

EXEMPTIONS FROM GST

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1. POWER TO GRANT EXEMPTION FROM TAX

[Section 11 of the CGST act/section 6 of IGST act]

Sections	Particular
11(1)	<p>The Government may generally exempt supply of goods and/ or services of any specified description</p> <p>on recommendation of the GST council</p> <p>BY NOTIFICATION</p> <p>with effect from such date as may be specified in such notification.</p> <p>wholly/ partly</p> <p>either absolutely or subject to such conditions as may be specified in the notification</p>
11(2)	<p>The Government may exempt any goods and/or services on which tax is leviable from payment of tax</p> <p>BY SPECIAL ORDER</p> <p>on recommendation of the GST Council</p> <p>under circumstances of an exceptional nature to be stated in such order</p> <p>in the public interest</p>
11(3)	Wherever the Government feels that there is a need to clarify the scope or applicability of any notification/order issued under this section, it can issue an explanation within 1 year of issue of said notification/ order. Such explanation shall have effect as if it was there when first such notification/ order was issued, i.e. explanation so inserted would be effective retrospectively.

2. GOODS EXEMPT FROM TAX

A list of items have been notified under section 11(1) of the CGST Act, 2017/ section 6(1) of the IGST Act, 2017. These items have been exempted from whole of the tax.

Under GST, everyday items used by the common man have been included in the list of exempted items. Items such as unbranded atta/ maida/ besan, unpacked food grains, milk, eggs, curd, lassi and fresh vegetables are among the items exempted from GST.

Some of the examples of the goods exempted from tax have been provided herein



3. LIST OF SERVICES EXEMPT FROM TAX

SPECIFIC SERVICES EXEMPT FROM CGST/IGST

Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017 (hereafter referred to as “the Notification”) unless otherwise specified, has exempted the various services wholly from CGST. Each of the entries of the exemption notification have been discussed below:

❖ Services Related To Charitable And Religious Activities

Entry No.	SERVICES PROVIDED BY CHARITABLE/RELIGIOUS TRUST
1	<p>Entry 1 of the Notification exempts services provided by an entity registered under section 12AA of the Income-tax Act, 1961 by way of charitable activities.</p> <p>Thus, in order to claim exemption under Entry 1 of the Notification, following two conditions must be satisfied:-</p> <ol style="list-style-type: none"> The entity should be registered under section 12AA of the Income tax Act, 1961, and The entity must carry out one or more of the specified charitable activities.

Before proceeding further, let us first understand the meaning of term ‘charitable activities’. The term ‘charitable activities’ mean activities relating to-

- Public Health By Way Of-
 - Care or counseling of
 - Terminally ill persons or persons with severe physical or mental disability;
 - Persons afflicted with HIV or AIDS;
 - Persons addicted to a dependence-forming substance such as narcotics drugs or alcohol; or
 - Public awareness of preventive health, family planning or prevention of HIV infection;
 - Advancement Of Religion, Spirituality Or Yoga;
 - Advancement Of Educational Programs/Skill Development Relating To,-
 - Abandoned, orphaned or homeless children;
 - Physically or mentally abused and traumatized persons;
 - Prisoners; or
 - Persons over the age of 65 years residing in a rural area;
 - Preservation Of Environment Including Watershed, Forests & Wildlife
- There could be many other services provided by such charitable and religious trust which are not covered by definition of charitable activities and hence, such services would attract GST.

For instance, grant of advertising rights to a person on the premises of the charitable/religious trust or on publications of the trust, or granting admission to events, functions, celebrations, shows against admission tickets or fee etc. Would attract GST.

In the following paras, we have examined some of the services provided by the entities registered under section 12AA of the Income-tax Act:

✚ Management Of Educational Institutions By Charitable Trusts

- Activities of schools, colleges or any other educational institutions run by charitable trusts by way of education or skill development of abandoned, orphans, homeless children, physically or mentally abused persons, prisoners or persons over age of 65 years or above residing in a rural area, will be considered as charitable activities and income from such supplies will be wholly exempt from GST.

- Activities of a school, college or an institution run by a trust which do not come within the ambit of charitable activities will not be exempt under Entry 1 of the Notification. However, such activities may be exempt under Entry 66 of the Notification [discussed later in this chapter] provided the school, college or institution qualifies as an 'educational institution'.

Hostel Accommodation Provided By Trusts

- Hostel accommodation services provided by trusts to students do not fall within the ambit of charitable activities as defined above.
- However, accommodation service in hostels including such services provided by trusts having below or equal to ₹1,000 per day is exempt under Entry 14 of the Notification [discussed later in this chapter]

Religious Yatras Or Pilgrimage

- Religious Yatras/pilgrimage organized by any charitable or religious trust are not exempt. Further, services of transportation of passengers for a pilgrimage by the charitable trust are not exempt from GST.
- Only such services of religious pilgrimage as are provided by specified organization in respect of a religious pilgrimage facilitated by the Government of India (GOI), **under bilateral arrangement, are exempt from GST.**

Entry No. 60	<p>Services by a specified organization in respect of a religious pilgrimage facilitated by the Government of India, under bilateral arrangement.</p> <p>The term Specified Organization as referred herein means-</p> <ul style="list-style-type: none"> Kumaon Mandal Vikas Nigam Limited (KMVN), a Government of Uttarakhand Undertaking; or 'Haj Committee of India' or 'State Haj Committee including Joint State Committee'. <p>Hence, as per Entry 60, the services provided by the Haj Committee and KMVN in relation to a religious pilgrimage facilitated by GOI are not liable to GST.</p>
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Arranging Yoga And Meditation Camp By Charitable Trusts

- 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:

Bhavyajyoti Foundation, a charitable trust registered under section 12AA of the Income-tax Act, 1961, has organized a 'Meditation Camp' for the old age people. GST would be exempt on the same as services provided by entity registered under section 12AA of the Income-tax Act, 1961 by way of advancement of religion, spirituality or yoga are exempt.

✚ Hospitals Managed By Charitable Trusts

Exemption available to health care services under Entry 74 of the Notification [discussed later in this chapter] is also applicable to the services provided by a clinical establishment, an authorized medical practitioner or paramedics of a religious or charitable trust also.

✚ Training Or Coaching In Recreational Activities

Besides charitable activities, services provided by way of training or coaching in recreational activities relating to arts or culture or sports, by a charitable entity registered under section 12AA of Income-tax Act are also exempt under Entry 80.

Entry No. 80	<p>Services By Way Of Training Or Coaching In Recreational Activities Relating to Arts, Culture or Sports by charitable entities registered under section 12AA of the Income-tax Act.</p> <p>The term 'Recreational Activities' is very wide. However, under this entry, the scope of training or coaching in recreational activities is restricted to the area of:-</p> <ul style="list-style-type: none"> • Arts • Culture, or • Sports <p>✓ Hence, the training or coaching in recreational activities in the areas other than arts, culture or sports is outside the purview of this entry.</p> <p>✓ Further, training or coaching relating to all forms of arts, culture or sports is covered under this entry, namely, dance, music, painting, sculpture making, literary activities, theatre, sports etc. of any school, tradition or language or any of the sports.</p>
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✚ GST On Services Provided To Charitable Trust

Services provided to charitable or religious trusts are not outside the ambit of GST. Unless specifically exempted, all goods and services supplied to charitable or religious trusts are leviable to GST.

Entry No. 13	<p>Services by a person by way of-</p> <p>(a) Conduct Of Any Religious Ceremony;</p> <p>(b) Renting Of Precincts Of A Religious Place meant for General Public</p>
13(a)	<p>Going through Entry 13(a) of the Notification,</p> <ul style="list-style-type: none"> • It can be inferred that the amount charged, • By whatever name called, • For the conduct of any religious ceremony is exempt from GST. <p>Religious ceremonies are life-cycle rituals including special religious poojas conducted in terms of religious texts by a person so authorized by such religious texts. Occasions like birth, marriage, and death involve elaborate religious ceremonies.</p> <p>Example:</p> <p>Raamanand Joshi, a priest, charges ₹12,000 for conducting a religious ceremony on the birthday of Mr. Ghanshyam's son. The amount charged for the conduct of any religious ceremony is exempt from GST.</p>
13(b)	<p>Renting Of Precincts Of Religious Place Meant For General Public:</p> <ul style="list-style-type: none"> • Owned or managed by an entity registered as a charitable or religious trust under section 12AA of the Income-tax Act, 1961 or • A trust or an institution registered under section 10(23C)(v) of the Income-tax Act or

