee:

In the given case, value of taxable service would be 1% of the lower of the following:—

- (a) US dollar converted into Indian rupees (or)
= \$ 9,000 × ₹63 = ₹5,67,000 (or)
= £ 4,500 × ₹101 = ₹4,54,500
= 1% of ₹4,54,500 = ₹4,545/-
- (b) UK pound converted into Indian rupees Value of taxable service

Example 4: M/s. M Ltd., Mumbai is an authorised money changer. It has entered the following transactions (intra-state supplies) of money changing in the month of July 2017:

- (i) 450 transactions of conversion of Dollar into Indian Rupees of ₹22,000 per transaction;
- (ii) 125 transactions of conversion of Euro into Indian rupees of ₹500 lakhs per transaction;

Input Tax Credit on input services ₹3,00,000 (CGST ₹1,50,000 & SGST ₹1,50,000) and input goods ₹4,00,000 (CGST ₹2,00,000 & SGST ₹2,00,000) is available. ITC on capital goods is ₹2,50,000 (capital goods purchased in the current year as intra-state purchases).

Find GST payable as per Rule 32(2)(b) of the CGST Rules, 2017.

Answer:

- (i) Conversion of Dollar into Indian Rupees
(₹22,000 x 1% = ₹220, whereas minimum is ₹250 per transaction).
450 transactions x ₹250 = ₹1,12,500.
- (ii) Conversion of Euro into Indian rupees
(Upto ₹10 Lakhs = ₹5,500) + (₹490 lakhs x 0.1%) = ₹54,500
(Maximum is ₹60,000).
125 transactions x ₹54,500 = ₹68,12,500

Statement showing net GST liability:

Particulars	CGST	SGST	Total	Remarks
Output Tax	6,23,250	6,23,250	12,46,500	(1,12,500 + 68,12,500) x 18%
Less: ITC on Input service	(75,000)	(75,000)	(1,50,000)	<i>Note:</i> ITC is allowed to avail 50% on inputs, input services and capital goods.
Inputs	(1,00,000)	(1,00,000)	(2,00,000)	Balance will lapse (as per Section 17(4) of the CGST Act, 2017)
Capital Goods	(62,500)	(62,500)	(1,25,000)	
Net output tax	3,85,750	3,85,750	7,71,500	

Exit load - GST:

Exit load in the form of a fee (whether or not as a fixed percentage of the investment) is liable to GST.

Example: Whether GST will be levied on the exit-load on mutual funds?

Answer: Exit load in the form of a fee (whether or not as a fixed percentage of the investment) is liable to GST. Even if the exit load is in the form of units in the fund, it may be concluded that the consideration received in money was later converted to NAV units.

Interest rate swaps and foreign exchange swaps – GST:

Transactions in instruments like interest rate swaps, and foreign exchange swaps would be excluded from the definition of 'supply' since such instruments are derivatives, being securities, based on contracts of difference.

Interest on Gold Loan – GST:

The Gold (Metal) Loan Scheme is a means of financing. The jewellers can purchase gold (metal) from the Banks on outright basis on payment of the price. The gold (metal) loan only provides an option to the jeweller to avail a loan and pay for gold (metal) at a future date. For this facility, the jeweller pays interest to the Bank. The grant of loan and levy of interest is dependent on the purchase of gold, and therefore, part of the same transaction or facility; therefore, the interest, which is the consideration, will not be exempt as per provisions of section 15(2)(d) of the CGST Act, 2017.

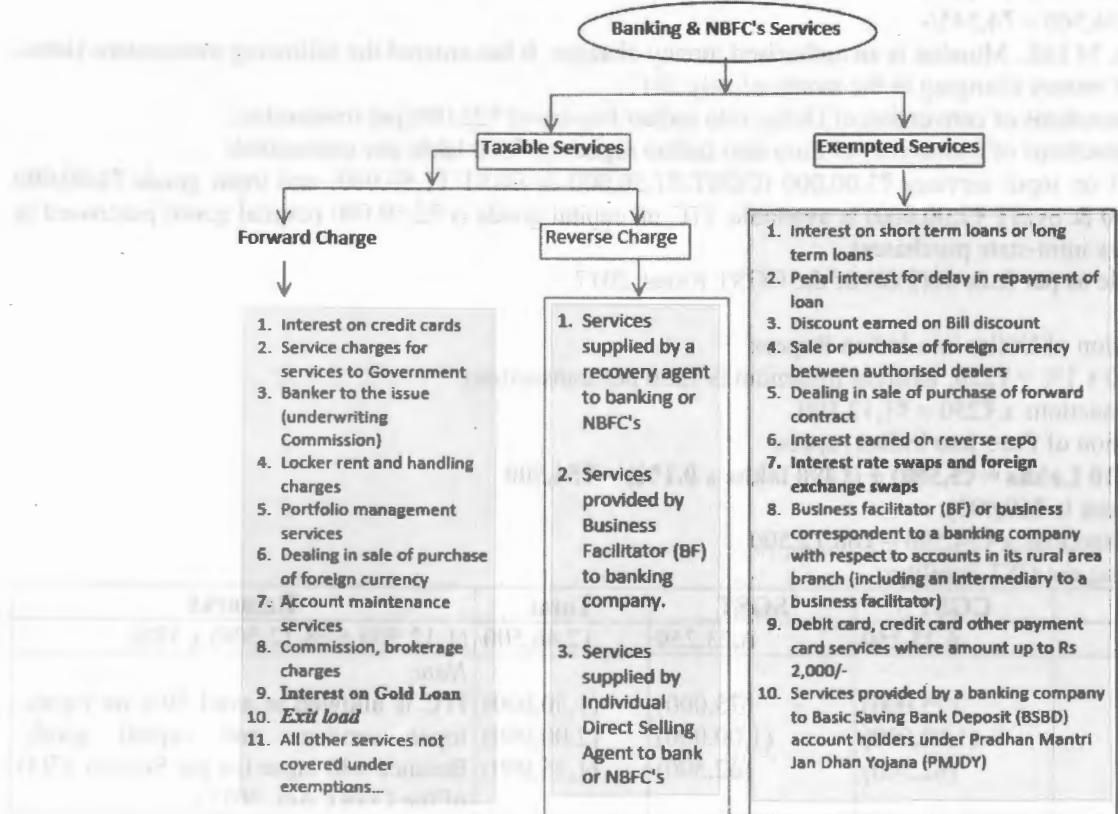
Entry No. 27A**Notification No. 28/2018-CT(R), dated 31st December, 2018:**

Services provided by a banking company to Basic Saving Bank Deposit (BSBD) account holders under Pradhan Mantri Jan Dhan Yojana (PMJDY) is exempted from GST.



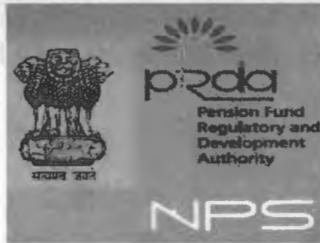
**ZERO
Balance
Account**

Pradhan Mantri Jan Dhan Yojana (PMJDY)



Entry No. 28

Services of life insurance business provided by way of annuity under the National Pension System regulated by the Pension Fund Regulatory and Development Authority of India under the Pension Fund Regulatory and Development Authority Act, 2013 (23 of 2013).



Example: Kotak Mahindra Pension Fund provided the following services in a financial:

- (a) Annual Premium of ₹6,000 collected from each individual in relation to National Pension Scheme. No. of subscribers 200.
- (b) Monthly premium collected ₹8,750 towards general insurance to cover risk. No. of subscribers 500.

Applicable rate of GST 18%.

Find the GST liability.

Answer:

- (a) Annual premium of ₹6,000 collected in relation to National Pension Scheme is exempted from GST.
- (b) Monthly premium of ₹8,750 for 500 subscribers will attract GST @18%. Therefore, GST liability is ₹7,87,500 per month.

Entry No. 29

Services of life insurance business provided or agreed to be provided by the Army, Naval and Air Force Group Insurance Funds to members of the Army, Navy and Air Force, respectively, under the Group Insurance Schemes of the Central Government exempt from GST.



Group Insurance means it covers a defined group of people, for example members of a professional association, or a society or employees of an organization. Group Insurance may offer life cover, health cover, and/or other types of personal insurance.

Group insurance has several advantages chief among which is a life cover made available to members irrespective of age, gender, socio economic background or profession, so long as they belong to the group that is applying for insurance.

Premium for these types of insurance is exempt from GST.

Entry No. 29A:

w.e.f. 25.1.2018,

Services of life insurance provided or agreed to be provided by the Naval Group Insurance Fund to the personnel of Coast Guard under the Group Insurance Schemes of the Central Government retrospectively w.e.f. 1st July 2017.



Entry 29B: w.e.f. 1-10-2019:

Services of life insurance provided or agreed to be provided by the **Central Armed Police Forces** (under Ministry of Home Affairs) **Group Insurance Funds** to their members under the Group Insurance Schemes of the concerned Central Armed Police Force exempted from GST.

THE SEVEN CENTRAL ARMED POLICE FORCES



Entry No. 30:

Services by the Employees' State Insurance Corporation to persons governed under the Employees' State Insurance Act, 1948 (34 of 1948) exempt from GST.



Entry No. 31

Services provided by the Employees Provident Fund Organisation to the persons governed under the Employees Provident Funds and the Miscellaneous Provisions Act, 1952 (19 of 1952) exempt from GST.



Entry No. 31A: Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948:

w.e.f. 27th July 2018:

Services by Coal Mines Provident Fund Organisation to persons governed by the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948

[Notification No. 14/2018-Central Tax (Rate)]

Entry No. 31B: National Pension System (NPS) Trust:

w.e.f. 27th July 2018:

Services by National Pension System (NPS) Trust to its members against consideration in the form of administrative fee:

[Notification No. 14/2018-Central Tax (Rate)].

Entry No. 32 (Omitted w.e.f. 18-07-2022):

Services provided by the Insurance Regulatory and Development Authority of India to insurers under the Insurance Regulatory and Development Authority of India Act, 1999 (41 of 1999) are exempted from GST.

**Entry No. 33 (Omitted w.e.f. 18-07-2022)**

Services provided by the Securities and Exchange Board of India set up under the Securities and Exchange Board of India Act, 1992 (15 of 1992) by way of protecting the interests of investors in securities and to promote the development of, and to regulate, the securities market are exempted from GST.

**Entry No.34**

Debit card, credit card or the payment card services where amount upto ₹2,000 exempted from GST:

Services by an acquiring bank, to any person in relation to settlement of an amount upto ₹2,000 in a single transaction transacted through credit card, debit card, charge card or other payment card service.

Explanation.—For the purposes of this entry, “acquiring bank” means any banking company, financial institution including non-banking financial company or any other person, who makes the payment to any person who accepts such card.



S. No.	Mode of payment	Transaction Amount in ₹	Service Charges	GST 18%	Remarks
1	Debit card	1,000	5	Exempted	As per Entry No. 34 of NT No. 12/2017, dated 28.06.2017 Central Tax (Rate)
2	Credit card	2,000	20	Exempted	-do-
3	Debit card/ Credit card	2,124	21.24	3.82	Value of goods ₹1,800 plus GST ₹324 together exceeds ₹2,000, hence GST will be levied.
4	Internet Banking	1,000	5	0.90	Service charges attract GST. Since, payment mode of payment other than card.
5	Bank charges		200	36	Fixed monthly/quarterly charges fully taxable.

Entry No. 34A: Guaranteeing the loans:**w.e.f. 27th July 2018:**

Services supplied by Central Government, State Government, Union territory to their undertakings or Public Sector Undertakings (PSUs) by way of guaranteeing the loans taken by such undertakings or PSUs from the financial institutions.

[Notification No. 14/2018-Central Tax (Rate)].

Entry No. 35**Services of general insurance business are exempted from GST**

Services of general insurance business provided under following schemes –

- (a) Hut Insurance Scheme;
- (b) Cattle Insurance under Swarna Jayanti Gram Swarozgar Yojna (earlier known as Integrated Rural Development Programme);
- (c) Scheme for Insurance of Tribals;
- (d) Janata Personal Accident Policy and Gramin Accident Policy;
- (e) Group Personal Accident Policy for Self-Employed Women;
- (f) Agricultural Pump set and Failed Well Insurance;
- (g) premia collected on export credit insurance;
- (h) “**Restructured Weather Based Crop Insurance Scheme (RWCIS)**” (Weather Based Crop Insurance Scheme or the Modified National Agricultural Insurance Scheme, approved by the Government of India and implemented by the Ministry of Agriculture);
- (i) Jan Arogya Bima Policy;
- (j) “**Pradhan Mantri Fasal Bima Yojana (PMFBY)**” [National Agricultural Insurance Scheme (Rashtriya Krishi Bima Yojana)];
- (k) Pilot Scheme on Seed Crop Insurance;
- (l) Central Sector Scheme on Cattle Insurance;
- (m) Universal Health Insurance Scheme;
- (n) Rashtriya Swasthya Bima Yojana;
- (o) Coconut Palm Insurance Scheme;
- (p) Pradhan Mantri Suraksha Bima Yojna;
- (q) Niramaya Health Insurance Scheme implemented by the Trust constituted under the provisions of the National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999).

w.e.f 1-10-2019: exemption notification has been amended to exempt services of general insurance business provided under “Bangla Shasya Bima” scheme.

**Entry No. 36**

Services of life insurance business provided under following schemes are exempted from GST:

- (a) Janashree Bima Yojana
- (b) Aam Aadmi Bima Yojana;
- (c) Life micro-insurance product as approved by the Insurance Regulatory and Development Authority, having maximum amount of cover of fifty thousand rupees (w.e.f. 25.1.2018 two lakhs rupees);
- (d) Varishtha Pension Bima Yojana;
- (e) Pradhan Mantri Jeevan Jyoti Bima Yojana;
- (f) Pradhan Mantri Jan Dhan Yojana;
- (g) Pradhan Mantri Vaya Vandhan Yojana

Entry No. 37

Services by way of collection of contribution under the Atal Pension Yojana is also exempt from GST

**Entry No. 38**

Services by way of collection of contribution under any pension scheme of the State Governments.



Entry No. 39

Services by the following persons in respective capacities are exempted from GST –

- (a) business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch;
- (b) any person as an intermediary to a business facilitator or a business correspondent with respect to services mentioned in entry (a); or
- (c) business facilitator or a business correspondent to an insurance company in a rural area.



Business facilitators or correspondent services are as follows:

- (a) Enrolment of customers, including collection of biometric and other details, provide card (ID Card, Debit Card, Credit Card), PIN.
- (b) Provide transaction facility.
 - (i) Deposit of money in an account with any bank
 - (ii) Withdrawal of money from an account with any bank
 - (iii) Remittances from an account with a bank to an account with the same or any other bank.
 - (iv) Balance Enquiry and issue Receipts/ Statement of Accounts.
- (c) Disbursal of credit facilities to borrowers involving small amounts strictly as per the instructions of the Bank.
- (d) Other activities:
 - (i) Identification of borrowers and classification of activities as per their requirements.
 - (ii) Collection and prima facie scrutiny of loan applications including verification of primary data.
 - (iii) Creating awareness about savings and other products offered by the Bank and education and advice on managing money & debt counselling.
 - (iv) Preliminary scrutiny of data and submission of applications to the Bank for its review.
 - (v) Promotion, nurturing, monitoring and handholding of Self Help Groups and/or Joint Liability Groups and/or Credit Groups and others.
 - (vi) Facilitating the repayment of dues owed to the bank by its customers.
 - (vii) Marketing of third party financial products.

Recovery Agent Services to banking or NBFCs GST will be levied under RCM:

S. No.	Description of supply of service	Supplier of service	Recipient of service	Person liable to pay GST
8	Services supplied by a recovery agent to a banking company or a financial institution or a non-banking financial company.	A recovery agent	A banking company or a financial institution or a non-banking financial company, located in the taxable territory	Recipient

Example: Mr. X being a registered person under GST Law provided the following services in the month of Oct 2017:

- (a) Services provided to Gramina Bank located in rural area in the nature of Enrolment of customers and charge ₹20,000.
- (b) Disbursal of credit facilities to borrowers involving small amounts strictly as per the instructions of the Bank locate in a village and collected ₹12,250.

(c) Facilitating the repayment of dues owed to the HDFC bank (Mylapore Branch, Chennai) by its customers and collected fee ₹55,000 from the bank.

(d) Recovery agent services to the State Bank of India, Mount Road Branch, Chennai, for ₹2,20,500.

Find the GST liable to pay by Mr. X. applicable rate of GST @18%.

Particulars	Value in ₹
Enrolment of customers in rural area bank	Exempted supply
Disbursal of credit facilities as per bank located in rural area	Exempted supply
Facilitating the repayment of loan to bank in urban area	55,000
Recovery agent services to the SBI	Reverse applicable
Total taxable supply	55,000
CGST 9%	4,950
SGST 9%	4,950

Entry No. 39A:

w.e.f. 25.1.2018, Services by an intermediary of financial services located in a multi services SEZ with International Financial Services Centre (IFSC) status to a customer located outside India for international financial services in currencies other than Indian rupees (INR).



IFSC Meaning: An IFSC (International Financial Service Centre) caters to customers outside the jurisdiction of the domestic economy. IFSCs are set up in special economic zones as a unit of SEZ or as a special economic zone after approval from central government, and deal with flows of finance, financial products and services across borders.

Services offered by IFSC(s):

1. Fundraising services for individuals, corporations and governments
2. Asset management and global portfolio diversification undertaken by pension funds, insurance companies and mutual funds
3. Wealth management
4. Global tax management and cross-border tax liability optimisation, which provides a business opportunity for financial intermediaries, accountants and law firms.
5. Global and regional corporate treasury management operations that involve fundraising, liquidity investment and management and asset liability matching
6. Risk management operations such as insurance and reinsurance
7. Merger and acquisition activities among transnational corporations are exempted from GST.

Entry No. 40

Services provided to the Central Government, State Government, Union territory under any insurance scheme for which total premium is paid by the Central Government, State Government, Union territory is exempted from GST.

1. National Old Age Pension Scheme

- Granting monthly pensions to the aged over 65 years, those without subsistence income or family support.

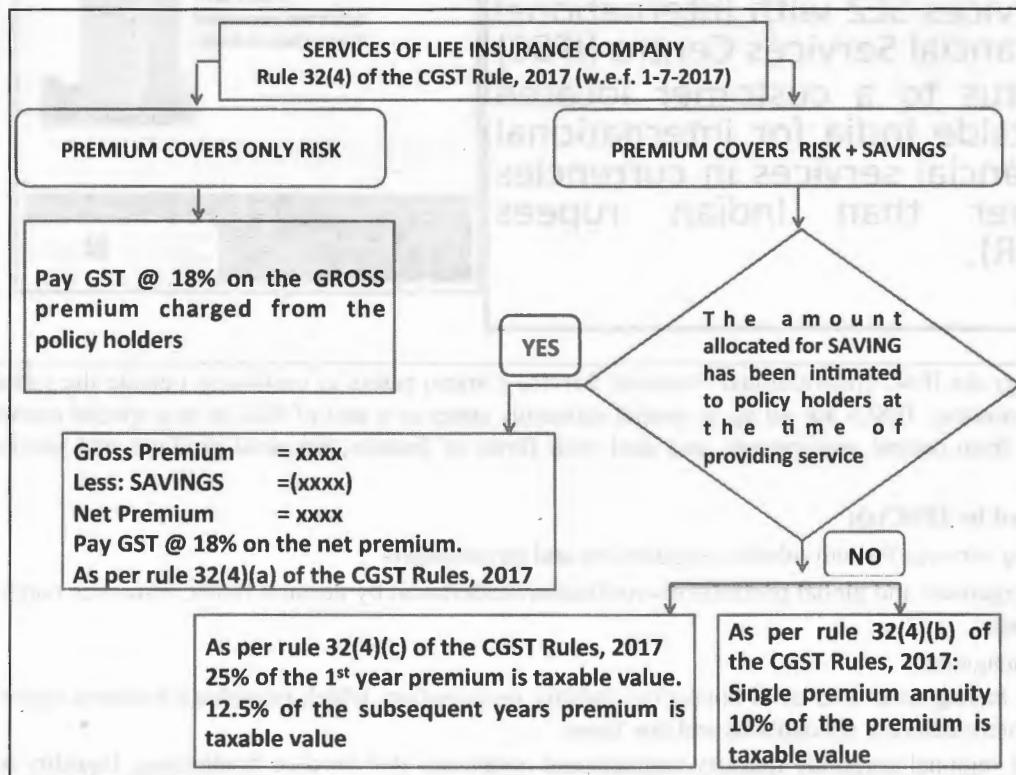
paid by the central government under the NSAP (national social assistance programme) Pension amount



For example: granting monthly pensions to the aged over 65 years, those without subsistence income or family support, paid by the Central Government of India under the National Social Assistance Programme (NSAP) Pension amount to the Insurance companies exempt from GST.

All other insurance premiums collected by insurance companies are taxable supplies and GST will be levied.

w.e.f. 1-7-2017, SERVICES OF LIFE INSURANCE COMPANY Rule 32(4) of the CGST Rule, 2017 - taxable value of supply:



Example 1: Arihant Life Insurance Company Ltd. (ALICL) has started its operations in the year 2017-18 (w.e.f. 1-7-2017). During the year 2017-18, Arihant Life Insurance Company Ltd. (ALICL) has charged gross premium of ₹180 lakh from policy holders with respect to life insurance policies; out of which ₹100 lakh have been allocated for investment on behalf of the policy holders.

Compute the GST liability of ALICL for the year 2017-18 under rule 32(4) of the CGST Rules, 2017

- if the amount allocated for investment has been intimated by ALICL to policy holders at the time of providing service.
- if the amount allocated for investment has not been intimated by ALICL to policy holders at the time of providing of service.
- if the gross premium charged by ALICL from policy holders is only towards risk cover.

Applicable rate of GST 18%.

(CA Final RTP NOV 2014 modified)

Answer:

- (i) GST liability of ALICL for the year 2017-18 will be computed as under:
 $= ₹14.40 \text{ lakhs } (₹(180-100) \text{ lakh} \times 18\%)$
- (ii) 25% of the 1st year premium is value of taxable supply. Thus, GST liability of ALICL for the year 2017-18, being first year of its operations, will be computed as under:
 value of taxable supply = ₹180 lakh $\times 25\% = ₹45 \text{ lakh}$
 GST liability = ₹8.10 lakh (i.e. ₹45 lakh $\times 18\%$)
- (iii) GST liability of ALICL for the year 2017-18 will be computed as under:
 $= ₹32.40 \text{ lakh } (₹180 \text{ lakh} \times 18\%)$

Example 2: LIC of India provides you the following information for the month of Oct 2017. You are required to compute GST payable by the company if the company has opted to pay GST as per Rule 32(4) of CGST Rules, 2017:

- (1) **General policies:** Total premiums collected ₹12,000 lakhs (Out of which 1st year premium is ₹5,000 lakhs)
- (2) **Only Risk Cover Policies:** Premiums collected ₹500 lakhs.
- (3) **Variable Insurance Policies:** Premiums collected ₹8,000 lakhs. (80% of the amount is allocated for investments on behalf of policy holder for which policy holder is given separate break up in premium receipts).

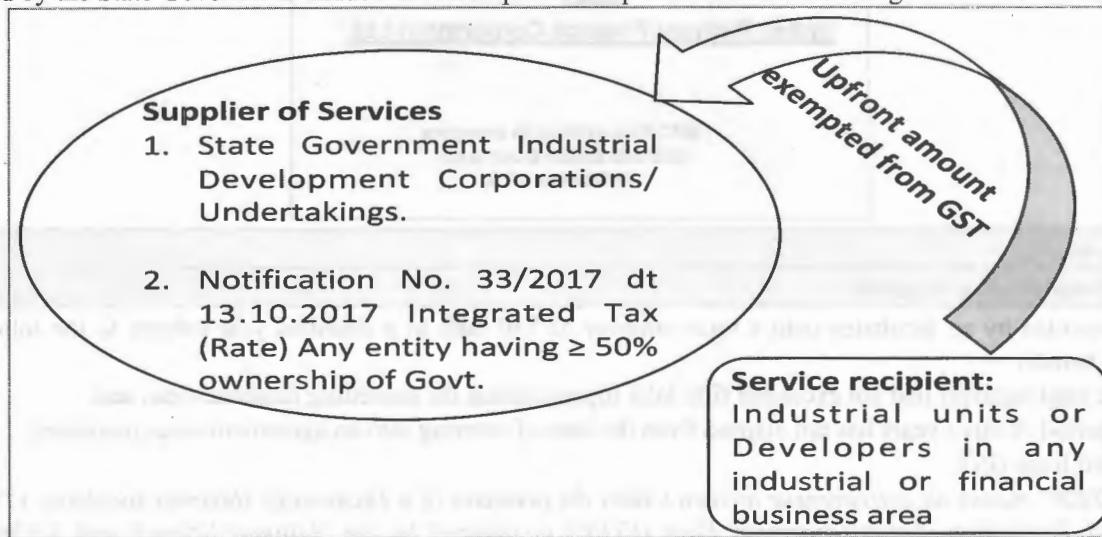
Note: Applicable rate of GST 18%. For all transaction's location of supplier and place of supply is within the same State.

Answer: Statement showing GST liability of LIC of India for the month of OCT 2017 under Rule 32(4) of the CGST Rules, 2017:

Particulars	Value ₹in lakhs	Working note
General policies	1,250	5,000 x 25%
1st Year premium		
2nd Year Premium	875	7,000 x 12.5%
Only Risk cover policies	500	
Variable insurance policies premium	1,600	(8,000 – 6,400)
Total taxable supply of service	4,225	
CGST 9%	380.25	(4,225 x 9%)
SGST 9%	380.25	(4,225 x 9%)

Entry No. 41**Upfront Fee in Long Term Lease exempted from GST:**

One time upfront amount (called as premium, salami, cost, price, development charges or by any other name) leviable in respect of the service, by way of granting long term (thirty years, or more) lease of industrial plots, provided by the State Government Industrial Development Corporations or Undertakings to industrial units



w.e.f. 20th September 2018:

“Explanation.—For the purpose of this exemption, the Central Government, State Government or Union territory shall have 50 per cent. or more ownership in the entity directly or through an entity which is wholly owned by the Central Government, State Government or Union territory.” [Notification No. 23/2018-Central Tax (Rate)].

W.E.F 1-10-2019:

Explanation.—For the purpose of this exemption, the Central Government, State Government or Union territory shall have 20 per cent. or more ownership in the entity directly or through an entity which is wholly owned by the Central Government, State Government or Union territory.”

Provided that the leased plots shall be used for the purpose for which they are allotted, that is, for industrial or financial activity in an industrial or financial business area:

Provided also that the State Government concerned shall monitor and enforce the above condition, as per the order issued by the State Government in this regard:

Provided further that in case of any violation or subsequent change of land use, due to any reason whatsoever, the original lessor, original lessee as well as any subsequent lessee or buyer or owner shall be jointly and severally liable to pay such amount of integrated tax, as would have been payable on the upfront amount charged for the long term lease of the plots but for the exemption contained herein, along with the applicable interest and penalty:

Provided also that the lease agreement entered into by the original lessor with the original lessee or subsequent lessee, or sub-lessee, as well as any subsequent lease or sale agreements, for lease or sale of such plots to subsequent lessees or buyers or owners shall incorporate in the terms and conditions, the fact that the integrated tax was exempted on the long term lease of the plots by the original lessor to the original lessee subject to above condition and that the parties to the said agreements undertake to comply with the same.

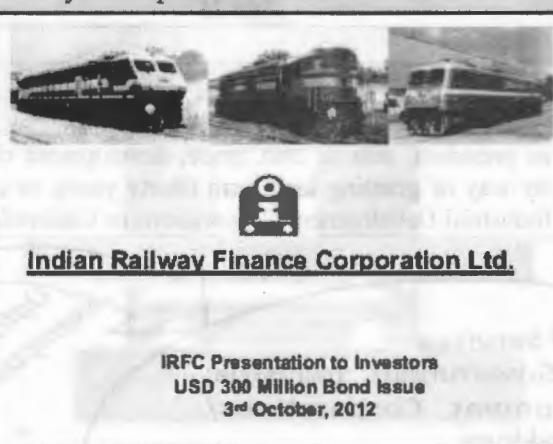
As per CBIC Circular No. 177/09/2022-TRU, dated 3.8.2022, It has been clarified that location charges or preferential location charges (PLC) paid upfront in addition to the lease premium for long term lease of land constitute part of upfront amount charged for long term lease of land eligible for exemption.

Entry No. 42 already covered.

Services provided by the Central Government, State Government, Union territory or local authority by way of allowing a business entity to operate as a telecom service provider or use radio frequency spectrum during the period prior to the 1st April, 2016, on payment of licence fee or spectrum user charges, as the case may be.

Entry No. 43: (Omitted w.e.f. 1-10-2021)

Services of leasing of assets (rolling stock assets including wagons, coaches, locos) by the Indian Railways Finance Corporation to Indian Railways exempted from GST.

**Entry No. 44****Services provided by an incubate**

Services provided by an incubatee upto a total turnover of ₹50 lakh in a financial year subject to the following conditions, namely:—

- (a) the total turnover had not exceeded fifty lakh rupees during the preceding financial year; and
 - (b) a period of three years has not elapsed from the date of entering into an agreement as an incubatee.
- are exempted from GST.

“INCUBATEE” means an entrepreneur located within the premises of a Technology Business Incubator (TBI) or Science and Technology Entrepreneurship Park (STEP) recognized by the National Science and Technology

Entrepreneurship Development Board (NSTEDB) of the Department of Science and Technology, Government of India and who has entered into an agreement with the TBI or the STEP to enable himself to develop and produce hi-tech and innovative products.

Example: Cloud M Power Technologies Pvt. Ltd., is a business incubatee provided following taxable services in the financial year 2017-18 (after July 2017):

Cloud computing services	= ₹25,00,000
Mobile application services	= ₹20,00,000
Social networking and location aware applications	= ₹10,00,000

Note:

- (i) Previous year taxable services is ₹22,00,000.
- (ii) Service provider enters into an agreement with STEP in the year 2016-17.

Find GST liability of Cloud M Power Technologies Pvt. Ltd. for the financial year 2017-18. Assume applicable rate of GST 18%.