	<ul style="list-style-type: none"> A body or an authority covered under section 10(23BBA) of the said Income-tax Act. <p>However, nothing contained in entry 13(b) of this exemption shall apply to-</p> <ul style="list-style-type: none"> Renting of rooms where charges are ₹1,000 or more per day; Renting of premises, community halls, kalyanmandapam or open area, and the like where charges are ₹10,000 or more per day; Renting of shops or other spaces for business or commerce where charges are ₹10,000 or more per month.
➤	Entry 13(b) of the Notification exempts renting of precincts of a religious place meant for general public owned by an entity registered under any of the specified sections of the Income Tax Act provided the consideration charged for such renting does not exceed the prescribed ceiling limits as given in said entry. Thus, this exemption is determined on the basis of amount of consideration charged for such renting.
➤	The word 'precincts' is not to be interpreted in a restricted manner and all immovable property of the religious place located within the outer boundary walls of the complex (of buildings and facilities) in which the religious place is located, is to be considered as being located in the precincts of the religious place. The immovable property located in the immediate vicinity and surrounding of the religious place and owned by the religious place or under the same management as the religious place, may be considered as being located in the precincts of the religious place and extended the benefit of above exemption.
➤	Activities other than - conduct of religious ceremony and renting of precincts of religious place - will be taxable irrespective of the manner or the name in which the consideration is received. For example, if donation is received with specific instructions/mutual understanding between the donor and the receiver that religious place will host an advertisement promoting business of the donor, such donation will be subject to GST. However, if donation is received without such instructions or without a quid pro quo in the form of supply of any goods or services or both by the receiver to the donor, it shall not be subject to GST
Example:	
✓	Durgadevi Trust, a religious trust registered under section 12AA of the Income-tax Act, owns and manages a temple in their locality. It rents the commercial shops located in the precincts of the temple for a rent of ₹10,000 per month per shop. The consideration so received is liable to GST as the consideration is not less than ₹10,000.
✓	Sarvshiksha Foundation, an educational institution registered under section 10(23C)(v) of the Income-tax Act, owns and manages a gurudwara. It rents the community hall located in the precincts of the gurudwara for a rent of ₹9,000 per day for a marriage function. The consideration so received is exempt from GST as the consideration is less than ₹10,000.

Summarized : Exempt Services

Services related to charitable and religious activities

- ✚ Charitable activities BY an entity registered under section 12AA of Income-tax Act.
- ✚ Services by a person by way of-
 - conduct of any religious ceremony;
 - renting of precincts of a religious place meant for general public **except where-**
 - ✓ charges for renting of **rooms** ≥ ₹1,000 per day
 - ✓ charges for renting of **premises**, community halls, kalyanmandapam, open area, etc. are ≥ ₹10,000 per day;
 - ✓ charges for renting of **shops/spaces** for business/commerce are ≥ ₹10,000 per month

- ✚ Services by a specified organization [KMVN/Haj Committee] in respect of a religious pilgrimage [Haj and Kailash Mansarovar Yatra].
- ✚ Training/coaching in recreational activities relating to (a) arts/culture, or (b) sports by charitable entities registered under section 12AA of the Income-tax Act.

❖ Agriculture related services

Entry No. 24	Services by way of loading, unloading, packing, storage or warehousing of rice.
Entry No. 24A	Services by way of warehousing of minor forest produce.
Entry No. 53A	Services by way of fumigation in a warehouse of agricultural produce.
Entry 54	<p>Include activities like breeding of fish (pisciculture), rearing of silk worms (sericulture), cultivation of ornamental flowers (floriculture) and horticulture, forestry, etc.</p> <p>Further, the term 'Agricultural Produce' means</p> <ul style="list-style-type: none"> • Any produce out of 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, • On which either no further processing is done or such processing is done as is usually done by a cultivator or producer which does not alter its essential characteristics, • But makes it marketable for primary market. <p>It is important to note that agricultural produce is either subject to no further processing at all or if any processing is undertaken on the agricultural produce it should not alter its essential characteristics but may make it marketable for primary market Few instances of such processes are the processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, etc.</p>

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-

- ✚ Agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing;
- ✚ Supply of farm labour;
- ✚ 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;
- ✚ **Renting or leasing of agro machinery or vacant land**
Renting or leasing of agro machinery or vacant land with or without a structure incidental to its use

Example:

Moolchand has leased out to a farmer – Tulsidas - a vacant land for agriculture. The land has a greenhouse and a storage shed which are incidental to its use for agriculture. Leasing of vacant land with a green house or a storage shed which is incidental to its use for agriculture is exempt from GST.

✚ Warehousing of agriculture produce

Loading, Unloading, Packing, Storage Or Warehousing Of Agricultural Produce

In this regard, following may be noted:

✓ **Processed Tea and coffee**

Tea used for making the beverage, such as black tea, green tea, white tea is a processed product made in tea factories after carrying out several processes, such as drying, rolling, shaping, refining, oxidation, packing etc. on green leaf and is the processed output of the same.

Thus, green tea leaves and not tea is the “agricultural produce” eligible for exemption available for loading, unloading, packing, storage or warehousing of agricultural produce.

Same is the case with coffee obtained after processing of coffee beans.

✓ **Jaggery**

Similarly, processing of sugarcane into jaggery changes its essential characteristics. Thus, jaggery is also not an agricultural produce.

✓ **Pulses**

Pulses commonly known as dal are obtained after dehusking or splitting or both. The process of dehusking or splitting is usually not carried out by farmers or at farm level but by the pulse millers. Therefore pulses (dehusked or split) are also not agricultural produce. However, whole pulse grains such as whole gram, rajma etc. are covered in the definition of agricultural produce.

In view of the above, it is inferred that processed products such as tea (i.e. black tea, white tea etc.), processed coffee beans or powder, pulses (dehusked or split), jaggery, processed spices, processed dry fruits, processed cashew nuts etc. fall outside the definition of agricultural produce and **therefore the exemption from GST is not available** to their loading, packing, warehousing etc.

[Circular No. 16/16/2017 GST dated 15.11.2017].

✚ **Agricultural extension services**

This services have been defined under the notification to mean the application of scientific research and knowledge to agricultural practices through farmer education or training.

The main objective of AES is to transmit latest technical know-how to farmers. It also focuses on enhancing farmers' knowledge about crop techniques and help them to increase productivity. This is done through training courses, kisan call centres, farm visits, on farm trials, kisan melas, kisan clubs, advisory bulletins and the like.

✚ **Agricultural Produce Marketing Committee services**

Services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce.

- Agricultural Produce Marketing Committee or Board means any committee or board set up under a State Law for the time being in force for purpose of regulating the marketing of agricultural produce.
- Such marketing committees or boards have been set up in most of the States and provide a variety of support services for facilitating the marketing of agricultural produce by provision of facilities and amenities like, sheds, water, light, electricity, grading facilities etc. They also take measures for prevention of sale or purchase of agricultural produce below the minimum support price. APMCs collect market fees, license fees, rents etc.

- However, any service provided by such bodies which is not directly related 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, will be liable to tax e.g. renting of shops or other property.

✚ **services by way of fumigation in a warehouse of agricultural produce.**

Entry No. 55	Custom Milling Of Paddy Into Rice 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. <ul style="list-style-type: none"> • 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. • Further, processing of paddy into rice is not usually carried out by cultivators, but by rice millers. Milling of paddy into rice also changes its essential characteristics. Therefore, milling of paddy into rice cannot be considered as an intermediate production process. • In view of the above, it is clarified that milling of paddy into rice is not eligible for exemption under Entry 55 [Circular No. 19/19/2017 GST dated 20.11.2017].
Entry No. 55A	Services by way of artificial insemination of livestock (other than horses).

Summarized : Exempt Services Agriculture Related Services

- ✚ Loading, unloading, packing, storage or warehousing of rice.
- ✚ Warehousing of minor forest produce.
- ✚ Fumigation in a warehouse of agricultural produce.
- ✚ Artificial insemination of livestock (other than horses).
- ✚ Carrying out an intermediate production process as job work in relation to cultivation of plants & rearing of animals [except horses], for food, fibre, fuel, raw material or other similar products or agricultural produce.
- ✚ Services relating to cultivation of plants & rearing of animals [except 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, etc. 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/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/purchase of agricultural produce.
 - (h) services by way of fumigation in a warehouse of agricultural produce.

❖ Education services

Entry No. 66	Exemption from GST granted vide Entry 66 stated above can be discussed under two broad categories – <ul style="list-style-type: none"> • Education related output services and • Education related input services.
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Output Services

- Services provided by an Educational Institution to its students, faculty and staff.
- Services provided by an Educational Institution by way of conduct of entrance examination against consideration in the form of entrance fee.

are exempt from GST.

Educational institution means an institution providing services by way of,-

- (i) Pre-school education and education up to higher secondary school or equivalent;
- (ii) Education as a part of a curriculum for obtaining a qualification recognized by any law for the time being in force;
- (iii) Education as a part of an approved vocational education course.

- ✓ It is to be noted that only those institutions, whose operations conform to the specifics given in the definition of the term “educational institution”, would be treated as one entitled to avail exemptions provided by the law.

✓ **Sub-clause (ii)**

The term ‘education as a part of curriculum for obtaining a qualification recognised by any law for the time being in force’ means the education delivered as ‘a part’ of the curriculum that has been prescribed for obtaining a qualification prescribed by law.

Thus, in order to be covered under Entry 66, the education service should be delivered as part of curriculum. In view of same, **it can be inferred that:**

Education services provided	Covered in sub-clause (ii)	Reasons
Conduct of degree courses by colleges, universities or institutions	✓	These courses lead to grant of qualifications recognized by law
Training given by private coaching institutes	×	Such training does not lead to grant of a recognized qualification.
Education as a part of a prescribed curriculum for obtaining a qualification recognized by a law of a foreign country	×	Only a course recognized by an Indian law is covered herein.

✓ **Sub-clause (iii)**

An approved vocational education course means, -

- A course run by an ITI/ ITC affiliated to the National Council for Vocational Training (NCVT) or State Council for Vocational Training (SCVT) offering courses in designated trades notified under the Apprentices Act, 1961 or
- A Modular Employable Skill Course, approved by the NCVT, run by a person registered with the Directorate General of Training, Ministry of Skill Development and Entrepreneurship.

In view of the above definition, some of the institutions providing education services have been examined as under:

✚ Private ITIs

Private ITIs qualify as an educational institution if the education provided by these ITIs is approved as vocational educational course as defined above.

It implies that services provided by a private ITI only in respect of designated trades notified under Apprenticeship Act, 1961 are exempt from GST under Entry 66. Services in other than designated trades are liable to GST**.

✚ Government ITIs

Services provided by a Government ITI to individual trainees/ students, are exempt under Entry 6 as these are in the nature of services provided by the Central or State Government to individuals [Entry 6 is discussed in detail subsequently].

As regards the services **Provided TO private ITIs, only services relating to admission to or conduct of examination by a private ITI in respect of such designated trades are exempt. All other services provided to such institutions is liable to GST.

It is important to note that the Central and State Educational Boards shall be treated as 'Educational Institution' for the limited purpose of providing services by way of conduct of examination to the students.

✚ Unrecognized educational institutions

Private coaching centers or other unrecognized institutions, though self- styled as educational institutions, would not be treated as educational institutions under GST and thus cannot avail exemptions available to an educational institution.

✚ Educational institutions up to Higher secondary schools

- By virtue of Entry 66, educational institutions up to Higher Secondary School level do not suffer GST on output services and also on most of the important input services. However, some of the input services like canteen, repairs and maintenance etc. provided by private players to educational institutions are subject to GST.
- Output services of lodging/boarding in hostels provided by such educational institutions which are providing pre-school education and education up to higher secondary school or equivalent or education leading to a qualification recognised by law, are fully exempt from GST.
- **Boarding schools** provide service of education coupled with other services like providing dwelling units for residence and food. This may be a case of composite supply if the charges for education and lodging and boarding are inseparable. Their taxability will be determined in terms of the principles laid down in section 2(30) read with section 8 of the CGST Act, 2017.

Such services in the case of boarding schools are naturally bundled and supplied in the ordinary course of business. Therefore, the bundle of services will be treated as consisting entirely of the principal supply, which means the service which forms the predominant element of such a bundle.

In this case since the predominant nature is determined by the service of education, the other service of providing residential dwelling will not be considered for the purpose of determining the tax liability and in this case the entire consideration for the supply will be exempt

✚ Educational institutions providing qualification recognized by law

- The question arises that in case where a course in a college leads to dual qualification only one of which is recognized by law, would service provided by the college by way of such education be covered by the exemption notification

- Provision of dual qualifications is in the nature of two separate services as the curriculum and fees for each of such qualifications are prescribed separately. Service in respect of each qualification would, therefore, be assessed separately. If an artificial bundle of service is created by clubbing two courses together, when only single fee is charged for both, only one of which leads to a qualification recognized by law, then by application of the rule of determination of taxability of a supply which is not bundled in the ordinary course of business, it shall be treated as a mixed supply as per provisions contained in section 2(74) read with section 8 of the CGST Act, 2017. The taxability will be determined by the supply which attracts highest rate of GST.
- However, incidental auxiliary courses provided by way of hobby classes or extra-curricular activities in furtherance of overall well-being will be an example of naturally bundled course, and therefore treated as composite supply. One relevant consideration in such cases will be the amount of extra billing being done for the unrecognized component viz-a-viz the recognized course. If extra billing is being done, it may be a case of artificial bundling of two different supplies, not supplied together in the ordinary course of business, and therefore will be treated as a mixed supply, attracting the rate of the higher taxed component for the entire consideration

IIMs

- IIMs provide various long duration programs (1 year or more) for which they award diploma/ degree certificate duly recommended by Board of Governors as per the power vested in them under the IIM Act, 2017. Therefore, it is clarified that services provided by Indian Institutes of Managements to their students- in all such long duration programs (one year or more) are exempt from levy of GST.
- IIMs also provide various short duration/ short term programs (less than 1 year) 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 IIM. Services provided by IIMs as an educational institution to such participants is not exempt from GST. Such short duration executive programs attract standard rate of GST @ 18% CGST 9% + SGST 9%) [Circular No. 82/01/2019 GST dated 01.01.2019]

Supply of food in a mess or canteen

- 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 by the definition of ‘educational institution’ as given above, then the same is exempt. [covered under item (a) of entry 66 of the Notification].
- 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, i.e. the institution outsources the catering activity to an outside contractor, then it is a supply of service to the concerned educational institution by such outside caterer and attracts GST **

**Note: It may be noted that said services when provided to an educational institution providing pre-school education or education up to higher secondary school or equivalent are exempt from tax

Fees charged from prospective employers

Educational institutes such as IITs, IIMs charge a fee from prospective employers like corporate houses/MNCs, who come to the institutes for recruiting candidates through

campus interviews in relation to campus recruitments. Such services shall also be liable to tax

Input Services

Services provided 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 house-keeping services performed in such educational institution;
- iv) services relating to admission to, or conduct of examination by, such institution;
- v) supply of online educational journals or periodicals.

Regarding, input services, it may be noted that where output services are exempted, the educational institutions may not be able to avail credit of tax paid on the input side.

The auxiliary education services [*services which educational institutions ordinarily carry out themselves but may obtain as outsourced services from any other person*] specified in item (b) of entry 66 only have been exempted [Sub-items (i) to (v) of item (b) of Entry 66].

However, the said exemption comes with a rider.

Auxiliary services of

- i) transportation of students, faculty, and staff,
- ii) catering including any mid-day meals scheme sponsored by Government and
- iii) security or cleaning or housekeeping services

Are Exempt Only If such auxiliary education services are provided to educational institutions providing services by way of education up to higher secondary or equivalent, (from pre-school to HSC).

Thus, if such auxiliary education services are provided to educational institutions providing degree or higher education or institutions providing approved vocational education course, the same **would not be exempt**.

Similarly, services of supply of online educational journals/periodicals Are Exempt Only if they are provided to an institution providing services by way of education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force

Summarized : Exempt Services Education Services

Services provided BY an educational institution (EI):

- to its students, faculty and staff;
- by way of conduct of entrance examination against consideration in form of entrance fee

Services provided TO an educational institution (EI):

by way of,-

- transportation of students, faculty and staff;
- catering, including any mid-day meals scheme sponsored by the Central Government (CG), State Government (SG) or Union Territory (UT);
- security or cleaning or house- keeping services performed in such EI;

For Above three:-

These exemptions are only applicable to an institution providing services by way of pre- school education & education up to higher secondary school or equivalent.

- ✚ services relating to admission to, or conduct of examination by, such EI;
- ✚ supply of online educational journals or periodicals. This exemption is only applicable to an institution providing services by way of education as part of a curriculum for obtaining qualification recognised by any law for time being in force.

In Short

The exemptions available in respect of input and output services of an educational institution have been tabulated as follows:

	Type of educational institution		
	Educational institution providing pre-school education and education up to higher secondary school or equivalent	Educational institution providing education as a part of a curriculum for obtaining a recognized qualification	Educational institution Providing education as a part of approved vocational education course
Exempt input services	(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 house-keeping services performed in such educational institution; (iv) services relating to admission to, or conduct of examination by, such institution	(i) Services relating to admission to, or conduct of examination by, such institution (ii) Supply of online educational journals or periodical	Services relating to admission to, or conduct of examination by, such institution.
Exempt output services	Services provided by an educational institution – (a) to its students, faculty and staff; (aa) by way of conduct of entrance examination against consideration in the form of entrance fee.		

❖ Health care services

Entry No. 46	Services by a veterinary clinic in relation to health care of animals or birds.
Entry No. 73	Services provided by the cord blood banks by way of preservation of stem cells or any other service in relation to such preservation.

Entry No. 74	Services by way of- (a) Health care services by a clinical establishment, an authorised medical practitioner or para-medics; (b) Services provided by way of transportation of a patient in an ambulance, other than those specified in (a) above .
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Entry 74(a)

Health care services by a clinical establishment, an authorised medical practitioner or para-medics are exempt from GST

The term 'Health Care Services' is defined as follows:

- means 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 and
- includes services by way of transportation of the patient to and from a clinical establishment, but
- does not include hair transplant or cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma.




As it is apparent from the definition of health care services, only services in recognized systems of medicines in India are exempt under this entry.

Following systems of medicines are the recognized systems of medicines in India:-

- ☐ Allopathy
- ☐ Yoga
- ☐ Naturopathy
- ☐ Ayurveda
- ☐ Homeopathy
- ☐ Siddha
- ☐ Unani
- ☐ Any other system of medicine that may be recognized by Central Government

Recognized systems of medicines

Let us now understand the meaning of terms:-

Clinical establishment:	Authorised medical practitioner:	Paramedics
		

✚ Rent of rooms provided to in-patients

Rent of rooms provided to in-patients in hospitals is exempt [Circular No. 27/01/2018 GST dated 04.01.2018].