Statement showing service tax liability of Cloud M Power Technologies Pvt. Ltd for the year 2017-18:

Particulars	Taxable Services in ₹	Remarks
Cloud computing services	Nil	Exempted from service tax upto ₹50 lakh
Mobile application services	Nil	-do-
Social networking and location aware applications	5,00,000	Over and above ₹50 Lakh is taxable in the financial year 2017-18
Taxable services	5,00,000	
CGST 9%	45,000	(5,00,000 x 9%)
SGST 9%	45,000	(5,00,000 x 9%)

Entry No. 45

Arbitral tribunal, Advocate or Senior Advocate services

Service Provider	Service Receiver	Taxable	Comments
ARBITRAL TRIBUNAL	Any person Or Business entity with a turnover upto ₹40 lakh or ₹20 lakh or ₹10 lakh as the case may be in the P.Y.	NO	All types of legal services are exempted
ARBITRAL TRIBUNAL	Business entity with a turnover > ₹40 lakh or ₹20 lakh or ₹10 lakh as the case may be in the P.Y.	YES. Business entity is liable to pay GST under reverse charge	All types of legal services like Advisory, consultancy, representational services before any court, tribunal or authority are taxable

Service Provider	Service Receiver	Taxable	Comments
Individual Advocate or Firm of Advocates (Other than a senior advocate), by way of legal services	An advocate or firm of advocates Or Other than a business entity Or Business entity with a turnover upto ₹40 lakh or ₹20 lakh or ₹10 lakh as the case may be in the P.Y.	NO	All types of legal services like Advisory, consultancy, representational services BEFORE ANY COURT, TRIBUNAL OR AUTHORITY are exempted
Individual ADVOCATE or Firm ADVOCATES	Business entity with a turnover > ₹40 lakh or ₹20 lakh or ₹10 lakh as the case may be in the P.Y.	YES. Business entity is liable to pay GST under Reverse Charge	All types of legal services like Advisory, consultancy, representational services BEFORE ANY COURT, TRIBUNAL OR AUTHORITY are TAXABLE

Service Provider	Service Receiver	Taxable	Comments
Senior advocate by way of legal services	Other than a business entity Or Business entity with a turnover upto ₹40 lakh or ₹20 lakh or ₹10 lakh as the case may be in the P.Y.	NO	All types of legal services like Advisory, consultancy, representational services BEFORE ANY COURT, TRIBUNAL OR AUTHORITY are exempted
Senior advocate by way of legal services	Business entity with a turnover > ₹40 lakh or ₹20 lakh or ₹10 lakh as the case may be in the P.Y.	YES. Business entity is liable to pay GST under Reverse Charge	All types of legal services like Advisory, consultancy, representational services BEFORE ANY COURT, TRIBUNAL OR AUTHORITY are TAXABLE

Summary:

Service provider	Recipient of service	taxability	Who Is liable to pay GST
Arbitral Tribunal	Business entity P.Y. Turnover > ₹40 lakh or ₹20 lakhs or ₹10 lakhs as the case may be)	Taxable supply	Recipient is liable to pay GST.
Advocates			
Senior Advocates			

Notification 2/2018-Central Tax (Rate), dated 25.1.2018 issued.

w.e.f. 25.1.2018, Legal services provided to Government, Local Authority, Governmental Authority and Government Entity exempted.

- Services provided by a partnership firm of advocates or an individual as an advocate other than a senior advocate, by way of legal services to the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity, EXEMPT;
- Services provided by a senior advocate, by way of legal services to the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity, EXEMPT;

Entry No. 46

Services by a veterinary clinic in relation to health care of animals or birds exempted from GST:



Example: Clean and Green Pvt. Ltd. provided the bio-medical waste treatment facility to a veterinary clinic is a taxable supply of service, if so, GST will be levied?

Answer: It is taxable supply of service.

Scope of the exemption under entry 75 is restricted to services provided by operators of the common **Bio-medical Waste Treatment Facility** to a clinical establishment and not to veterinary clinic.

Entry No. 47 already covered.

Services provided by the Central Government, State Government, Union territory or local authority by way of—

- registration required under any law for the time being in force;
- testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, including fire license, required under any law for the time being in force.

Entry No. 47A: Supply of FSSAI (Omitted w.e.f. 18.07.2022)

w.e.f. 27th July 2018:

Services by way of licensing, registration and analysis or testing of food samples supplied by the Food Safety and Standards Authority of India (FSSAI) to Food Business Operators. [Notification No. 14/2018-Central Tax (Rate)].

Entry No. 48

Supply of services by a Technology Business Incubator exempted from GST

A “**business incubator**” is a company that helps new and startup companies to develop by providing services such as management training or office space or equipment's or some time monitory assistance and capital.

Taxable services, provided or to be provided, by—

- a Technology Business Incubator or
- a Science and Technology Entrepreneurship Park recognised by the National Science and Technology Entrepreneurship Development Board of the Department of Science and Technology, Government of India or
- bioincubators recognised by the Biotechnology Industry Research Assistance Council, under the Department of Biotechnology, Government of India.

are exempted from GST.

Example: Technopark Technology Business Incubator (T-TBI), provided the following taxable services in the financial year 2017-18 (on or after 1-7-2017):

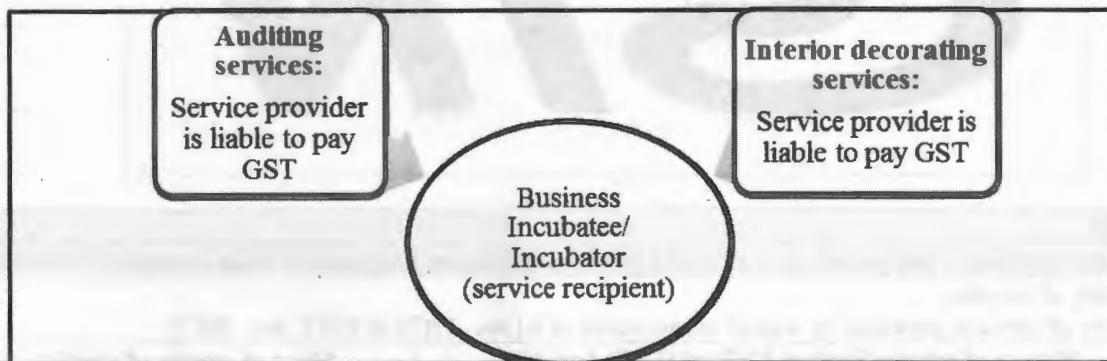
1. Entrepreneurship Awareness Camps to a Business incubatee for ₹20 lakh.
2. Commercial space provided to Infosys Ltd. a non-incubatee for ₹2 lakh.

Find GST liability of Technopark Technology Business Incubator?

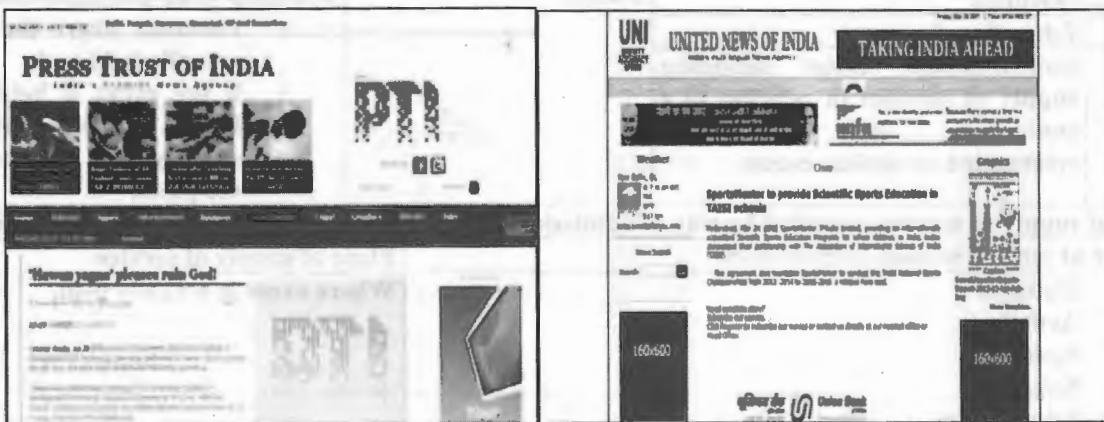
Statement showing service tax liability of Technopark Technology Business Incubator

Particulars	Taxable services in ₹	Remarks
Entrepreneurship Awareness Camps to a Business incubatee.	Nil	Exempted service.
Commercial space provided to Infosys Ltd. a non-incubatee	Nil	Exempted service
Taxable supply of services	Nil	

Services provided to Business incubatee/Incubator presently not exempted from GST:

**Entry No. 49**

Services by way of collecting or providing news by an independent journalist, Press Trust of India or United News of India exempted from GST:



Entry No. 50

Services of public libraries by way of lending of books, publications or any other knowledge-enhancing content or material exempted from GST.

**Entry No. 51 (Omitted w.e.f. 18-07-2022)**

Services provided by the Goods and Services Tax Network to the Central Government or State Governments or Union territories for implementation of Goods and Services Tax exempted from GST.

**Entry No. 52**

Services by an organiser to any person in respect of a business exhibition held outside India exempted from GST.

Place of supply of service:

Place of supply of services provided by way of organization of a [Sec. 12(7) of IGST Act, 2017]:

S. No.	Nature of service Section 12(7) of IGST Act, 2017	Place of supply of service
1	Cultural	Provided to a registered person: • Location of recipient of Service
2	Artistic	Provided to an un-registered person: • Location where the event is actually held and
3	Sporting	• if the event is held outside India, the place of supply shall be the location of the recipient.
4	Scientific	
5	Educational	
6	Entertainment event including supply of services in relation to a conference, fair, exhibition, celebration or similar events	

Place of supply of services supplied by way of admission to, or organization of Section 13(5) of IGST

Nature of service Section 13(5) of IGST	Place of supply of service
<ul style="list-style-type: none"> • Cultural • Artistic • Sporting • Scientific • Educational • Entertainment event • Celebration • Conference 	Where event is actually held.

Nature of service Section 13(5) of IGST	Place of supply of service
<ul style="list-style-type: none"> • Fair • Exhibition • Similar events and • Services ancillary to such admission or organisation 	

Example 1: Mr. X an event organiser, located in Chennai received an order from M/s Taxman publications, Mumbai to conduct a book fair at Chennai. Find the Place of supply of service and GST in the following two cases:

Case 1: Taxman publications is a registered person.

Case 2: Taxman publications is an un-registered person.

Answer:

Case 1: Mumbai (i.e. location of recipient of service)

Mr. X of Chennai is liable to pay IGST.

Case 2: Chennai (i.e. location where the event is actually held)

Mr. X of Chennai is liable to pay CGST & SGST.

Example 2: Mr. Kapil Sharma, a Jalandhar based comedian, hosted a comedy show at Singapore on birthday occasion of Mumbai based actor Mr. Shah Rukh Khan's son Abram.

Answer: POS = Mumbai (i.e. location of service recipient).

GST = IGST is liable to pay by Mr. Kapil Sharma

Example 3: Mr. D of Delhi being an event organizer hosted an exhibition at Mumbai to exhibit the products of exhibitor namely, Chennai Silks, Chennai, a registered person.

Answer:

POS = Chennai (i.e. location of service recipient).

IGST is liable to pay by Mr. D of Delhi

Example 4: Mr. C of Chennai being an event organizer hosted an exhibition at Dhaka to exhibit the products of exhibitor (namely Chennai Silks) located Chennai.

Answer:

POS = Chennai (i.e. location of service recipient)

GST is not liable to pay by Mr. C.

Note: Services by an organiser to any person in respect of a business exhibition held outside India is exempted from GST (vide Entry No. 52).

Example 5: Mr. Kapil Sharma a Jalandhar based comedian hosted a comedy show at Singapore with help of event organizer located in Dubai.

Answer: POS = Singapore.

GST will not be levied.

Example 6: Mr. D of Delhi being an event organizer hosted an exhibition at Mumbai to exhibit the products of exhibitor (namely M/s S Silks Ltd. of Singapore).

Answer: PPS = Mumbai

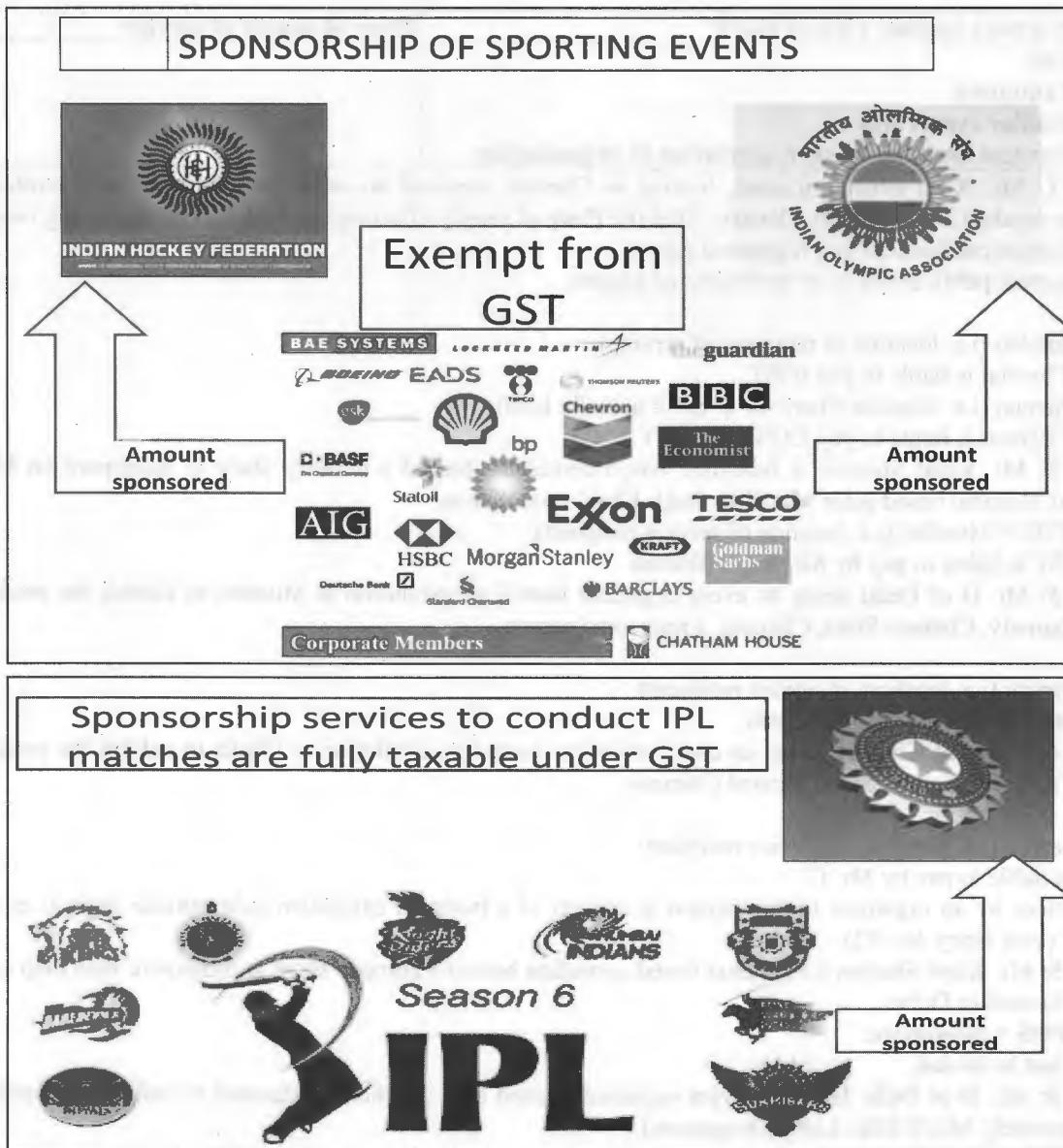
IGST is liable to pay by Mr. D of Delhi

Entry No. 53:

Services by way of sponsorship of sporting events organised,-

- by a national sports federation,
- by Association of Indian Universities, Inter-University Sports Board, School Games Federation of India, All India Sports Council for the Deaf, Paralympic Committee of India or Special Olympics Bharat;
- by Central Civil Services Cultural and Sports Board;
- as part of national games, by Indian Olympic Association; or
- under Panchayat Yuva Kreedha Aur Khel Abhiyaan (PYKKA) Scheme;

are exempted from GST.