✚ Services provided by senior doctors/ consultants/ technicians

It is clarified by CBIC that services provided by hiring of any senior doctors/ consultants/ technicians, (independently) whether employees or not, are healthcare services which are exempt from GST

[Circular No. 32/06/2018 GST dated 12.02.2018].

✚ Amount Charged by hospital from the patients

- In above cases, suppose hospitals charge the patients, say, ₹10,000/- and pay to the consultants/technicians only ₹7,500/- and keep the balance for providing ancillary services which include nursing care, infrastructure facilities, paramedic care, emergency services, checking of temperature, weight, blood pressure, etc. Going through the definition of health care services [given above], it can be inferred that 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 [Circular No. 32/06/2018 GST dated 12.02.2018].

✚ Food supplied to the patients

- Health care services provided by the clinical establishments will include food supplied to the patients; but such food may be prepared by the canteens run by the hospitals or may be outsourced by the hospitals from outdoor caterers.
- When outsourced, there is no ambiguity that the suppliers shall charge tax as applicable and hospital will get no ITC.
- 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 [Circular No. 32/06/2018 GST dated 12.02.2018]

✚ Services other than health care services in clinical establishment's premises

Supply of services other than healthcare services such as renting of shops, auditoriums in the premises of the clinical establishment, display of advertisements etc. **will be subject to GST.**

Summarized : Exempt Services Health Care Services

- ✚ Health care services BY a clinical establishment/ authorized medical practitioner/ para-medics
- ✚ Transportation of a patient in an ambulance BY any person other than specified above.
- ✚ Stem cells preservation BY Cord Blood Banks or any other service in relation to such preservation
- ✚ Service BY a veterinary clinic in relation to Health care of animals/birds

❖ Services provided by Government

Relevant Definitions:

Business entity	means any person carrying out business.
Governmental authority	means an authority or a board or any other body, 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.
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.
Aircraft	means any machine which can derive support in the atmosphere from reactions of the air, other than reactions of the air against the earth's surface and includes balloons, whether fixed or free, airships, kites, gliders and flying machines
Entry No. 4	Services by governmental authority by way of any activity in relation to any function entrusted to a municipality under article 243 W of the Constitution are exempt.
Entry No. 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.
Entry No. 6	<p>Services by the Central Government, State Government, Union territory or local authority.</p> <p>Exemption to services provided by Government</p> <p>Not all services provided by the Government or a local authority are exempt from tax.</p> <p>As for instance, following services are not exempt:</p> <ul style="list-style-type: none"> (a) services by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than Government; (b) services in relation to an aircraft or a vessel, inside or outside the precincts of an airport or a port; (c) transport of goods or passengers; or (d) any service, other than services covered under (a) to (c) above, provided to a business entity with an aggregate turnover of up to such amount in the preceding FY as it makes it eligible for exemption from registration under the CGST Act, 2017 (Amended w.e.f. 01-Oct-2019) <p>➤ (a) to (c) herein after referred as ‘specified services’</p> <p>Services provided by the Department of Posts</p> <ul style="list-style-type: none"> • Entry 6 stipulates that the services by way of speed post, express parcel post, and life insurance, provided by the Department of Posts to a person other than the Government or Union territory are not exempt. The Department of Posts also provides services like distribution of mutual funds, bonds, passport applications, collection of telephone and electricity bills on commission basis. These services are in the nature of intermediary and generally called agency services. On agency services, the Department of Posts is liable to pay tax without the application of reverse charge. • However, the following services provided by the Department of Posts are not liable to tax: <ul style="list-style-type: none"> (a) Basic mail services known as postal services such as post card, inland letter, book post, registered post provided exclusively by the Department of Posts to meet the universal postal obligations. (b) Transfer of money through money orders, operation of savings accounts, issue of postal orders, pension payments and other such services.

Entry No. 7	<p>Services provided to a business entity</p> <ul style="list-style-type: none"> • GST on services supplied <ul style="list-style-type: none"> ✓ 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 FY as it makes it eligible for exemption from registration under the CGST Act, 2017 (Amended w.e.f. 01-Oct-2019) is payable under reverse charge by such business entity. • However, reverse charge provisions are not applicable to renting of immovable property services provided to unregistered persons and to 'specified services' provided to such business entity. [See the reverse charge provisions as discussed in Chapter – 3: Charge of GST] <p>Explanation - For the purposes of this entry, it is hereby clarified that the provisions of this entry shall not be applicable to following services:-</p> <ol style="list-style-type: none"> i) item (a), (b) and (c) of Entry 6 above. ii) services by way of renting of immovable property
Entry No. 8	<p>Services provided by the Central Government, State Government, Union territory or local authority to another Central Government, State Government, Union territory or local authority are exempt</p> <p>However, nothing contained in this entry shall apply to services referred in item (a), (b) and (c) of Entry 6 above.</p>
Entry No. 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> <ul style="list-style-type: none"> • However, nothing contained in this entry shall apply to services referred in item (a), (b) and (c) of Entry 6 above • Further, in case where continuous supply of service* 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 FY. <p>*as defined in section 2(33) of the CGST Act, 2017</p>
Entry No. 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.</p>
Entry No. 9D	<p>Services by: an old age home run by:</p> <ul style="list-style-type: none"> • Central Government, State Government or • an entity registered under section 12AA of the Income-tax Act, 1961 to its residents (aged 60 years or more) <p>against consideration upto ₹25,000 per month per member, provided that the consideration charged is inclusive of charges for boarding, lodging and maintenance.</p>
Entry No. 34A	<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 banking companies and financial institutions</p>

Entry No. 47	<p>Services provided by the Central Government, State Government, Union territory or local authority by way of-</p> <p>(a) registration required under any law for the time being in force;</p> <p>(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.</p>
Entry No. 61	Services provided by the Central Government, State Government, Union territory or local authority by way of issuance of passport, visa, driving license, birth certificate or death certificate.
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.
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.
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.
Entry No. 65B	<p>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.</p> <p>However, at the end of the contract period, ERCC shall submit an account to the State Government and certify that the amount of GST deposited by mining lease holders on royalty is more than the GST exempted on the service provided by State Government to the ERCC of assignment of right to collect royalty and where such amount of GST paid by mining lease holders is less than the amount of GST exempted, the exemption shall be restricted to such amount as is equal to the amount of GST paid by the mining lease holders and the ERCC shall pay the difference between GST exempted on the service provided by State Government to the ERCC of assignment of right to collect royalty and GST paid by the mining lease holders on royalty.</p> <p>Explanation- 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, the rules made thereunder or the rules made by a State Government under section 15(1) of the Act.</p>
Entry No. 74A	Services provided by rehabilitation professionals recognised under the Rehabilitation Council of India Act, 1992 by way of rehabilitation, therapy or counseling 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 of the Income- tax Act, 1961.

✚ **Services provided by Police/security agencies of Government to PSUs/corporate entities/sports events held by private entities**

- Services provided by Police or security agencies of Government to PSU/private business entities are not exempt from GST.
- Such services are taxable supplies and the recipients are required to pay the tax under reverse charge mechanism on the amount of consideration paid to Government for such supply of services [See the reverse charge provisions as discussed in Chapter – 3: Charge of GST].

Example:

The Karnataka Cricket Association, Bangalore requests the Commissioner of Police, Bangalore to provide security in and around the Cricket Stadium for the **purpose of** conducting the cricket match. The Commissioner of Police arranges the required security for an agreed consideration. In this case, services of providing security by the police personnel are not exempt. As the services are provided by Government, Karnataka Cricket Association is liable to pay the tax on the consideration paid, albeit under reverse charge mechanism.

✚ **Services provided by way of tolerating non-performance of a contract**

- In case any of the parties breach the contract for any reason including non-performance of the contract, then such person is liable to pay damages in the form of fines or penalty to the other party. Tolerating non-performance of a contract is an activity or transaction which is treated as a supply of service [as per Schedule II of CGST Act – as explained in Chapter 2 – Supply under GST] and the person is deemed to have received the consideration in the form of fines or penalty and is, accordingly, required to pay tax on such amount.
- However, in case of supplies to Government, services [provided by Government] by way of tolerating the non-performance of contract by the supplier of service is covered under the exemption under Entry 62 of the Notification. Thus, any consideration received by the Government from any person or supplier for non-performance of contract is exempted from tax.

Example:

Public Works Department of Karnataka entered into an agreement with M/s. ABC, a construction company, for construction of its office complex for an agreed consideration. In the agreement dated 10.07.20XX, it was agreed by both the parties that M/s. ABC shall complete the construction work and handover the project on or before 31.12.20XX.

It was further agreed that any breach of the terms of contract by either party would give right to the other party to claim for damages or penalty. M/s. ABC did not complete the construction and did not handover the project by the specified date i.e., on or before 31.12.20XX. As per the contract, the Department asked for damages/penalty from M/s. ABC and threatened to go to the court if not paid. Resultantly, M/s. ABC paid an amount of ₹10,00,000/- to the Department for non-performance of contract. Amount paid by M/s. ABC to Department is exempt from payment of tax.