Entry No. 81	Services by way of right to admission to- <ul style="list-style-type: none"> (a) circus, dance, or theatrical performance including drama or ballet; (b) award function, concert, pageant, musical performance or any sporting event other than a recognised sporting event; (c) recognised sporting event, <p>where the consideration for admission is not more than ₹250 per person as referred to in (a), (b) and (c) above.</p> <p>(d) w.e.f. 25.1.2018, planetarium, w.e.f. 25.1.2018 where the consideration for right to admission to the events or places as referred to in items (a), (b), (c) or (d) above is not more than ₹500 per person.”</p>
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Example 1: M/s DLF Ltd., sponsored ₹20 lakhs in respect of a Tournament organized by Board of Council for Cricket in India (BCCI).

- Is it taxable supply of service?
- If so who is liable to pay GST?

Answer:

- Yes, the given service is taxable supply of service.
- M/s DLF Ltd., is liable to pay GST under reverse charge being a recipient of such sponsorship services from BCCI.

Note: BCCI is not a National Sports Federation.

Example 2: BCCI conducted a tournament in the month of October 20XX, in India (i.e. India vs. Australia) by selling tickets in the following denominations:

- (a) 1,00,000 tickets @ 295 per ticket
- (b) 10,000 tickets @ 550 per ticket.

Find the GST if any?

Answer:

- (a) Where the consideration for admission is not more than ₹500 per person is exempted from GST.
- (b) GST liability is as follows:

$$\begin{array}{lcl}
 \text{₹550} \times 10,000 \text{ tickets} & = \text{₹}55,00,000 \\
 \text{CGST @14\%} & = \text{₹}7,70,000 \\
 \text{SGST @14\%} & = \text{₹}7,70,000
 \end{array}$$

Note:

- (1) Entry fee per person per ticket exceeding ₹250 fully taxable. w.e.f. 25.1.2018, this limit is increased to ₹500.
- (2) Admission to all sports events organized by recognized sports federations were to attract 28% GST

Entry No. 54

Agriculture activities exempted from GST

The following are exempted:

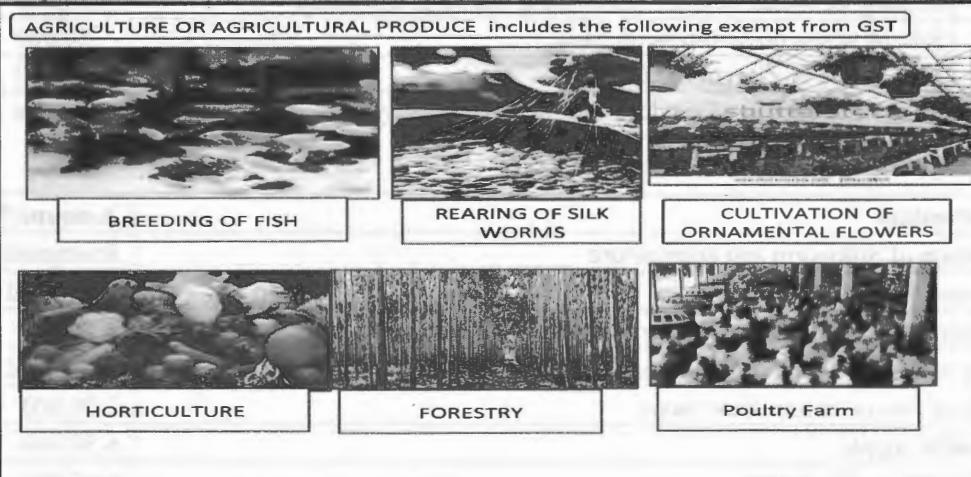
- Cultivation, harvesting,
- Comm. on sale of Agricultural Produce
- All types of testing activities which are directly related to production of any agricultural produce
- Supply of farm labour
- Trimming, sorting etc., thereby marketable in the primary market
- Renting of agro machinery
- Loading, unloading, packing, storage and warehousing of agricultural produce
- Agricultural extension services
- Services by any agricultural produce marketing committee

Important Note: Exemption not available on Loading, Packing, Warehousing of Processed Agricultural Products like Tea, Coffee Beans, Pulses etc.

As per CBIC Circular, Processed products such as tea (i.e. black tea, white tea etc.), processed coffee beans or powder, pulses (de-husked or split), jaggery, processed spices, processed dry fruits & cashew nuts etc. fall outside the definition of agricultural produce given in Notification No. 11/2017-CT(R) and 12/2017-CT(R) and therefore the exemption from GST is not available to their loading, packing. However, w.e.f 18-7-2022 exemption is also not available to their storage & warehousing except cereals & pulses, fruits & vegetables).

Entry No. 55

Carrying out an intermediate production process as job work in relation to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce also exempt from GST



Plantation crops like rubber, tea or coffee also covered under agricultural produce exempt from GST

PLANTATION OF RUBBER TEA PLANTATION PLANTATION OF COFFEE

Cleaning of wheat carried out outside the farm covered under EXEMPTION. Covered under entry no. 54. Hence, no GST

From paddy...
to milled.

Shelling of paddy carried out outside the farm not covered under entry no. 54 and 55.

Milling of paddy is not an intermediate production process in relation to cultivation of plants. It is a process carried out after the process of cultivation is over and paddy has been harvested. Therefore, milling of paddy into rice cannot be considered as an intermediate production process in relation to cultivation of plants for food, fibre or other similar products or agricultural produce. Therefore not eligible for exemption under S. No 55 of Notification 12/2017 - Central Tax (Rate) dated 28th June 2017 (vide CBEC circular Circular No. 19/19/2017-GST dated 20th November 2017)

Example 1: Mark Agro Products Ltd, furnishes the following details of various services provided by it in the month of August 2017:

S. No.	Particulars	Amount (₹)
1	Rearing of Silkworm and horticulture	2,50,000
2	Plantation of tea and coffee	2,00,000
3	Renting of vacant land for performing marriage ceremony	4,50,000
4	Sale of wheat on commission basis	50,000
5	Sale of rice on commission basis	2,00,000

Compute the value of taxable supply of services and the GST liability of Mark Agro Products Ltd. for the month of August 2017. Assume rate of GST 18%.

Answer:

S. No.	Particulars	Amount(₹)
1	Rearing of Silkworm and horticulture	Exempted supply
2	Plantation of tea and coffee	Exempted supply
3	Renting of vacant land for performing marriage ceremony	4,50,000
4	Sale of wheat on commission basis	Exempted supply
5	Sale of rice on commission basis	2,00,000
	Taxable supply	6,50,000
	GST 18% on ₹6,50,000	1,17,000

Example 2: From the following information find GST liability of M/s A Ltd for the month of October 2017:

Particulars	₹ in lakh
(i) Renting of Agro-machinery	5.0
(ii) Cultivation of Ornamental flowers	2.5
(iii) Processing of Tomato ketchup under the brand name of Y Ltd.	3.0
(iv) Plantation of Rubber	3.5
(v) Processing of Potato chips on jobwork basis	1.5

Assume applicable CGST 2.5% & SGST 2.5%.

Answer: Statement showing GST liability of M/s A Ltd for the month of October 2017:

Particulars	₹ in lakh
(i) Renting of Agro-machinery	Exempted supply of service
(ii) Cultivation of Ornamental flowers	-do-
(iii) Processing of Tomato ketchup under the brand name of Y Ltd.	3.00
(iv) Plantation of Rubber	Exempted supply of service
(v) Processing of Potato chips on jobwork basis	1.50
Taxable supply of service	4.50
CGST 2.5%	0.11250
SGST 2.5%	0.11250

Entry No. 55A: Artificial Insemination of livestock:

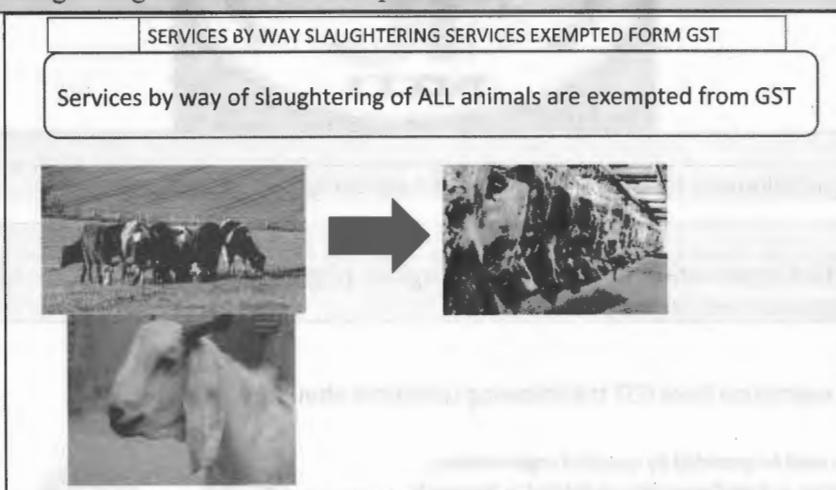
w.e.f. 27th July 2018:

Services by way of artificial insemination of livestock (other than horses) [Notification No. 14/2018- Central Tax (Rate)].

Exempted from GST.

Entry No. 56 (Omitted w.e.f. 18-07-2022)

Services by way of slaughtering of animals are exempt from GST



Example: validate the following:

- (1) State Government grant fresh license to slaughterhouses by charging fee of ₹12,000. It is taxable supply of service and GST will be levied.
- (2) Meat shops selling meat is taxable supply of goods and GST will be levied.

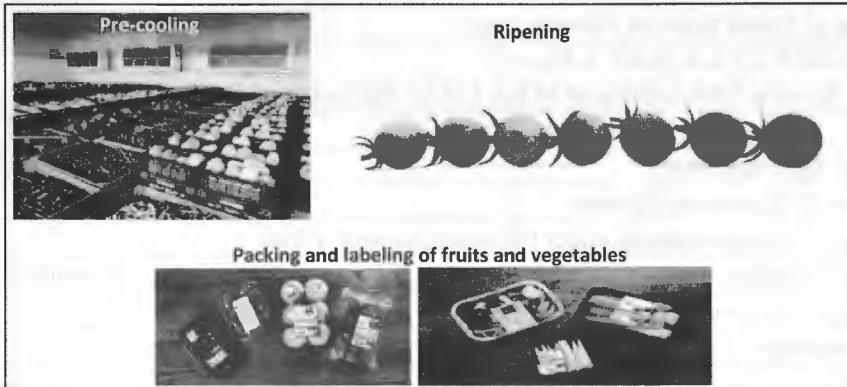
Answer:

- (a) The given statement is invalid:
It is exempted supply of service under entry no. 4 12/2017-Central Tax (Rate), dated 28-06-2017 and hence, GST will not be levied.
- (b) The given statement is invalid:
It is exempted supply of goods under Notification No. 2/2017-Central Tax (Rate), dated 28-06-2017 and hence, GST will not be levied.

Entry No. 57

Services by way of pre-conditioning, precooling, ripening, waxing, retail packing, labelling of fruits and vegetables which do not change or alter the essential characteristics of the said fruits or vegetables.

Services by way of Pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables which do not change or alter the essential characteristics of the said fruits or vegetables are exempted from GST

**Entry No. 58**

Services provided by the National Centre for Cold Chain Development under the Ministry of Agriculture, Cooperation and Farmer's Welfare by way of cold chain knowledge dissemination exempted from GST

**Entry No. 59**

Services by a foreign diplomatic mission located in India are exempt from GST

Entry No. 60

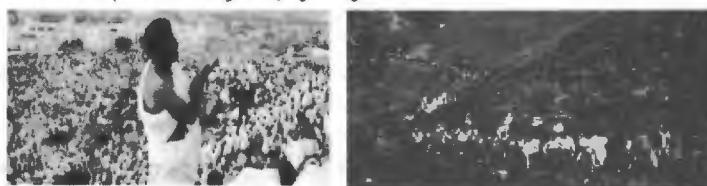
Services by a specified organisation in respect of a religious pilgrimage facilitated by the Government of India, under bilateral arrangement are exempted from GST

To claim exemption from GST the following conditions should be satisfied:

1. Services shall be provided by specified organizations.
 - a) Committee or State Committee as defined in Section 2 of the Haj Committee Act, 2002 (OR)
 - b) Kumaon Mandal Vikas Nigam Limited
a Government of Uttarakhand Undertaking; or



2. The service shall be in respect of a religious pilgrimage.



3. Religious pilgrimage shall be facilitated by the Government of India, under bilateral arrangement.



Entry No. 61 Already covered

Entry No. 62 Already covered

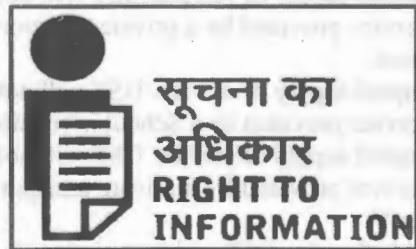
Entry No. 53 Already covered

Entry No. 64 Already covered

Entry No. 65 Already covered

Entry No. 65A w.e.f. 25.01.2018

Services by way of providing information under the Right to Information Act, 2015 – Exempt from GST.



Entry No. 66 Amended w.e.f. 25.1.2018

Services provided by Educational institution or to Educational institution

Services provided –

(a) by an educational institution to its students, faculty and staff;

“(aa) w.e.f. 25.1.2018, by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee;”

are exempted from GST.

“educational institution” means an institution providing services by way of:

- pre-school education and education upto higher secondary school or equivalent;
- education as a part of a curriculum for obtaining a qualification recognized by any law for the time being in force;
- education as a part of an approved vocational education course.

(b) Services provided to an educational institution, by way of,

- Transportation of students, faculty and staff
- Catering, including any mid-day meals scheme sponsored by the Government;
- Security or cleaning or house-keeping services performed in such educational institution;
- Services relating to admission to, or conduct of examination by, such institution, upto higher secondary; w.e.f. 25.1.2018, the words “upto higher secondary” shall be omitted; as a result, services relating to

admission to, or conduct of examination provided to all educational institutions, as defined in the notification is exempt from GST.

- (v) "w.e.f. 25.1.2018, supply of online educational journals or periodicals";
w.e.f. 25.1.2018, Provided that nothing contained in sub-items (i), (ii) and (iii) of item (b) shall apply to an educational institution other than an institution providing services by way of pre-school education and education upto higher secondary school or equivalent.
w.e.f. 25.1.2018, "Provided further that nothing contained in sub-item (v) of item (b) shall apply to an institution providing services by way of,-
(i) pre-school education and education upto higher secondary school or equivalent; or
(ii) education as a part of an approved vocational education course.";
It means, to exempt subscription of online educational journals/periodicals by educational institutions who provide degree recognized by any law from GST.

Mess or canteen services:

CBIC Circular No. 28/2/2018-GST, dated 8-1-2018 read with File No. 354/03/2018, dated 18-1-2018:

If the catering services, i.e. supply of food or drink in a mess or canteen, is provided by anyone other than the educational institution, then it is a supply of service to the concerned educational institution and attracts GST of 5% provided that credit of input tax charged on goods and services used in supplying the service has not been taken, w.e.f. 15-11-2017.

If the catering services is one of the services provided by an educational institution to its students, faculty and staff and the said educational institution is covered under entry no. 66(a) of notification No. 12/2017-Central Tax (Rate).

The Ministry also noted that if schools upto higher secondary level supply food directly to students, the same would be exempt from the GST.

Example 1: Transport facility provided by a school to its students through a fleet of buses and cabs owned by the School.

Answer: Exempted supply of service. GST will not be levied.

Example 2: Transport facility provided by a school to its students through a private Bus/Cabs Operator.

Answer: Exempted supply of service. GST will not be levied.

Example 3: Service provided by a private transport operator to a school in relation to transportation of students to and from a school.

Answer: Exempted supply of service. GST will not be levied.

Example 4: Service provided by a School in relation to a tour to its students and staff.

Answer: Exempted supply of service. GST will not be levied.

Example 5: Service provided by a private transport operator to a school in relation to a tour and travel services of students and staff.

Answer: Taxable Supply. GST will be levied

Example 6: Mr. C a practicing CA provided services to CA Institute by way of teaching to Students.

Answer: Taxable supply.

Example 7: Restaurant services provided to the students of CA institute, which is accessible by the others also. Is it taxable service?

Answer: Taxable supply.

Example 8: Security services provided by a Safety and Security Bureau in Chennai. Supplied security services to the ICAI New Delhi for four months. Monthly charges ₹1,200. Is it taxable supply of service? Applicable GST 18%. Find the GST liability.

Answer: This given activity is a taxable supply of service. Security Bureau is liable to pay GST.

IGST liability = 864

(₹1,200 pm x 4months) x 18%

Example 9: Campus Interviews conducted by CA Institute, by collecting entry fee from the corporate houses. Is it taxable supply of service under GST?

Answer: Yes. It is taxable supply of service

Example 10: Hr. Sec. School provided auditorium hall on rent to Rafi Academy in Chennai. Monthly charges ₹1,21,200 throughout the year (w.e.f. 1-7-2017). Is it taxable supply of service? Applicable GST 18%. Find the GST liability.

Answer: This given activity is a taxable supply of service. Hr. Sec. School is liable to pay GST.

GST liability = 1,96,344

(₹1,21,200 pm x 9months) x 18%

CBIC Circular No. 55/29/2018, dated 10th August, 2018:**Taxability of services provided by Industrial Training Institutes (ITI):**

Question 1: Whether GST is payable on vocational training provided by private ITI's in designated trades and in other than designated trades?

Answer: Private ITIs is qualified as an educational institution as defined under para 2(y) of Notification No. 12/2017-CT(Rate) if the education provided by these ITI's is approved by NCVT or SCVT or Modular Employable Skill course, approved by NCVT, run by a person registered with DG Training in Ministry of Skill Development.

Therefore, services provided by a private ITI's in respect of desingnated trades are exempt from GST under Entry No. 66 of NT 12/2017-CT(Rate).

However, services provided by a private ITI in respect of other than designated trades would be liable to pay GST and are not exempt.

Question 2: Whether GST is payable on the service, provided by a private Industrial Training Institute for conduct of examination against consideration in the form of entrance fee and also on the services relating to admission to or conduct of examination?

Answer: in case of designated trades, services provided by a private ITI by way of conduct of entrance examination against consideration in the form of entrance fee will also be exempt from GST.

Further, in respect of such designated trades, services provided to an educational institution, by way of, services relating to admission to or conduct of examination by a private ITI will so be exempt.

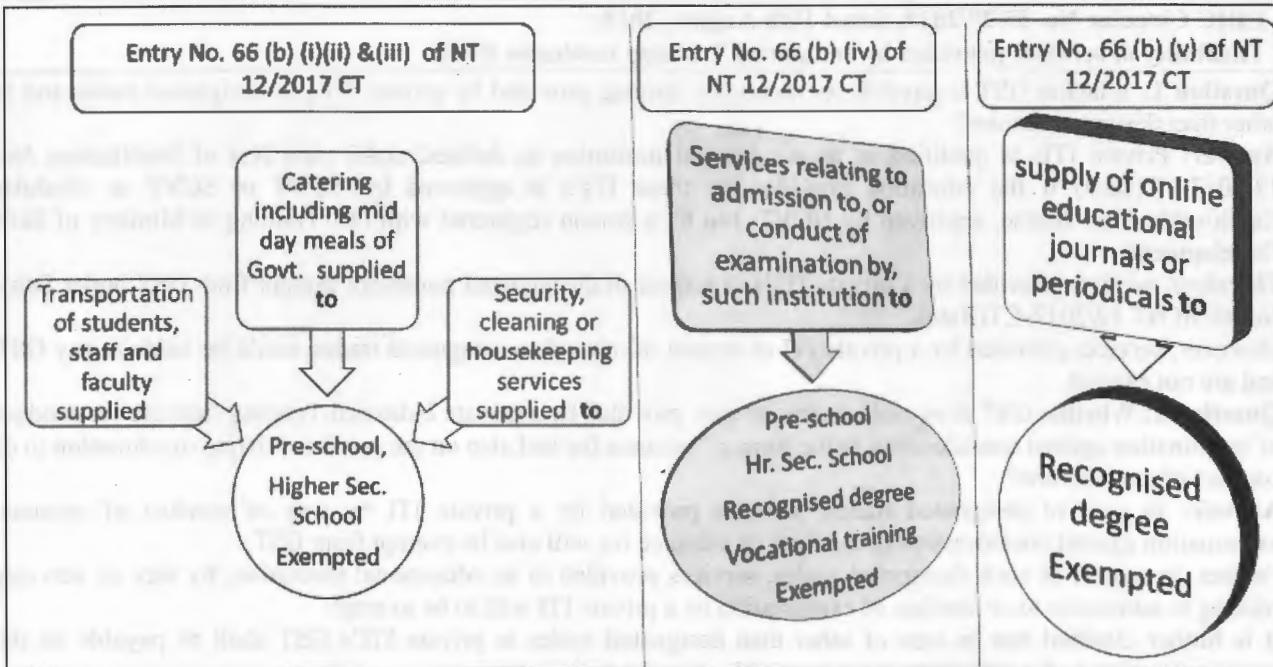
It is further clarified that in case of other than designated trades in private ITI's GST shall be payable on the service of conduct of examination against consideration by such institutions.

As far as Government ITI's are concerned, services provided by a Government ITI to individual trainees/ students, is exempt under entry No. 6 of NT 12/2017-CT (Rate).

Designated Trade means any trade or occupation or any subject field in engineering or technology or any vocational course which the Central Government, after consultation with the Central Apprenticeship Council, may, by notification in the Official Gazette, specify as a designated trade for the purposes of the Apprenticeship Act, 1961.

Summary:

Entry No. 66 (a) & (aa) of NT 12/2017 CT	
Supplied by	To students
Pre-school	Any service is exempted
Hr. Sec. School	To Staff
Recognised degree	Any service is exempted
Vocational training	To Faculty
	To Others
	Any service is exempted
	Examination entrance fee is exempted



Clarification on applicability of GST exemption to the DG Shipping approved maritime courses conducted by Maritime Training Institutes of India. (CBIC Circular No. 117/36/2019-GST, dated 11th October, 2019)

Maritime Training Institutes and their training courses are approved by the Director General of Shipping which are duly recognised under the provisions of the Merchant Shipping Act, 1958 read with the Merchant Shipping (standards of training, certification and watch-keeping for Seafarers) Rules, 2014.

Therefore, the Maritime Institutes are educational institutions under GST Law and the courses conducted by them are exempt from levy of GST. The exemption is subject to meeting the conditions specified at Sl. No. 66 of the notification No. 12/ 2017-Central Tax (Rate), dated 28.06.2017.

As per CBIC vide the Circular No. 177/09/2022-TRU, dated 03.08.2022:

The amount or fee charged for admission or entrance, or amount charged for application fee for entrance, or the fee charged from prospective students for issuance of eligibility certificate to them in the process of their entrance/admission to the educational institution is exempt under entry no 66 of Notification No. 12/2017-CT(R), dated 28.06.2017. Further, services supplied by an educational institution by way of issuance of migration certificate to the leaving or ex-students are also exempt under Sl. No. 66 of Notification No. 12/2017-CT(R), dated 28.06.2017.

Entry No. 67 (Omitted and covered under Entry No. 66)

Service supplied by Indian Institute of Management (IIM's) are exempted from GST

Services provided by the Indian Institutes of Management, as per the guidelines of the Central Government, to their students, by way of the following educational programmes, except Executive Development Programme,—

- Two year full time Post Graduate Programmes in Management for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test (CAT), conducted by Indian Institute of Management;
- Fellow programme in Management
- Five year integrated programme in Management.

Example: Indian Institute of Management, Ahmedabad provided the following services in the month of July 2017:

- Post Graduate Diploma in Management services provided to those candidates who selected through Common Admission Test (CAT) for ₹25 lakhs.
- Services provided by way of Executive Development Programme ₹55 lakhs.

Find the GST liability if rate of GST is 18%?

Answer:

- Post Graduate Diploma in Management where admission to such programme is through Common Admission Test (CAT) is exempted supply of service. Exempted from GST.
- Executive Development Programme is taxable supply. GST is ₹9.9 lakh ($\text{₹}55 \text{ lakh} \times 18\%$)

Entry No. 67 Omitted w.e.f. 1-1-2019 (vide CBIC Circular No. 82/01/2019-GST, dated 1-1-2019):		
Period	Exemption	Remarks
1-7-2017 to 30-1-2018	IIM's exempted from Entry No. 67 of Notification No. 12/2017-C.T.	IIMs were not covered by the definition of educational institutions as given in notification No. 12/2017 Central Tax (Rate) dated 28.06.2017. Thus, they were not entitled to exemption under Sl. No. 66 of the said notification.
It is further, clarified that with effect from 31st January 2018, all IIMs have become eligible for exemption benefit under Sl. No. 66 of notification No. 12/ 2017-Central Tax (Rate), dated 28.06.2017. As such, specific exemption granted to IIMs vide Sl. No. 67 has become redundant. The same has been deleted vide notification No. 28/2018- Central Tax (Rate) dated, 31st December 2018 w.e.f. 1st January 2019.		
31-1-2018 to 31-12-2018	Two exemptions, i.e. under Sl. No. 66 and under Sl. No. 67 of notification No. 12/ 2017-Central Tax (Rate), dated 28.06.2017 are available to the IIMs.	As per Hon'ble Supreme Court of India, if there are two or more exemption notifications available to an assessee, the assessee can claim the one that is more beneficial to him.

Important Note: Indian Institutes of Managements also provide various short duration/short term programs for which they award participation certificate to the executives/professionals as they are considered as "participants" of the said programmes. These participation certificates are not any qualification recognized by law. Such participants are also not considered as students of Indian Institutes of Management. Services provided by IIMs as an educational institution to such participants is not exempt from GST.

Entry No. 68 Recognised sport body exempted from GST

Services provided to a recognised sports body by—

- (a) an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognised sports body;
- (b) Another recognised sports body;

Recognised sports body means,—

- (i) The Indian Olympic Association
- (ii) Sports Authority of India.
- (iii) A national sports federation recognised by the Ministry of Sports and Youth Affairs of the Central Government, and its affiliated federations.
- (iv) National sports promotion organizations recognised by the Ministry of Sports and Youth Affairs of the Central Government.
- (v) The International Olympic Association or a federation recognised by the International Olympic Association
- (vi) A federation or a body which regulates a sport at international level and its affiliated federations or bodies regulating a sport in India.



Example 1: Mr. M.S. Dhoni provided services to Chennai Super Kings (a franchisee) in a premier league. Is it taxable service?

Answer: Yes, it is taxable in the hands of Mr. M.S. Dhoni.

Since, the service of a player to a franchisee which is not a recognized sports body.

Example 2: Mr. Krishnamachari Srinivasan provided services as umpire in a premier league (IPL). Is this service taxable?

Answer: No, the given service is exempt from GST.

Since, services of an individual as umpire, provided directly to a recognized sport body (BCCI), shall be exempt.

Entry No. 69

NSDC exempted from GST



Entry No. 70

Services of assessing bodies empanelled centrally by the Directorate General of Training, Ministry of Skill Development and Entrepreneurship by way of assessments under the Skill Development Initiative Scheme.

This exemption has been provided to assessing bodies who are empanelled by Directorate General of Training and the entrepreneurship by way of assessments under Skill Development Scheme.

Example: Industrial and Technical Consultancy Organisation of Tamil Nadu Limited (ITCOT) is accredited for conducting assessment for Modular Employable Skills (MES) courses under SDI scheme.

Following services provided in the month of October, 2017:

1. Skill development services for ₹20 lakhs;
2. Skill Assessment examination and certification under SDI for ₹25 lakhs;
3. Feasibility reports to various industries for ₹60 lakhs.

Find the GST liability?

Note:

- (i) ITCOT is a registered person under GST Law.
- (ii) Assume GST applicable 18%

Answer: Statement showing GST liability

Particulars	Value ₹ (lakhs)	Remarks
Skill development services	20	Taxable supply of service
Skill Assessment examination and certification	Nil	Exempted supply of service
Feasibility reports to various industries	60	Taxable supply of services
Total taxable services	80	
GST 18%	14.40	

Entry No. 71

Deen Dayal Upadhyaya Grameen Kaushalya Yojana exempted from GST

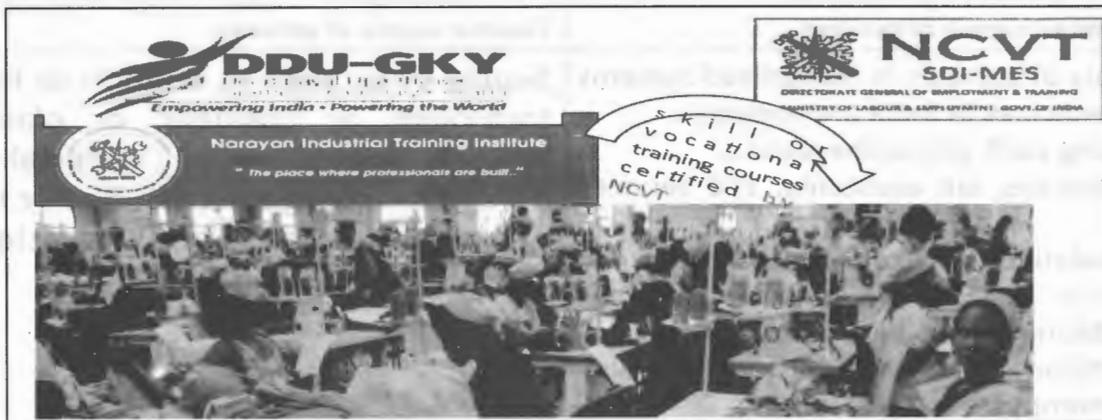
Exemption to certain training providers

Services provided by training providers (Project implementation agencies) under Deen Dayal Upadhyaya Grameen Kaushalya Yojana under the Ministry of Rural Development by way of offering skill or vocational training courses certified by National Council for Vocational Training.

The exemption is provided subject to the following conditions:

- (a) Project implementing agency under Deen Dayal Upadhyaya Grameen Kaushalya Yojana under Ministry of Rural Development
- (b) The services shall be in the nature of skill or vocational training courses certified by National Council for Vocational Training

The service provider may be Government Agency or any private agency, but he should provide the services as mentioned above.

**Entry No. 72**

Services provided to the Central Government, State Government, Union territory administration under any training programme for which **75% or more of the (inserted w.e.f. 1-10-2021)** total expenditure is borne by the Central Government, State Government, Union territory administration.