❖ **Construction services**

Entry No. 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.
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Entry No. 10A	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.
Entry No. 11	<p>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.</p> <p>The term 'Original Works' means-</p> <ul style="list-style-type: none"> • all new constructions; • all types of additions and alterations to abandoned or damaged structures on land that are required to make them workable; • erection, commissioning or installation of plant, machinery or equipment or structures, whether pre-fabricated or otherwise. <p>The term 'Residential Complex' means any complex comprising of a building or buildings, having more than one single residential unit. Further, 'single residential unit' means a self-contained residential unit which is designed for use, wholly or principally, for residential purposes for one family.</p>
Entry No. 41A and 41B	<p>Supply of TDR, FSI, long term lease (premium) of land by a landowner to a developer are exempted subject to the condition that the constructed flats are sold before issuance of completion certificate and tax is paid on them.</p> <p>Exemption of TDR, FSI, long term lease (premium) shall be withdrawn in case of flats sold after issue of completion certificate, but such withdrawal shall be limited to 1% of value in case of affordable houses and 5% of value in case of other than affordable houses</p>

Summarized : Exempt Services Construction Services

- ✚ Services provided by way of pure labour contracts under the Housing for All (Urban) Mission or Pradhan Mantri Awas Yojana.
- ✚ Services supplied by Electricity Distribution Utilities for extending electricity distribution network up to the tube well of the farmer or agriculturalist for agricultural use.
- ✚ 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.
- ✚ Supply of TDR, FSI, long term lease (premium) of land by a landowner to a developer are exempted subject to the condition

❖ Passenger transportation services

Entry No. 15	<p>Transport of passengers, with or without accompanied belongings, by –</p> <ol style="list-style-type: none"> air, embarking from or terminating in an airport located in the State of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, or Tripura or at Bagdogra located in West Bengal; non-air conditioned contract carriage other than radio taxi, for transportation of passengers, excluding tourism, conducted tour, charter or hire; or stage carriage other than air- conditioned stage carriage.
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Entry No. 16	Services provided to the Central Government, <ul style="list-style-type: none"> • by way of transport of passengers with or without accompanied belongings, by air, • embarking from or terminating at a RCS (Regional Connectivity Scheme) airport, against consideration in the form of viability gap funding. However, nothing contained in this entry shall apply on or after the expiry of a period of 3 years from the date of commencement of operations of the RCS airport as notified by the Ministry of Civil Aviation.
Entry No. 17	Service of transportation of passengers, with or without accompanied belongings, by— <ul style="list-style-type: none"> (a) railways in a class other than— <ul style="list-style-type: none"> 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).

- Services of transportation of passengers are usually chargeable to GST. Entry 6 [Services provided by Government - discussed earlier] specifically excludes the transport of passengers' services provided by the Government or local authority from its purview, which implies that said services are liable to GST.
- However, services of transportation of passengers specified in Entries 15, 16 and 17 mentioned above are exempt from GST (whether provided by Government or otherwise) with or without accompanied belongings
- As regards transportation of passengers by vessels in item (d) of Entry 17 [See the table given above], the words 'other than predominantly for tourism purpose' qualify the preceding words "public transport". This implies that to qualify for exemption under this entry, the public transport by a vessel between places located in India should not be predominantly for tourism purposes.
- Normal public ships or other vessels that sail between places located in India would be covered in this entry even if some of the passengers on board are using the service for tourism because predominantly, such service is not for tourism purpose. However, services provided by leisure/charter vessels/a cruise ship, predominant purpose of which is tourism, would not be covered in here even if some of the passengers in such vessels are not tourists.

Example: Services by way of transportation of passengers [not predominantly for tourism purpose] on a vessel, from Kolkata to Port Blair (mainland to island) or Port Blair to Rose Island (inter island) is covered in item (d) of Entry 17 since such transportation is between two places located in India.

Relevant definitions of these entries are as follows:

- ✚ **Contract carriage:** means a motor vehicle which carries a passenger or passenger or passengers for hire or reward and is engaged under a contract, whether expressed or implied, for the use of such vehicle as a whole for the carriage of passengers mentioned therein and entered into by a person with a holder of a permit in relation to such vehicle or any person authorised by him in this behalf on a fixed or an agreed rate or sum-
 - (a) on a time basis, whether or not with reference to any route or distance; or
 - (b) from one point to another, and in either case, without stopping to pick up or set down passengers not included in the contract anywhere during the journey, and

includes--

- i) a maxi cab; and
- ii) a motor cab notwithstanding that separate fares are charged for its passengers [Section 2(7) of Motor Vehicles Act, 1988].

✚ **Stage carriage:** means a motor vehicle constructed or adapted to carry more than 6 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 [Section 2(40) of the Motor Vehicles Act, 1988].

✚ **State Transport Undertaking:** means any undertaking providing road transport service, where such undertaking is carried on by-

- i) the Central Government or a State Government;
- ii) any Road Transport Corporation established under section 3 of the Road Transport Corporations Act, 1950.
- iii) any municipality or any corporation or company owned or controlled by the Central Government or one or more State Governments, or by the Central Government and one or more State Governments

Explanation-For the purposes of this clause, road transport service means a service of motor vehicles carrying passengers or goods or both by road for hire or reward [Section 2(42) of the Motor Vehicles Act, 1988].

Summarized : Exempt Services Passenger Transportation Services

Services of transport of passengers (with/ without accompanied belongings)

✚ Such services provided by –

- (a) air, embarking from or terminating in an airport located in North Eastern States of India or at Bagdogra in West Bengal;
- (b) non-air conditioned contract carriage other than radio taxi, for transportation of passengers, excluding tourism, conducted tour, charter or hire; or
- (c) stage carriage other than air- conditioned stage carriage.

✚ Such services provided to CG by air, embarking from or terminating at a Regional Connectivity Scheme (RCS) airport, against consideration in the form of viability gap funding.

This exemption shall apply only till expiry of a period of 3 years from date of commencement of operations of the RCS airport as notified by the Ministry of Civil Aviation.

✚ Such services provided by—

- (a) railways in a class other than first class/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).

❖ Goods transportation services

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 (including express cargo services); (b) by inland waterways.
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Transportation Of Goods By Road

- The services of transportation of goods by road are exempt from GST under Entry 18. Services of GTA and courier services are an exception to this exemption. However, GTA services provided to an unregistered person [including unregistered casual taxable person] are exempt from GST by virtue of Entry 21A.
- Further, GTA services provided to registered casual taxable person and following persons, even if unregistered under GST law, are liable to tax:
 - i) a factory registered under Factories Act,
 - ii) society registered under Societies Act,
 - iii) Co-operative society,
 - iv) body corporate and
 - v) partnership firm including AOP.
- In other words, the GTA services provided to only an unregistered individual end consumer are exempt from GST.
- Thus, GTA services provided to:
 - ✓ person registered under GST law & registered casual taxable person, and
 - ✓ a factory registered under Factories Act, society registered under Societies Act, Co-operative society, body corporate and partnership firm including AOP – whether or not registered under GST law,

are liable to tax.

Further, it is important to note that in such cases, if GTA opts to pay tax @ 5%, the tax liability falls on said recipients under the reverse charge mechanism.

Who is a GTA – Goods Transport Agency?

Goods transport agency has been defined in the Notification to mean any person who:

- ✓ provides service in relation to transport of goods by road and
- ✓ issues consignment note, by whatever name called.
- Thus, it can be seen that issuance of a consignment note is the sine-qua- non for a supplier of service to be considered as a GTA. If such a consignment note is not issued by the transporter, the service provider will not come within the ambit of GTA.
- If a consignment note is issued, it indicates that the lien on the goods has been transferred (to the transporter) and the transporter becomes responsible for the goods till its safe delivery to the consignee. It is only the services of such GTA, who assumes agency functions, that has been brought into the GST net.
- 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 Entry 18 of Notification, which are exempt from GST.

Example:

- i) Hari Prasad owns a truck and operates it himself. He carries the goods booked for his truck without issuance of consignment note. Services provided by Hari Prasad by way of transportation of goods by road are exempt under Entry 18 of the Notification.
- ii) Nishant owns a truck which he has rented to Sindhu and Bansal Transport Agency - a GTA. Services by way of giving on hire a means of transportation [truck in the given case] of goods to a GTA [Sindhu and Bansal Transport Agency], are exempt from tax vide Entry 22 of the Notification (discussed later in this chapter) and not vide Entry 18.
- Consignment note means a document, issued by a GTA against the receipt of goods for the purpose of transport of goods by road in a goods carriage, which is serially numbered, and contains
 - ✓ the name of the consignor and consignee,
 - ✓ registration number of the goods carriage in which the goods are transported,
 - ✓ details of the goods transported,

- ✓ details of the place of origin and destination,
- ✓ gross weight of the consignment;
- ✓ GSTIN of the person liable for paying tax whether consignor, consignee or GTA
- ✓ other particulars as prescribed for a tax invoice

Significance of the term ‘in relation to’ in the definition of GTA

The use of the phrase ‘in relation to’ has extended the scope of the definition of GTA.

- It includes not only the actual transportation of goods, but also various intermediary and ancillary services,
 - ✓ Such as, loading/ unloading, packing/ unpacking, transshipment and temporary warehousing,

which are provided in the course of transport of goods by road.

- These services are not provided as independent services but as ancillary to the principal service, namely, transportation of goods by road.
- The invoice issued by the GTA for providing the said service includes the value of intermediary and ancillary services.
- In view of this, if any intermediary and ancillary service is provided in relation to transportation of goods by road, and charges, if any, for such services are included in the invoice issued by the GTA, such service would form part of the GTA service, being a composite supply, and would not be treated as a separate supply.
- However, if such incidental services are provided as separate services and charged separately, whether in the same invoice or separate invoices, they shall be treated as separate supplies

Entry No. 20	Services by way of transportation by rail or a vessel from one place in India to another of the following goods – <ul style="list-style-type: none"> (a) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; (b) defence or military equipment's; (c) newspaper or magazines registered with the Registrar of Newspapers; (d) railway equipment's or materials; (e) agricultural produce; (f) milk, salt and food grain including flours, pulses and rice; and (g) organic manure.
Entry No. 21	Services provided by a goods transport agency, by way of transport in a goods carriage of – <ul style="list-style-type: none"> (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; (c) goods, where consideration charged for transportation of all such goods for a single consignee does not exceed ₹750; (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) defence or military equipments. <p>Goods carriage means any motor vehicle constructed or adapted for use solely for the carriage of goods, or any motor vehicle not so constructed or adapted when used for the carriage of goods.</p>
Entry No. 21A	Services provided by a GTA to an unregistered person, including an unregistered casual taxable person, other than the following recipients, namely: -

	(a) any factory registered under/governed by the Factories Act, 1948; or (b) any Society registered under the Societies Registration Act, 1860 or under any other law for the time being in force in any part of India; or (c) any Co-operative Society established by or under any law for the time being in force; or (d) any body corporate established, by or under any law for the time being in force; or (e) any partnership firm whether registered or not under any law including association of persons; (f) any casual taxable person registered under the Central Goods and Services Tax Act or the Integrated Goods and Services Tax Act or the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act.
Entry No. 21B	Services provided by a GTA, 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 only for the purpose of deducting tax under section 51 and not for making a taxable supply of goods or services.

Summarized : Exempt Services Goods Transportation Services

✚ Services by way of transportation of goods-

- (a) by road except the services of-
 - i) a goods transportation agency;
 - ii) a courier agency (including express cargo services);
- (b) by inland waterways.

✚ Railway equipment's/ materials exempt **when transported by rail/vessel**

✚ Transportation of goods exempt **when transported by goods carriage**

- ✓ where consideration charged for the transportation of goods on a consignment transported in a single carriage does not exceed ₹1,500;
- ✓ where consideration charged for transportation of all such goods for a single consignee does not exceed ₹750;

✚ Transportation of the following goods by rail/vessel/GTA **in goods carriage is exempt**

- (a) agricultural produce
- (b) milk, salt and food grain including flours, pulses and rice
- (c) organic manure
- (d) newspaper or magazines registered with the Registrar of Newspapers
- (e) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap
- (f) defence or military equipment's

✚ Services provided by a GTA to an unregistered person, including an unregistered casual taxable person, except following recipients, namely: -

- (a) a factory registered under Factories Act,
- (b) society registered under Societies Act,
- (c) Co-operative society,
- (d) body corporate and

- (e) partnership firm including AOP;
- (f) registered casual taxable person.

- ✚ Services provided by a GTA, by way of transport of goods in a goods carriage, to, -
 - (a) a Department or Establishment of the CG/SG/UT; or
 - (b) local authority; or
 - (c) Governmental agencies, which has taken registration only for the purpose of deducting tax under section 51 and not for making a taxable supply of goods or services.

❖ Banking and financial services

Entry No. 26	Services by the Reserve Bank of India.
Entry No. 27	Services by way of— <ul style="list-style-type: none"> (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); (b) Inter se sale or purchase of foreign currency amongst banks or authorised dealers of foreign exchange or amongst banks and such dealers.

Specified banking services exempt from GST vide Entry 27 have been discussed

✚ **Services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount**

- The words used are 'deposits, loans or advances' and have to be taken in the generic sense.
- They would cover any facility by which an amount of money is lent or allowed to be used or retained on payment of what is commonly called the time value of money which could be in the form of an interest or a discount.
- This entry would not cover investments by way of equity or any other manner where the investor is entitled to a share of profit.
- Interest: means interest payable in any manner in respect of any moneys borrowed or debt incurred (including a deposit, claim or other similar right or obligation) but does not include any service fee or other charge in respect of the moneys borrowed or debt incurred or in respect of any credit facility which has not been utilized.
- **Illustrations of services exempt under Entry 27 are -**
 - ✓ Fixed deposits or saving deposits or any other such deposits in a bank or a financial institution for which return is received by way of interest.
 - ✓ Providing a loan or overdraft facility or a credit limit facility in consideration for payment of interest.
 - ✓ Mortgages or loans with a collateral security to the extent that the consideration for advancing such loans or advances are represented by way of interest.
 - ✓ Corporate deposits to the extent that the consideration for advancing such loans or advances are represented by way of interest or discount.
- Service charges/fees, documentation fees, broking charges, administrative charges, entry charges or such like fees or charges collected over and above interest on loan, advance or a deposit are not exempt and thus, represent taxable consideration.
- Invoice discounting/cheque discounting or any other similar form of discounting is covered only to the extent consideration is represented by way of discount as such discounting is a manner of extending a credit facility or a loan.
- Any interest/ delayed payment charges charged to clients for delay in payment of

brokerage amount/ settlement obligations/ margin trading facility: is exempt from GST since settlement obligations/ margin trading facilities are transactions which are in the nature of extending loans or advances and are covered by Entry 27

- Charges for late payment of outstanding dues on credit card: Interest charged on outstanding credit card balances has been specifically excluded from Entry 27. Hence, the same is liable to GST

Services provided by banks or authorized dealers of foreign exchange by way of sale of foreign exchange

- The term 'authorised dealer of foreign exchange' means an authorised dealer, money changer, off-shore banking unit or any other person for the time being authorised under section 10(1) of FEMA, 1999 to deal in foreign exchange or foreign securities [Section 2(c) of the Foreign Exchange Management Act, 1999].
- It is important to note that such services provided to general public will not be covered in this entry as this entry only covers sale and purchase of foreign exchange between banks and authorized dealers of foreign exchange or between banks and such dealers.

Services provided by banks to RBI would be taxable as these are not covered by any of the exemptions/exclusions under the GST law.

Entry No. 27A	Services provided by a banking company to Basic Saving Bank Deposit (BSBD) account holders under Pradhan Mantri Jan Dhan Yojana (PMJDY).
Entry No. 34	<p>Services by an acquiring bank, to any person in relation to settlement of an amount up to ₹ 2,000 in a single transaction transacted through credit card, debit card, charge card or other payment card service.</p> <p>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.</p>
Entry No. 39A	<p>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).</p> <p>Explanation.- For the purposes of this entry, the intermediary of financial services in IFSC is a person,-</p> <ol style="list-style-type: none"> who is permitted or recognised as such by the Government of India or any Regulator appointed for regulation of IFSC; or who is treated as a person resident outside India under the Foreign Exchange Management (International Financial Services Centre) Regulations, 2015; or who is registered under the Insurance Regulatory and Development Authority of India (International Financial Service Centre) Guidelines, 2015 as IFSC Insurance Office; or 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.

Summarized : Exempt Services Banking and Financial Services

-  Services by RBI

✚	Services by way of— (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); (b) inter se sale or purchase of foreign currency amongst banks or authorised dealers of foreign exchange or amongst banks and such dealers.
✚	Services provided by a banking company to Basic Saving Bank Deposit (BSBD) account holders under Pradhan Mantri Jan Dhan Yojana (PMJDY).
✚	Services by an acquiring bank, to any person in relation to settlement of an amount up to ₹2,000 in a single transaction transacted through credit card, debit card, charge card or other payment card service.
✚	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.

❖ Life insurance business services

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.
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.
Entry No. 29A	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.
Entry No. 36	<p>Services of life insurance business provided under following schemes-</p> <ul style="list-style-type: none"> (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 ₹2,00,000; (d) Varishtha Pension BimaYojana; (e) Pradhan Mantri Jeevan Jyoti BimaYojana; (f) Pradhan Mantri Jan DhanYogana; (g) Pradhan Mantri Vaya Vandan Yojana. <p>**Life micro-insurance product means any term insurance contract with/without return of premium, any endowment insurance contract or health insurance contract, with/without an accident benefit rider, either on individual/group basis, as per terms stated in Schedule-II appended to the regulations [Regulation 2(e) of the Insurance Regulatory and Development Authority (Micro-insurance) Regulations, 2005].</p>

❖ Services provided by specified bodies

Entry No. 30	Services by the Employees' State Insurance Corporation to persons governed under the Employees' State Insurance Act, 1948.
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.