Validate the following Statement:

The Government of Tamil Nadu granted the aid of ₹16 lakh to Nicolas Educational and Research Institute for providing training in Automotive Service Technician (two and three wheelers) for the year 2022-23 under the Pradhan Mantri Kaushal Vikas Yojana is taxable supply of service under GST. Total expenditure for providing training is ₹20 lakh

Answer: the given statement is invalid. It is exempted supply of service, since **75% or more of the** total expenditure is borne by the Central Government. Thereby, covered under Entry No. 72, NT 12/2017-Central Tax (Rate) with nil rate of tax.

Entry No. 73 (Omitted w.e.f. 18-07-2022)

Cord Blood Bank exempted from GST

Specified services provided by **Cord Blood Bank** have been exempted from levy.

"Services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation"



Entry No. 74**Health care services exempted from GST**

Services by way of—

- (a) health care services by a clinical establishment, an authorised medical practitioner or para-medics; w.e.f. 18-07-2022, “Provided that nothing in this entry shall apply to the services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU)] having room charges exceeding ₹5000 per day to a person receiving health care services.”;
- (b) services provided by way of transportation of a patient in an ambulance, other than those specified in (a) above.

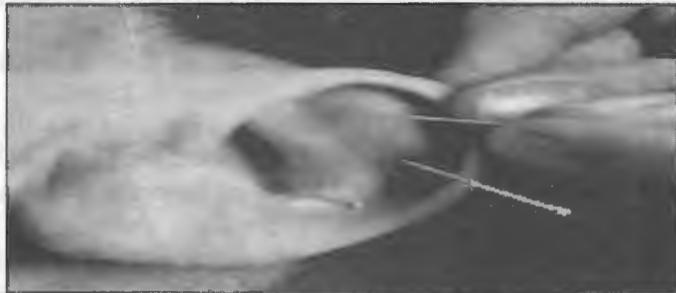
HEALTH CARE SERVICES

Exempted supply of services	Taxable supply of services
<p>Supply of services in recognized systems of medicines in India are exempt. nursing staff, physiotherapists, technicians, lab assistants, 108 services etc. Ambulance services provided by an entity which is not a clinical establishment or an authorised medical practitioner or paramedics would also be exempt from GST.</p> 	<p>Supply of services in relation to hair transplant or cosmetic or plastic surgery, except when undertaken due to congenital defects, developmental abnormalities, injury..</p> 

As per Section 2(h) of the Clinical Establishments Act, 2010 the following systems of medicine are recognized systems of medicines:

1. Allopathy
2. Yoga
3. Naturopathy
4. Ayurveda
5. Homoeopathy
6. Siddha
7. Unani
8. Any other system of medicine that may be recognized by the Central Government.

Diagnosis, treatment or care provided in these systems of medicines in India are excluded from the purview of taxability.

Pranic healing treatment: taxable supply of services**Acupressure treatment: taxable supply of services****Acupuncture treatment: taxable supply of services****Reiki treatment: taxable supply of services**

Reiki is an ancient Eastern healing method that uses energy to balance the mindbody and spirit. Reiki is one of the oldest healing systems in use today.



Colour therapy: taxable supply of services**Color Therapy****Ambulance services provided by Private Service provider to the Government exempted from GST:**

Vide Circular No. 51/25/2018-GST, dated 31st July, 2018, the CBIC has clarified that the services provided by the Private Service Providers (PSPs) to the State Governments by way of transportation of patients in an ambulance on behalf of the State Governments against consideration, would be exempt from payment of GST (covering by Serial No. 3 and 3A of Notification No. 12/2017-Central Tax (Rate), date 28.06.2017).

Under GST, the functions of 'Health and sanitation' is entrusted to Panchayats under Article 243 G of Constitution and functions of 'Public health' is entrusted to Municipalities under Article 243W of the Constitution, thus, the ambulance services are an activity in relation to the functions entrusted to Panchayats and Municipalities under Article 243G and 243W of the Constitution. Therefore, the same would be covered by Serial No. 3 and 3A of Notification No. 12/2017-Central Tax (Rate), date 28.06.2017, i.e. GST would be exempted where pure services has been provided to Central Government, State Government, Union Territory Government, local authority (and governmental authority- omitted w.e.f. 1-1-2022) by way of an activity in relation to the function entrusted to Panchayats under Article 243G or Municipalities under Article 243W of the Constitution.

W.e.f 18-07-2022, Services by way of—

- (a) health care services by a clinical establishment, an authorised medical practitioner or para-medics are exempt from GST;

Provided that nothing in this entry shall apply to the services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU)] having room charges exceeding ₹5,000 per day to a person receiving health care services.;

Room rent (excluding ICU) exceeding ₹5,000 per day per patient charged by a hospital shall be taxed to the extent of amount charged for the room at 5% GST without ITC.

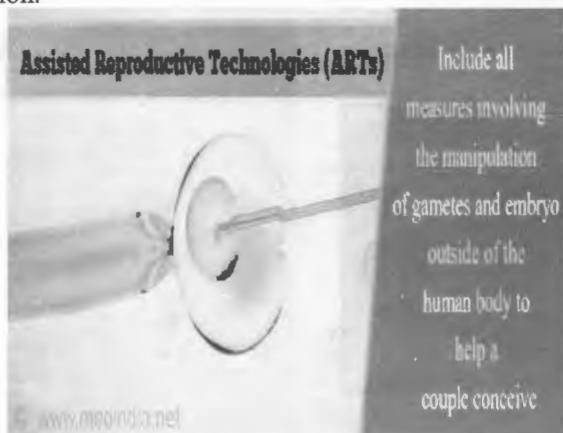
This means:

- ✓ No GST will be applicable if the room rent is <= ₹5,000
- ✓ Intensive Care Unit (ICU) rooms will be exempt from 5% GST

Circular No. 177/09/2022-TRU, dated 03.08.2022:

Services in form of Assisted Reproductive Technology (ART)/In vitro fertilization (IVF) exempt from GST.

Health care services provided by a clinical establishment, an authorized medical practitioner or paramedics are exempt under Sl. No. 74 of notification No. 12/2017-Central Tax (Rate), dated 28.06. 2017. It has been clarified that abnormality/disease/ailment of infertility is treated using ART procedure such as IVF and accordingly services by way of IVF are also covered under the definition of health care services for the purpose of exemption notification.



Example: Well-Being Nursing Home has received the following amounts in the month of Jan 2023 in lieu of various services rendered by it in the same month. You are required to determine its GST liability from the details furnished below:—

S.No.	Particulars	₹ in lakh
(i)	Palliative care for terminally ill patients at patient's home (<i>Palliative care is given to improve the quality of life of patients who have a serious or life-threatening disease but the goal of such care is not to cure the disease</i>)	30
(ii)	Services provided by cord blood bank unit of the nursing home by way of preservation of stem cells	24
(iii)	Hair transplant services	100
(iv)	Ambulance services to transport critically ill patients from various locations to nursing home	12
(v)	Transportation of patients in an ambulance on behalf of the State Governments against consideration	10
(vi)	Naturopathy treatments. <i>Such treatment is a recognized system of medicine in terms of section 2(h) of the Clinical Establishments Act, 2010</i>	80
(vii)	Plastic surgery to restore anatomy of a child affected due to an accident.	30
(viii)	Pranic healing treatments. <i>Such treatment is not a recognized system of medicine in terms of section 2(h) of the Clinical Establishments Act, 2010</i>	120
(ix)	Mortuary services	10

Note: All the amounts given above are exclusive of GST. Further, Well-Being Nursing Home is registered person under GST. Applicable rate of GST 18%. All transactions are at intra-State level.

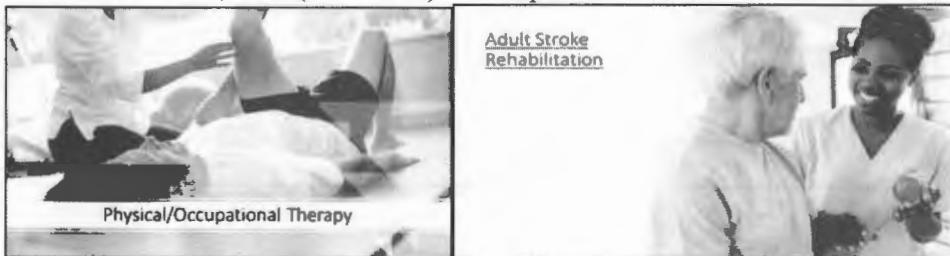
Answer:

S.No.	Particulars	₹ in lakh
(i)	Palliative care for terminally ill patients	Exempted supply
(ii)	cord blood bank services	24
(iii)	Hair transplant services	100
(iv)	Ambulance services	Exempted supply
(v)	Transportation of patients in an ambulance on behalf of the State Governments	Exempted supply under entry 3 of NT 12/2017 CT.
(vi)	Naturopathy treatments	Exempted supply
(vii)	Plastic surgery (warranted)	Exempted supply
(viii)	Pranic healing services	120
(ix)	Mortuary services	Excluded from the scope of supply (i.e. covered under Schedule III of CGST Act, 2017)
	Taxable supply	244
	CGST 9%	21.96
	SGST 9%	21.96

Entry No. 74A (w.e.f. 1-1-2019)

Notification No. 28/2018-CT (R), dated 31st December 2018:

Services provided by rehabilitation professionals recognized under the Rehabilitation Council of India Act, 1992 (34 of 1992) by way of rehabilitation, therapy or counselling and such other activity as covered by the said Act at medical establishments, educational institutions, rehabilitation centers established by Central Government, State Government or Union territory or an entity registered under section 12AA or 12AB (inserted w.e.f. 1-10-2021) of the Income tax Act, 1961 (43 of 1961) is exempted from GST.



Entry No. 75 (Omitted w.e.f. 18-07-2022)

Bio-medical wastage treatment facility exempted from GST

Services provided by operators of the common **Bio-medical Waste Treatment Facility** to a clinical establishment by way of treatment or disposal of bio-medical waste or the processes incidental thereto exempt from GST.



Example 1: Synergy Waste Management (P) Ltd. provided following services to Apollo Hospitals Chennai during the month of January 2023:

- (i) Collection, transportation, Treatment & Disposal of Bio-Medical Waste for ₹5,25,000.
- (ii) Training on Segregation of Bio-Medical Waste to Hospital Staff to further increase efficiency of Bio-Medical Waste Management Services for ₹1,25,000.
- (iii) Laundry services for ₹50,000.
- (iv) Common Bio-medical Waste Treatment Facility services provided to Arvind Pharma Company for ₹2,00,000.

Find the GST liability?

Statement showing Service Tax liability of Synergy Waste Management (P) Ltd.

Particulars	Value in ₹	Remarks
Collection, transportation, Treatment & Disposal of Bio-Medical Waste	5,25,000	Taxable supply of service w.e.f. 18-07-2022
Training on Segregation of Bio-Medical Waste	1,25,000	Taxable supply of service w.e.f. 18-07-2022
Laundry services	50,000	Taxable service
Common Bio-medical Waste Treatment Facility services provided to Arvind Pharma Company.	2,00,000	Taxable service. Since, exemption is given to a clinical establishment by way of treatment or disposal of bio-medical waste
Total taxable supply of service	9,00,000	
GST 18%	1,62,000	

Example 2: Validate the following statement:

Hospital charging room rent per day per room is ₹11,200 on rooms provided to in-patients. It is exempted supply of service.

Answer: The given statement is invalid. It is taxable supply of service.

w.e.f. 18-07-2022, services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU)] having room charges exceeding ₹5000 per day to a person receiving health care services are taxable under GST.

Example 3: Kamakshi charitable trusts running a hospital by hiring visiting doctors/specialists.

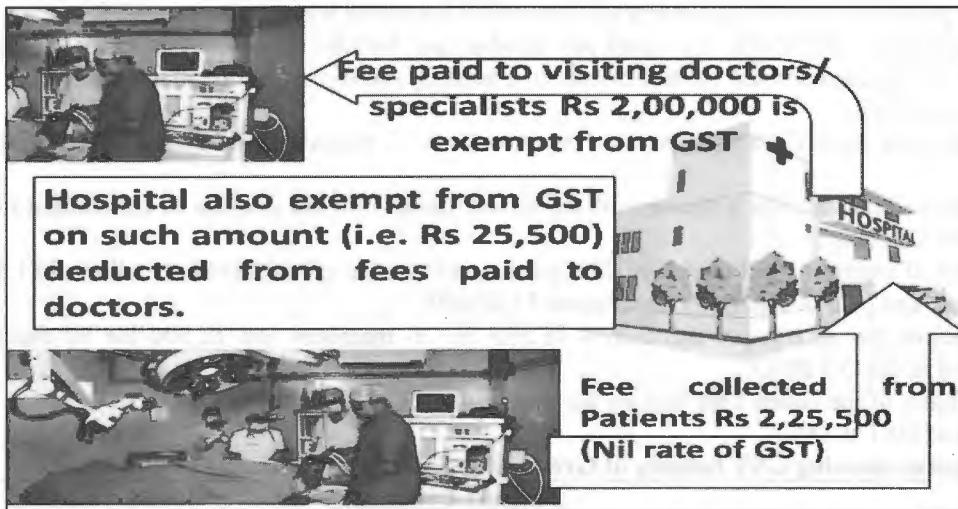
Medical services to patients at a concessional rate charged by hospital for ₹2,25,500 from patients and paid to visiting doctors/specialists ₹2,00,000. Hospital charges includes ₹5,500 per day to a patient in Intensive Care Unit (ICU).

Find the following:

- (a) Exempted supply if any.
- (b) GST liability if any.

Applicable rate of GST 18%.

Answer:



w.e.f. 18-07-2022, services provided by a clinical establishment by way of providing room in Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU)] is exempt from GST irrespective of room rent per day.

Circular No. 32/06/2018-GST, dated 12th February 2018:

- (1) Services provided by senior doctors/consultants/technicians hired by the hospitals, whether employees or not, are healthcare services which are exempt.
- (2) Healthcare services have been defined to mean any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India [para 2(zg) of notification No. 12/2017-CT(Rate)].
- (3) Therefore, hospitals also provide healthcare services. The entire amount charged by them from the patients including the retention money and the fee/payments made to the doctors etc., is towards the healthcare services provided by the hospitals to the patients and is exempt.
- (4) Food supplied to the in-patients as advised by the doctor/nutritionists is a part of composite supply of healthcare and not separately taxable. Other supplies of food by a hospital to patients not admitted) or their attendants or visitors are taxable.

Authorised Medical Practitioners (i.e. Doctors) are liable to pay GST?

In general Doctors are exempted from GST. However, they are liable to pay GST in the following cases:

- (a) Supplied services in case of care but not cure (like hair transplant or cosmetic or plastic surgery and so on).
- (b) In case of RCM (where recipient is liable to pay GST).
- (c) Supplied exempted as well as taxable supply of goods or services or both aggregate value exceeds ₹20 lakhs (in case of special category States ₹10 lakhs). Hence, Doctors are liable to pay GST on taxable supply.

Entry No. 76

Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets; are exempted from GST



Entry No. 77

Service by an unincorporated body or a non-profit entity

Service by an unincorporated body or a non-profit entity registered under any law for the time being in force, to its own members by way of reimbursement of charges or share of contribution -

- (a) as a trade union;
 - (b) for the provision of carrying out any activity which is exempt from the levy of GST; or
 - (c) upto an amount of ₹7,500/- per month per member (per flat) for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex;
- are exempted from GST.

Example: Green Tree society is a registered tax payer under GST, provided following services in the month of Oct 20XX:

- (i) Banquet hall provided to a Member of the society on hire for the purpose of celebrating his son birthday party for ₹25,000.
- (ii) Payment of electricity bill issued by third person, in the name of its members; collected ₹1,10,000 from its members and paid to electricity department ₹1,00,000.
- (iii) contribution per month per member is ₹8,500 for 20 members and ₹2,500 for 30 members has been received in the Oct 20XX.