Entry No. 31A	Services by Coal Mines Provident Fund Organisation to persons governed by the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948.
Entry No. 31B	Services by National Pension System (NPS) Trust to its members against consideration in the form of administrative fee.
Entry No. 32	Services provided by the IRDAI (Insurance Regulatory and Development Authority of India) to insurers under IRDAI Act, 1999
Entry No. 33	Services provided by the SEBI (Securities and Exchange Board of India) set up under the SEBI Act, 1992 by way of protecting the interests of investors in securities and to promote the development of, and to regulate, the securities market.

❖ General insurance business services

Entry No. 35	<p>Services of general insurance business provided under following schemes –</p> <ul style="list-style-type: none"> a) Hut Insurance Scheme; b) Cattle Insurance under Swarnajaynti Gram Swarozgar Yojna ; 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) Restructured Weather Based Crop Insurance Scheme (RWCIS), 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); 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. <p>r) Bangla shasya bima (inserted wef 1/10/2019)</p>
Entry No. 36A	Services by way of reinsurance of the insurance schemes specified in serial number 35 or 36.X

❖ Pension schemes

Entry No. 37	Services by way of collection of contribution under the Atal Pension Yojana.
Entry No. 38	Services by way of collection of contribution under any pension scheme of the State Governments.

❖ Business facilitator/correspondent

Entry No. 39	<p>Services by the following persons in respective capacities –</p> <ul style="list-style-type: none"> (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.
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- In many rural areas, either there are no banks or number of banks is insufficient. In order to counter this problem and ensure greater financial inclusion, the Reserve Bank of India (RBI) introduced the Business Correspondents and Business Facilitator Model through guidelines in 2006 allowing banks to employ two categories of intermediaries – known as Business facilitators (BFs) and Business correspondents (BCs).
- BCs/BFs help villagers to open bank accounts and provide other banking services to them. They act as an intermediary between the bank and its customers. Banks, in turn, pay commission/ fee to the BCs/BFs. They cannot transact on behalf of the bank.
- Entry 39 exempts the services provided by BF/BC to a banking company with respect to accounts in its rural area branch and services provided by any person as an intermediary to a BF/BC with respect to said services are exempt from GST. It is important to note that for the purpose of availing exemption from GST under this Entry, services provided by a BF/BC to a banking company in their respective individual capacities should be with respect to accounts in a branch located in the rural area of the banking company.
- Wherever the services provided by BF/BC to banking company and services provided by intermediary of BF/BC to BF/BC do not fall within the scope of this entry, GST is payable on such services.
- However, the banking company is the person liable to pay GST under reverse charge in respect of commission/fees charged for the taxable services provided by BF to a banking company. Similarly, GST on taxable services provided by an agent of BC to BC is payable under reverse charge by the BC.
- **Further, as seen above, as per RBI's guidelines, banks may pay reasonable commission/fee to the BC. The agreement of banks with the BC specifically prohibits them from directly charging any fee to the customers for services rendered by them on behalf of the bank. On the other hand, banks (and not BCs) are permitted to collect reasonable service charges from the customers for such service in a transparent manner.**
- **The arrangements of banks with the BCs specify the requirement that the transactions are accounted for and reflected in the bank's books by end of the day or the next working day, and all agreements/contracts with the customer shall clearly specify that the bank is responsible to the customer for acts of omission and commission of the BF/BC.**
- **Hence, banking company is the service provider to the ultimate customer in the BF model/BC model. The banking company is liable to pay GST on the entire value of service charge or fee charged to customers whether or not received via BF/BC.**

[Circular No. 86/05/2019 GST dated 01.01.2019]

Summarized : Exempt Services

Business Facilitator / Correspondent

Services by the following persons in respective capacities –

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

❖ **Services provided to Government**

Entry No. 3	<p>Pure services provided TO Government:</p> <ul style="list-style-type: none"> • 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 or a Governmental authority or a Government Entity • by way of any activity: <ul style="list-style-type: none"> ✓ 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. <p>Supply of 'pure services' means supply of services without involving any supply of goods</p>
Entry No. 3A	<p>Composite supply of goods and services TO Government:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ✓ 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. <p>Example:</p> <ul style="list-style-type: none"> • supply of man power for cleanliness of roads, public places, architect services, consulting engineer services, advisory services, and like services provided by business entities not involving any supply of goods would be treated as supply of pure services. • On the other hand, let us take the example of a governmental authority awarding the work of maintenance of street lights in a Municipal area to an agency which involves apart from maintenance, replacement of defunct lights and other spares. In this case, the scope of the service involves maintenance work and supply of goods
Entry No. 11A	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.
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.
Entry No. 72	Services provided to the Central Government, State Government, Union territory administration under any training programme for which total expenditure is borne by the Central Government, State Government, Union territory administration.
Entry No. 51	Services provided by the GSTN (Goods and Services Tax Network) to the Central Government or State Governments or Union territories for implementation of Goods and Services Tax.

Summarized : Exempt Services

Services Provided to Government

- ✚ Following services provided to the CG/SG/UT/LA/GA/GE by way of any activity in relation to any function entrusted to a Panchayat/Municipality under articles 243G/243W of the Constitution:
 - Pure services
 - 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.
- ✚ Service provided by Fair Price Shops to CG/SG/UT by way of sale of food grains, kerosene, sugar, edible oil, etc. under Public Distribution System (PDS) against commission/margin.
- ✚ Services provided to CG/SG/UT under any insurance scheme for which total premium is paid by CG/SG/UT.
- ✚ Services provided to CG/SG/UT administration under any training programme for which total expenditure is borne by CG/SG/UT administration.
- ✚ Services provided by GSTN to CG/SG/UT for implementation of GST.

❖ Leasing services

Entry No. 41	<p>Upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable in respect of service by way of granting of long term lease of 30 years, or more) of industrial plots or plots for development of infrastructure for financial business, provided by the State Government Industrial Development Corporations or Undertakings or by any other entity having 50% or more ownership of Central Government, State Government, Union territory to the industrial units or the developers in any industrial or financial business area.</p> <p>Explanation - For the purpose of this exemption, the Central Government, State Government or Union territory shall have 50 % or more ownership in the entity directly or through an entity which is wholly owned by the Central Government, State Government or Union territory.</p> <p>Aforesaid exemption is admissible irrespective of whether such upfront amount is payable/paid in one/more installments, provided the amount is determined upfront.</p>
Entry No. 43	Services of leasing of assets (rolling stock assets including wagons, coaches, locos) by the Indian Railways Finance Corporation to Indian Railways.

❖ Legal services

Entry No. 45	<p>Services provided by-</p> <p>(a) an arbitral tribunal to –</p> <ol style="list-style-type: none"> i) any person other than a business entity; or ii) a business entity with an aggregate turnover of up to such amount in the preceding FY as it makes it eligible for exemption from registration under the CGST Act, 2017 (Amended w.e.f. 01-Oct-2019) iii) 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>
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	<p>i) an advocate or partnership firm of advocates providing legal services;</p> <p>ii) any person other than a business entity; or</p> <p>iii) a business entity with an aggregate turnover of up to such amount in the preceding FY as it makes it eligible for exemption from registration under the CGST Act, 2017 (Amended w.e.f. 01-Oct-2019)</p> <p>iv) the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity.</p> <p>(c) a senior advocate by way of legal services to-</p> <p>i) any person other than a business entity; or</p> <p>ii) a business entity with an aggregate turnover of up to such amount in the preceding FY as it makes it eligible for exemption from registration under the CGST Act, 2017 (Amended w.e.f. 01-Oct-2019)</p> <p>iii) the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity</p> <p><u>Relevant Definitions:</u></p> <p>Legal service: means any service provided in relation to advice, consultancy or assistance in any branch of law, in any manner and includes representational services before any court, tribunal or authority.</p> <p>Arbitral tribunal: means a sole arbitrator or a panel of arbitrators.</p>
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Summarized : Exempt Services

Legal Services

Under Entry 45, following services are exempt from GST

✚ Legal services provided by

- Arbitral tribunal
- Partnership firm of advocates or an individual as an advocate other than a senior advocate by way of legal services
- Senior advocate by way of legal services

✚ provided to

- any person other than BE
- Business Entity with an aggregate turnover up to such amount in the preceding FY as it makes eligible for exemption from registration under the CGST act 2017
- CG/SG/UT/LA/GA/GE

✚ Legal services provided by a partnership firm of advocates/ individual as an advocate other than a senior advocate to another advocate/ partnership firm of advocates providing legal services.

✚ Thus, legal services provided to a business entity with an aggregate turnover exceeding such amount in the preceding FY as it makes it eligible for exemption from registration under the CGST Act, 2017 are liable to GST. Further, tax is payable by the business entity on such services under reverse charge.

❖ Sponsorship of sports events

Entry No. 53	<p>Services by way of sponsorship of sporting events organised -</p> <p>(a) by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, State, zone or Country;</p>
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	(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.
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❖ Skill Development services

Entry No. 69	Any services provided by, _ (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, in relation to- 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.
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.
Entry No. 71	Services provided by training providers (Project implementation agencies) under Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDUGKY) 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.