Find the tax liability of the Green Tree Society for the month of Oct 20XX.

Applicable rate of GST is 18%.

Answer: Statement showing GST liability of Green Tree Society for the month of Oct 20XX:

Particulars	Amount ₹	Remarks
Banquet hall rent	25,000	Taxable service
Service charges	10,000	Taxable service is ₹10,000. Balance ₹1,00,000 is a pure agent nature not taxable.
Maintenance charges	1,70,000	8,500 x 20
Total taxable value of supply of services	2,05,000	
GST @18%	36,900	

w.e.f. 27th July 2018: Entry No. 77A:

Services provided by an unincorporated body or a non-profit entity registered under any law for the time being in force, engaged in,—

- (i) activities relating to the welfare of industrial or agricultural labour or farmers; or
- (ii) promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment,

to its own members against consideration in the form of membership fee upto an amount of one thousand rupees (₹1000/-) per member per year is exempted from GST.

(Notification No. 14/2018-Central Tax (Rate), dated 26th July, 2018)

Entry No. 78

Artist exempted from GST

Services by an artist by way of a performance in folk or classical art forms of—

- (a) music, or
- (b) dance, or
- (c) theatre,

if the consideration charged for such performance is not more than ₹1,50,000:

Provided that the exemption shall not apply to service provided by such artist as a brand ambassador.

The following artists are exempted from GST if consideration does not exceed ₹1,50,000 for such performance:





Example: Mr. Navab, being a registered tax payer and also a performing artist, provides the following information relating to August, 20XX.

Receipts from:	₹
Performing classical dance	98,000
Performing in television serial	2,80,000
Services as brand ambassador	12,00,000
Coaching in recreational activities relating to arts	2,10,000
Activities in sculpture making	3,10,000
Performing western dance	90,000

Determine the value of taxable supply of services and GST payable by Mr. Navab for August 20XX. GST @ 18%.

Answer:

Receipts from	Value in ₹	Remarks
Classical dance	Nil	Exempt as receipt is less than or equal to ₹1,50,000
Performing in television serial	2,80,000	
Brand ambassador	12,00,000	
Coaching in recreational activities in relation to arts	Nil	Services by way of training or coaching in recreational activities relating to—arts or culture, (by an individual (inserted w.e.f. 18-07-2022) is exempt from GST.)
sculpture making	3,10,000	
Western dance	90,000	
Value of taxable supply of service	18,80,000	
GST 18%	3,38,400	

CBIC Circular No. 177/09/2022 TRU dt. 03.08.2022:

It has been clarified that services provided by the guest anchors invited by the TV channels for participating in their shows in lieu of honorarium, attracts GST liability. However, guest anchors whose aggregate turnover in a financial year does not exceed ₹20 lakhs (₹10 lakhs in case of special category states) shall not be liable to take registration and pay GST.



Entry No. 79

Admission to a museum, national park, wildlife sanctuary, tiger reserve or zoo exempted:

Admission to a museum, national park, wildlife sanctuary, tiger reserve or zoo exempted:

**Entry No. 79A: w.e.f. 15-11-2017:**

Services by way of admission to a **protected monument** so declared under the Ancient Monuments and Archaeological Sites and Remains Act, 1958 (24 of 1958) or any of the State Acts, for the time being in force is exempt from GST [Notification No. 47/2017-Central Tax (Rate), dated 14th November 2017].



Madurai Meenachi Temple

Example: Validate the following statement

The Dolma Lakhang Gompha in Himachal Pradesh, is unprotected heritage centre. The Archaeological Survey of India (ASI) has provided funds for maintenance of such heritage centre. Admission to such heritage centre is exempt from GST.

Answer: the given statement is invalid.

Admission to **protected monument** so declared under the Ancient Monuments and Archaeological Sites and Remains Act, 1958 or any of the State Acts alone exempt from GST.

However, exemption not granted to unprotected heritage centres.

Entry No. 80 already covered**Entry No. 81**

Admission to entertainment exempted from GST

Services by way of right to admission to—

- circus, dance, or theatrical performance including drama or ballet;
- award function, concert, pageant, musical performance or any sporting event other than a recognised sporting event;

- (c) recognised sporting event,
- (d) w.e.f. 25.1.2018, planetarium,

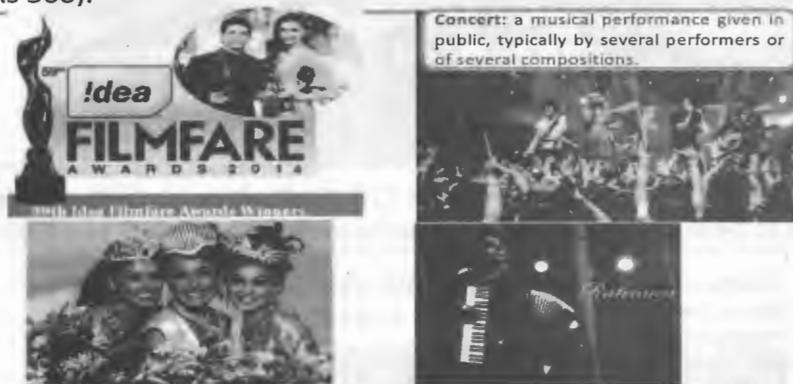
w.e.f. 25.1.2018 where the consideration for right to admission to the events or places as referred to in items (a), (b), (c) or (d) above is not more than ₹500 per person.”

Prior to 25.1.2018 where the consideration for admission is not more than ₹250 per person as referred to in (a), (b) and (c) above.

Admission fee for circus, dance or theatrical performance including drama and ballet are exempted from GST where admission fee \leq Rs 250 (w.e.f. 25.1.2018 admission fee \leq Rs 500).



Admission to award function, concert, pageant, musical performance or any sporting event other than a recognised sporting event, where the consideration for admission exempt from GST where admission fee \leq Rs 250 (w.e.f. 25.1.2018 admission fee \leq Rs 500).



Admission to recognized sporting events exempt from GST where admission fee \leq Rs 250 (w.e.f. 25.1.2018 admission fee \leq Rs 500):

Recognized sporting event means:

- (i) Organized by a recognized sports body where the participating team or individual represent any district, state, zone or country;
- (ii) Recognized sport body means refer entry No. 68



w.e.f. 25.1.2018:

Admission to planetarium is exempted from GST provided admission fee is \leq ₹500 per person.



Admission to any sporting event other than a recognised sporting event, where the consideration for admission is exceeds ₹ 250 per person (w.e.f. 25.1.2018 admission fee exceeds Rs 500), GST will be levied.



Example: Admission to IPL is ₹485 and entertainment tax ₹25. Whether this is activity exempt from GST?

Answer: Taxable supply of service. Since, transaction value exceeds ₹500 (i.e. ₹485 plus ₹25).

Admission to fashion show: Attract GST

Since, this activity is specifically not exempted from any exemption Notification.



Entry No. 82**Services by way of right to admission to the events organised under FIFA U-17:**

Entry 82: Services by way of right to admission to the events organised under FIFA U-17 World Cup 2017 have been exempted from CGS [Notification No. 25/201 CT (R) dated 21.09.2017].



82A	w.e.f. 1-10-2019 services by way right to admission to the events organised under FIFA U-17 Women's World Cup 2020 (whenever rescheduled inserted w.e.f. 18-07-2022) exempted from GST.	The logo features a stylized trophy with a green and white design, set against a background of a stadium at night. Above the trophy, the text "FIFA U-17 WOMEN'S WORLD CUP 2020" is written in a serif font, with "INDIA" in large, bold, sans-serif letters below it.	
82B	w.e.f. 1-10-2021 , Services by way of right to admission to the events organised under AFC Women's Asia Cup 2022 exempted from GST.		
Apart from above, list of services exempt from IGST by Notification No. 9/2017-Integrated Tax (Rate), dated 28th June 2017 also include following three services.			
1	Services received from a provider of service located in a non-taxable territory by— (a) the Central Government, State Government, Union territory, a local authority, a governmental authority or an individual in relation to any purpose other than commerce, industry or any other business or profession; (b) an entity registered under section 12AA or 12AB (inserted w.e.f. 1-10-2021) of the Income-tax Act, 1961 (43 of 1961) for the purposes of providing charitable activities; or (c) a person located in a non-taxable territory; Provided that the exemption shall not apply to— (i) online information and database access or retrieval services received by persons specified in entry (a) or entry (b); or (ii) services by way of transportation of goods by a vessel from a place outside India upto the customs station of clearance in India received by persons specified in the entry. it means item no. (i) and (ii) are taxable.		

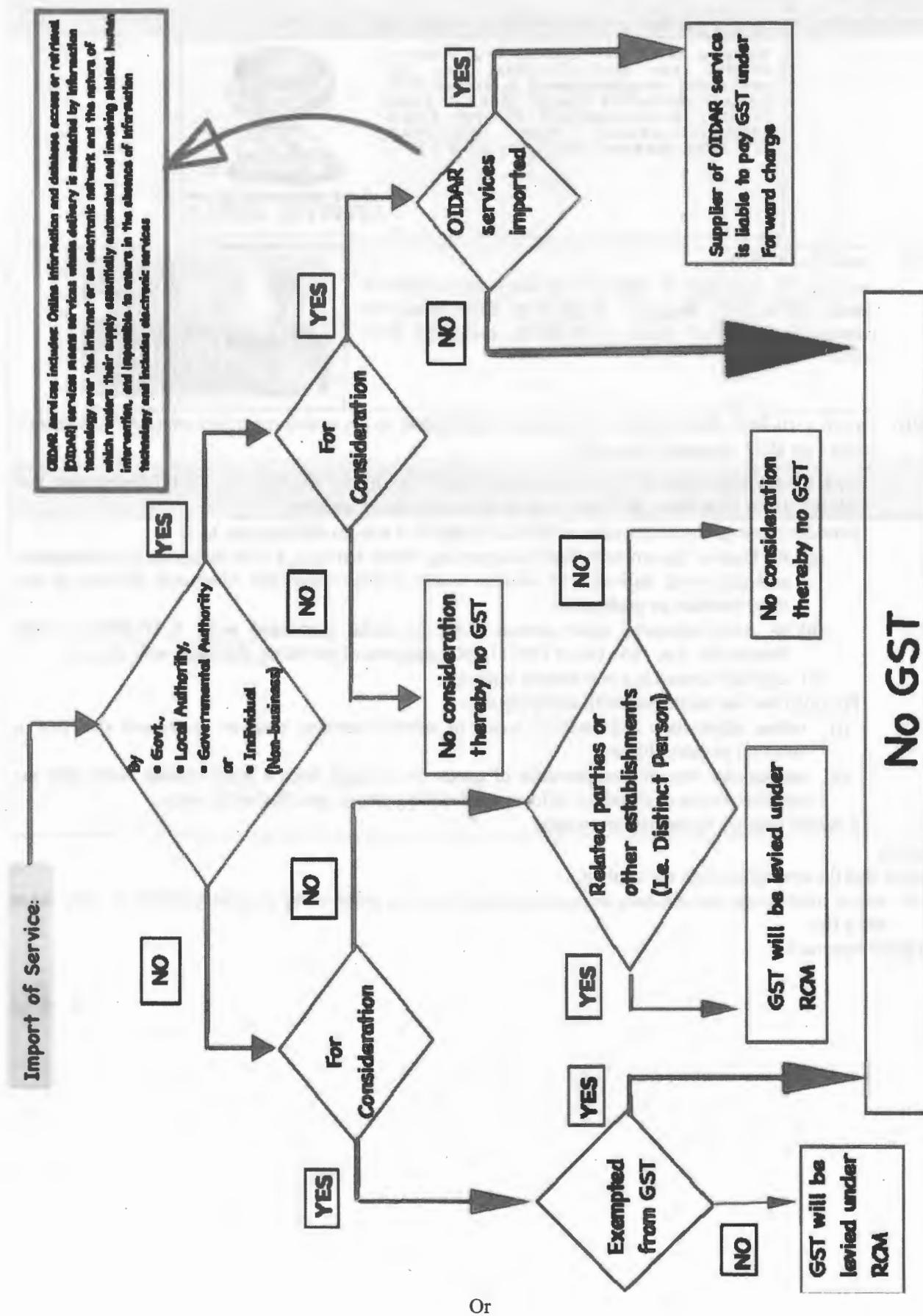
Summary:

Provided that the exemption shall not apply to—

- (i) online information and database access or retrieval services received by persons specified in entry (a) or entry (b);

Simplified Approach:





Provided that the exemption shall not apply to—

- (ii) services by way of transportation of goods by a vessel from a place outside India upto the customs station of clearance in India received by persons specified in the entry.



Person liable to pay GST has been prescribed in relation to service of transportation of goods by a vessel – IMPORTER:

The person liable for paying GST in relation to services provided or agreed to be provided by a person located in non-taxable territory to a person located in non-taxable territory by way of transportation of goods by a vessel from a place outside India upto the customs station of clearance in India is the **importer (as defined u/s 2(26) of the Customs Act, 1962)**.

Thus, the **importer** will be liable to pay tax (under Reverse Charge), and accordingly now, he can take ITC on the basis of challan against payment of GST.

Where the value of taxable service provided by a person located in non-taxable territory to a person located in non-taxable territory by way of transportation of goods by a vessel from a place outside India upto the customs station of clearance in India is not available with the person liable for paying integrated tax, the same shall be deemed to be **10 % of the CIF value** (sum of cost, insurance and freight) of imported goods.” [Vide *IGST Tax (Rate) Notification No. 8/2017, dated 28-Jun-2017 read with Corrigendum dated 30-Jun-2017*].

Accordingly, tax liability under GST Regime w.e.f. 01 Jul 2017:

- GST on Ocean Freight is @ 5% under Reverse Charge Mechanism (RCM).
- If freight is not known, then GST would be 5% on 10% of CIF value of goods. Hence tax applicability would be 0.5% on CIF value of goods.
- GST on Air Freight is @ 0%
- GST on all Destination Charges (i.e. Domestic Transportation till Consignee/Buyer's place) in India is @18%.

Place of supply of goods in case of cross border transactions:

Place of provision of a service of transportation of goods, other than by way of mail or courier section 13(9) of IGST:

Place of supply of Service = Destination of such Goods

Example: M/s Ram Ltd. of Chennai being importer furnished the following information:

- (i) CIF price of imported goods from Indonesia: USD 1,00,000.
- (ii) Submitted the Bill of entry on 15.07.20XX.
- (iii) Rate of exchange is ₹65 per USD.

Note: the exact amount of freight paid by the foreign exporter to the foreign shipping line is not known. Your are required to answer:

- (a) Value of taxable supply
- (b) Who is liable to pay GST
- (c) Total tax liability

Answer:

Particulars	Value in ₹	Remarks
CIF value of import	65,00,000	(1,00,000 USD x ₹65)
(a) Value of taxable supply of service (i.e. ocean freight)	6,50,000	₹65,00,000 x 10%
(b) Importer (Ram Ltd.) is liable to pay GST @5% on the taxable value of supply of service		
(c) GST liability = ₹32,500 (₹6,50,000 x 5%)		

2. Omitted w.e.f. 18-07-2022, Services received by the Reserve Bank of India from outside India in relation to management of foreign exchange reserves exempted from GST:

Specialized financial services received by RBI from outside India, in the course of management of foreign exchange reserves are taxable under GST w.e.f. 18-07-2022.

Examples:

- External asset management,
- Custodial services,
- Securities lending services etc.

Example: Validate the following statement:

Reserve Bank of India, Mound Road Branch in Chennai imported external asset management services is exempt from GST.

Answer: the given statement is invalid. It is taxable supply of service and hence IGST will be levied.

3. Services provided by a tour operator to a foreign tourist in relation to a tour conducted wholly outside India exempted from GST

(Notification No. 9/2017-Integrated Tax (Rate), dated 28th June, 2017):

w.e.f. 18-07-2022, Tour operator service, which is performed partly in India and partly outside India, supplied by a tour operator to a foreign tourist, to the extent of the value of the tour operator service which is performed outside India is exempted from GST



Example: Service provided by Indian tour operator to a Sri Lankan for a tour conducted in Bhutan. Is it taxable supply?

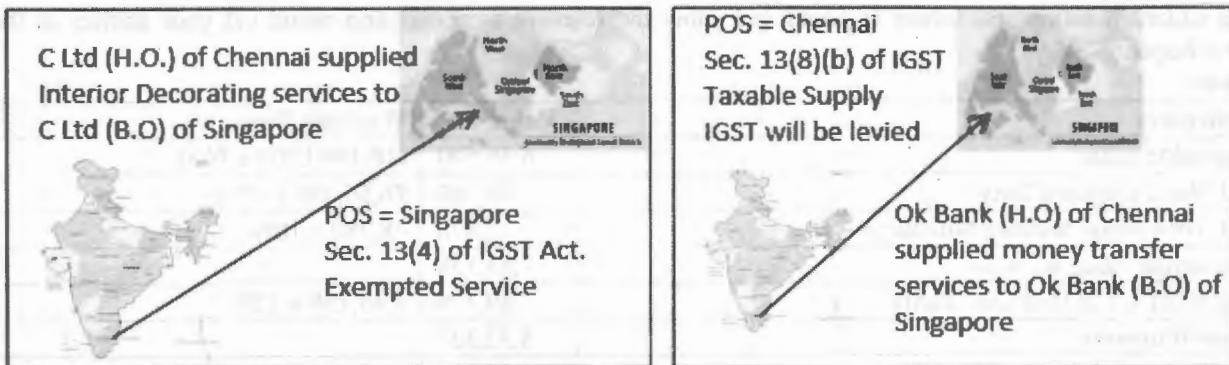
Answer: It is exempted supply of service and hence GST will not be levied.

Place of supply = location of supplier of service (Sec. 13(8) of the IGST).

However, specifically exempted from GST.

w.e.f. 27th July, 2018, Service supplied by establishment of person in India to own establishment out of India exempt:

Service supplied by establishment of person in India to own establishment out of India is exempt, if place of supply is out of India (Sr. No. 10E of Notification No. 9/2017-IT (Rate), dated 28th June, 2017).



Inter State supply of services- Nepal and Bhutan exempt:

Further, Notification No. 9/2017-IT(R), dated 28.06.2017 has also been amended *vide* Notification No. 42/2017-IT(R), dated 27.10.2017 to exempt inter-State supply of services having place of supply in Nepal or Bhutan, against payment in Indian Rupees.

This exemption has been withdrawn from Integrated Tax for supply of services having place of supply in Nepal and Bhutan, against payment in Indian Rupees. *vide* Notification No. 2/2019-IT, dated 4-2-2019.

Online educational journals or periodicals to an educational institution:

Services received from a provider of service located in a non-taxable territory by way of supply of online educational journals or periodicals to an educational institution other than an institution providing services by way of—

- (i) pre-school education and education upto higher secondary school or equivalent; or
- (ii) education as a part of an approved vocational education course;

have been exempted *vide* Notification No. 2/2018-IT, dated 25.01.2018.

Import of services by United Nations or a specified international organisation for official use of the United Nations or the specified international organisation.

Exempted from IGST.

Explanation.—For the purposes of this entry, unless the context otherwise requires, “specified international organisation” means an international organisation declared by the Central Government in pursuance of section 3 of the United Nations (Privileges and Immunities Act) 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply.

Import of services by Foreign diplomatic mission or consular post in India, or diplomatic agents or career consular officers (including members of his or her family) posted therein also be exempted from IGST.

Latest Amendments under GST:

(A) Royalty and license fee exempt from IGST:

w.e.f. 25.1.2018, To exempt IGST payable under section 5 of the IGST Act, 2017 on supply of services covered by item 5(c) of Schedule II of the CGST Act, 2017 (i.e. intellectual property right) to the extent of aggregate of the duties and taxes leviable under section 3(7) of the Customs Tariff Act, 1975 read with sections 5 & 7 of IGST Act, 2017 on part of consideration declared under section 14(1) of the Customs Act, 1962 towards royalty and license fee includible in transaction value as specified under Rule 10(1)(c) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007.

Example: Compute the duty payable under the Customs Act, 1962 for an imported equipment based on the following information:

- (i) Transaction value of the imported equipment US \$10,100 (royalty and license fee included in transaction value US \$ 100).
- (ii) Date of Bill of Entry 25.4.20XX basic customs duty on this date 12% and exchange rate notified by the Central Board of Indirect Taxes and Customs Us \$ 1 = ₹65.
- (iv) IGST u/s 3(7) of the Customs Tariff Act, 1975: 12%.

Social Welfare Surcharge @10% is applicable.

Importer is liable to pay IGST on import of royalty and license fee?

Applicable rate of IGST on import of services namely royalty and license fee @18%.

Make suitable assumptions where required and show the relevant workings and round off your answer to the nearest Rupee.

Answer:

Particulars	Value in ₹	Working Note
Assessable value	6,56,500	(10,100 USD x ₹65)
Add: Basic Customs Duty	78,780	₹6,56,500 x 12%
Add: 10% Social Welfare Surcharge	7,878	78,780 x 10%
Transaction value for IGST	7,43,158	
Add: IGST u/s 3(7) of Cus. Tariff	89,179	7,43,158 x 12%
Value of imports	8,32,337	
Total customs duty payable	1,75,837	

IGST payable on import of service = ₹1,170

(i.e. USD100 x ₹65 x 18%)

Less: Exempted

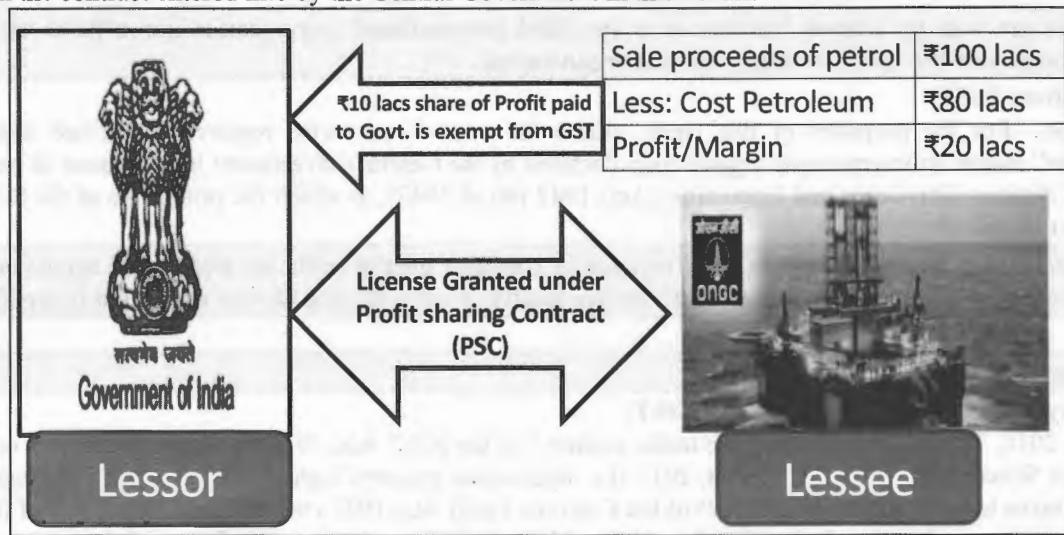
[(i.e. 100 USD x ₹65) x 113.20%] x 12% = ₹ (883)

Net IGST payable = ₹ 287

Note: Transaction value of royalty and license fee included in the value of imported goods is ₹6,500 (i.e. 100 USD x ₹65)

(B) Exemption from CGST to Government's share of Profit from grant of licence/lease to explore or mine petroleum crude or natural gas (vide Notification No. 5/2018-C.T. (Rate), Dated 25.1.2018):

As per sec. 11(1) of the CGST Act, 2017 exempt the intra state supply of services by way of grant of license or lease to explore or mine petroleum crude or natural gas or both, from so much of the central tax as is leviable on the consideration paid to the Central Government in the form of Central Government's share of profit petroleum as defined in the contract entered into by the Central Government in this behalf.



In this regard CEBC issued Circular No. 32/06/2018-GST, dated 12th February 2018:

As per the Production Sharing Contract (PSC) between the Government and the oil exploration & production contractors, in case of a commercial discovery of petroleum, the contractors are entitled to recover from the sale proceeds all expenses incurred in exploration, development, production and payment of royalty. Portion of the value of petroleum which the contractor is entitled to take in a year for recovery of these contract costs is called "Cost Petroleum".

The relationship of the oil exploration and production contractors with the Government is not that of partners but that of licensor/lessor and licensee/lessee in terms of the Petroleum and Natural Gas Rules, 1959. Having acquired the right to explore, exploit and sell petroleum in lieu of royalty and a share in profit petroleum, contractors carry out the exploration and production of petroleum for themselves and not as a service to the Government. Para 8.1 of the Model Production Sharing Contract (MPSC) states that subject to the provisions of the PSC, the Contractor shall have exclusive right to carry out Petroleum Operations to recover costs and expenses as provided in this Contract.

The oil exploration and production contractors conduct all petroleum operations at their sole risk, cost and expense. Hence, cost petroleum is not a consideration for service to GOI and thus not taxable per se.

However, cost petroleum may be an indication of the value of mining or exploration services provided by operating member to the joint venture, in a situation where the operating member is found to be supplying service to the oil exploration and production joint venture.

(C) CBIC Circular No. 34/8/2018-GST, dated 1-3-2018

S.No.	Issue	clarification
1	Whether activity of bus body building, is a supply of goods or services?	In the case of bus body building there is supply of goods and services. Thus, classification of this composite supply, as goods or service would depend on which supply is the principal supply which may be determined on the basis of facts and circumstances of each case.
2	Whether retreading of tyres is a supply of goods or services?	In retreading of tyres, which is a composite supply, the pre-dominant element is the process of retreading which is a supply of service. Rubber used for retreading is an ancillary supply. Which part of a composite supply is the principal supply, must be determined keeping in view the nature of the supply involved? Value may be one of the guiding factors in this determination, but not the sole factor. The primary question that should be asked is what is the essential nature of the composite supply and which element of the supply imparts that essential nature to the composite supply. Supply of retreaded tyres, where the old tyres belong to the supplier of retreaded tyres, is a supply of goods (retreaded tyres under heading 4012 of the Customs Tariff attracting GST @ 28%)
3	Whether Priority Sector Lending Certificates (PSLCs) are outside the purview of GST and therefore not taxable?	In Reserve Bank of India FAQ on PSLC, it has been mentioned that PSLC may be construed to be in the nature of goods, dealing in which has been notified as a permissible activity under section 6(1) of the Banking Regulation Act, 1949 vide Government of India notification dated 4th February 2016. PSLC are not securities. PSLC are akin to freely tradeable duty scrips, Renewable Energy Certificates, REP license or replenishment license, which attracted VAT. In GST there is no exemption to trading in PSLCs. Thus, PSLCs are taxable as goods at standard rate of 18% under the residuary S. No. 453 of Schedule III of notification No. 1/2017-Central Tax (Rate). GST payable on the certificates would be available as ITC to the bank buying the certificates. As per CBIC Circular No. 46/20/2018-GST, dated 6th June, 2018: It is hereby clarified that Renewable Energy Certificates (RECs) and Priority Sector Lending Certificates (PSLCs) and other similar documents are classifiable under heading 4907 and attract 12% GST. The duty credit scrips (MEIS or SEIS), however, attract Nil GST. As per CBIC Circular No. 62/36/2018-GST, dated 12th Sep., 2018: It is clarified that GST on PSLCs for the period 1.7.2017 to 27.05.2018 will be paid by the seller bank on forward charge basis and GST rate of 12% will be applicable on the supply. w.e.f. 28th May, 2018 RCM: CBIC notifies levy of GST on Priority Sector Lending Certificate (PSLC) under Reverse Charge Mechanism (RCM) vide Notification No. 11/2018-Central Tax (Rate), dated 28th May 2018.
4	(1) Whether the activities carried by DISCOMS against recovery of charges from consumers under State Electricity Act are exempt from GST? (2) Whether the guarantee provided by State	(1) Service by way of transmission or distribution of electricity by an electricity transmission or distribution utility is exempt from GST under notification No. 12/2017-CT (R), Sl. No. 25. The other services such as,— (i) Application fee for releasing connection of electricity; (ii) Rental Charges against metering equipment; (iii) Testing fee for meters/transformers, capacitors etc.;

S.No.	Issue	clarification
	Government to state owned companies against guarantee commission, is taxable under GST?	<p>(iv) Labour charges from customers for shifting of meters or shifting of service lines;</p> <p>(v) charges for duplicate bill; provided by DISCOMS to consumer are taxable.</p> <p>(2) The service provided by Central Government/State Government to any business entity including PSUs by way of guaranteeing the loans taken by them from financial institutions against consideration in any form including Guarantee Commission is taxable.</p> <p>w.e.f. 27th July 2018:</p> <p>Services supplied by Central Government, State Government, Union territory to their undertakings or Public Sector Undertakings (PSUs) by way of guaranteeing the loans taken by such undertakings or PSUs from the financial institutions.</p> <p>[Notification No. 14/2018-Central Tax (Rate)].</p>

CBIC Circular No. 48/22/2018-GST, dated 14-6-2018:

1. Services of short-term accommodation, conferencing, banqueting, etc., provided to a SEZ developer or a SEZ unit shall be treated as an inter-State supply.
2. If event management services, hotel, accommodation services, consumables, etc. are received by a SEZ developer or a SEZ unit for authorised operations, as endorsed by the specified officer of the Zone, the benefit of ZERO-RATED supply shall be available in such cases to the supplier.
3. The fabric processors shall be eligible for refund of unutilized ITC on account of inverted duty structure under section 54(3) of the CGST Act, 2017 even if the goods (fabrics) supplied to them are covered under Notification No. 5/2017-CT, dated 28-6-2017 [i.e. in respect of which no refund of unutilised input tax credit shall be allowed, where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on the output supplies of such goods (other than nil rated or fully exempt supplies)].

Exemption from GST on certain services:

The Central Government vide Notification No. 04/2019-Central Tax (R), dated 29th March, 2019 has notified following services are exempt from tax subject to certain conditions specified.

Service	Condition
<p>Service by way of transfer of development rights or Floor Space Index on or after 1st April 2019 for construction of residential apartments.</p> <p>The amount of GST exemption available shall be calculated as under:</p> <p>[GST payable on TDR or FSI (including additional FSI) or both for construction of the project] x (carpet area of the residential apartments in the project ÷ Total carpet area of the residential and commercial apartments in the project)</p>	Provided that the promoter shall be liable to pay tax at the applicable rate, on reverse charge basis, on such proportion of value of development rights, or FSI (including additional FSI), or both, as is attributable to the residential apartments, which remain un booked on the date of issuance of completion certificate, or first occupation of the project, as the case may be, in the following manner
Upfront amount payable in respect of service by way of granting of long-term lease of 30 years, or more, on or after 01.04.2019, for construction of residential apartments	