❖ Performance by an artist

Entry No. 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 are exempt from GST. <ul style="list-style-type: none"> The activities by a performing artist in folk or classical art forms of music, dance, or theatre are exempt if consideration does not exceed ₹1,50,000. However, if consideration from such activities exceeds ₹1,50,000, entire consideration is subject to GST. Further, all other activities by an artist in other art forms e.g. western music or dance, modern theatres, performance of actors in films or television serials would be taxable. Similarly activities of artists in still art forms e.g. painting, sculpture making etc. are taxable.
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	<ul style="list-style-type: none"> However, the exemption shall not apply to service provided by such artist as a brand ambassador. 'Brand ambassador' means a person engaged for promotion or marketing of a brand of goods, service, property or actionable claim, event or endorsement of name, including a trade name, logo or house mark of any person.
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❖ Right to admission to various events

Entry No. 79	<p>Services by way of admission to a museum, national park, wildlife sanctuary, tiger reserve or zoo**.</p> <p>**Zoo means an establishment, whether stationary or mobile, where captive animals are kept for exhibition to the public but does not include a circus and an establishment of a licensed dealer in captive animals [Section 2(39) of the Wild Life (Protection) Act, 1972].</p>
Entry No. 79A	<p>Services by way of admission to a protected monument so declared under the Ancient Monuments and Archaeological Sites & Remains Act 1958 or any of the State Acts, for the time being in force.</p>
Entry No. 81	<p>Services by way of right to admission to-</p> <ol style="list-style-type: none"> 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; recognised sporting event; planetarium, <p>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> <p>Recognised sporting event means any sporting event,-</p> <ol style="list-style-type: none"> organised by a recognised sports body** where the participating team or individual represent any district, state, zone or country; organized <ol style="list-style-type: none"> by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, State or zone; 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. <p>**Recognised sports body means –</p> <ol style="list-style-type: none"> the Indian Olympic Association; Sports Authority of India; a national sports federation recognised by the Ministry of Sports and Youth Affairs of the Central Government, and its affiliate federations; national sports promotion organisations recognised by the Ministry of Sports and Youth Affairs of the Central Government; the International Olympic Association or a federation recognised by the International Olympic Association; or a federation or a body which regulates a sport at international level and its affiliated federations or bodies regulating a sport in India.

Summarized : Exempt Services
Right To Admission To Various Events

Services by way of admission to:

- ✚ museum, national park, wildlife sanctuary, tiger reserve or zoo
- ✚ protected monument declared under the Ancient Monuments and Archaeological Sites & Remains Act 1958/any of the State Acts, for the time being in force.
- ✚ following events/places where the consideration for right to admission is not more than ₹500 per person:
 - 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;
 - recognised sporting event;
 - planetarium.

❖ **Services by an unincorporated body or a non- profit entity**

Entry No. 77	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 – <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 Services Tax; or (c) up to an amount of ₹7,500 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.
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,- <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, to its own members against consideration in the form of membership fee up to an amount of ₹1000/- per member per year.

Co-operative Housing Society

- Co-operative Housing Societies are entities registered under the co-operative laws of the respective States. These are a collective body of persons, who stay in a residential society and as a collective body, they supply certain services to its members, like collecting statutory dues from its members and remitting to statutory authorities, maintenance of the building, security etc.
- A Co-operative Housing Society is akin to a club, which is composed of its members. Service provided by a Housing Society to its members is treated as service provided by one person to another. The activities of the housing society would attract the levy of GST and the housing society would be required to register and comply with the GST Law.

GST on services provided by a Co-operative Housing Society

- If the turnover of housing society is above the applicable threshold limit for registration, it needs to take registration under GST in terms of section 22 of the CGST Act, 2017 [Refer Chapter-7: Registration for detailed discussion on registration]. However, taking registration does not mean that the housing society has to compulsorily charge GST in

the monthly maintenance bills raised on its members. If the services provided by it are exempt under exemption notification, then it is not required to charge GST on the said services.

- For instance, in view of entry 77(c) above, a society may be registered under GST, but if the monthly contribution received from the members is less than ₹7,500/- (and the amount is for the purpose of sourcing of goods and services from a third person for the common use of its members), no GST is to be charged by the housing society on the monthly bill raised by the society. However, if the monthly contribution exceeds ₹7,500/-, entire contribution is taxable.
- For example, if the maintenance charges are ₹9000 per month per member, GST @18% shall be payable on the entire amount of ₹ 9000 and not on [₹9000 - ₹7500] = ₹1500.
- Further, if the turnover of the society is less than the applicable threshold limit for registration or even if the turnover is beyond the said threshold limit, but the monthly contribution of all the individual members towards maintenance is less than ₹7,500/- (such services being exempt) and the society is providing no other taxable service to its members or outsiders, then the society (essentially exclusively providing wholly exempt services) need not take registration under GST.

Monthly limit of ₹ 7,500 referred in Entry 77

Statutory dues such as property tax, electricity charges etc. forming part of the monthly maintenance bill raised by the society on its members would be excluded while computing the aforesaid monthly limit of ₹7,500.

Summarized : Exempt Services

Services by an Unincorporated body or a Non-profit entity

- ✚ Services by unincorporated body/ non- profit entity to its own members as reimbursement/share of contribution:
 - As a trade union
 - for providing exempt activity
 - up to an amount of ₹ 7,500 per month per member for sourcing of goods/services from a third person for the common use of its members in a housing society/residential complex
- ✚ Services provided by such entity/body engaged in-
 - activities relating to the welfare of industrial/agricultural labour or farmers; or
 - 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 membership fee up to ₹ 1000/- per member per year.

❖ Other exempt services

Entry No. 2	<p>Services by way of transfer of a going concern, as a whole or an independent part thereof.</p> <ul style="list-style-type: none"> • Transfer of a going concern means transfer of a running business which is capable of being carried on by the purchaser as an independent business, but shall not cover mere or predominant transfer of an activity comprising a service. Transfer of business for a lump sum consideration commonly referred to as slump sale is covered under this entry. • Such sale of business as a whole will comprise comprehensive sale of
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	<p>immovable property, goods and transfer of unexecuted orders, employees, goodwill etc. Since the transfer in title is not merely a transfer in title of either the immovable property or goods or even both it may amount to service and has thus been exempted.</p> <p>Example: Royal Hotel Group is in the business of running a chain of restaurants. It intends to sell its business as a going concern. It would not be required to pay GST on such sale of its business</p>
9B	Supply of services associated with transit cargo to Nepal and Bhutan (landlocked countries).
12	Services by way of renting of residential dwelling for use as residence.
14	Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having Value of Supply of a unit of accommodation below or equal to ₹1,000 per day or equivalent.
22	<p>Services by way of giving on hire –</p> <p>(a) to a state transport undertaking (STU), a motor vehicle meant to carry more than 12 passengers**; or</p> <p>(aa) to a local authority, an electrically operated vehicle (EOV) meant to carry more than 12 passengers ;</p> <p>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 (inserted wef 01/10/2019)</p> <p>(b) to a goods transport agency, a means of transportation of goods</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 up to higher secondary school or equivalent.</p> <p>**Exemption under item (a) of the above entry is applicable to services provided to State Transport Undertaking and not to other departments of Government or local authority.</p> <p>Generally, such State Transport Undertakings/ Corporations are established with a view to providing public transport facility to the commuters. If transport undertakings hire the buses on lease basis from private persons on payment of consideration, the services by way of supply of motor vehicles to such STU are exempt from payment of tax. However, supplies of motor vehicles to Government Departments other than the STUs are taxable.</p>
23	Service by way of access to a road or a bridge on payment of toll charges.
23A	Service by way of access to a road or a bridge on payment of annuity
25	<p>Transmission/distribution of electricity by an electricity transmission/distribution utility.</p> <p>However, in this regard CBIC has clarified that the other services provided by DISCOMS (distribution companies) to consumer against charges are liable to GST such as,-</p> <ol style="list-style-type: none"> Application fee for releasing connection of electricity; Rental Charges against metering equipment;

	iii) Testing fee for meters/transformers, capacitors etc.; iv) Labour charges from customers for shifting of meters or shifting of service lines; v) charges for duplicate bill [Circular No. 34/8/2018 GST dated 01.03.2018].
44	Services provided by a incubatee up to a total turnover of ₹50 lakh in a financial year subject to the following conditions, namely:- (a) the total turnover had not exceeded ` 50 lakh during the preceding financial year; and (b) a period of 3 years has not elapsed from the date of entering into an agreement as an incubatee. Incubatee: means an entrepreneur located within the premises of a Technology Business Incubator (TBI)/ Science and Technology Entrepreneurship Park (STEP) recognised by the National Science and Technology Entrepreneurship Development Board of the Department of Science and Technology, Government of India (NSTEDB) and who has entered into an agreement with the TBI/STEP to enable himself to develop and produce hi-tech and innovative products.
47A	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.
48	Taxable services, provided or to be provided, by a TBI/STEP recognised by NSTEDB or bio- incubators recognised by the Biotechnology Industry Research Assistance Council, under the Department of Biotechnology, Government of India (BIRAC).
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.
52	Services by an organizer to any person in respect of a business exhibition held outside India.
56	Services by way of slaughtering of animals .
57	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.
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.
65A	Services by way of providing information under the RTI Act (Right to Information Act, 2005).
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. However, services by individuals such as selectors, commentators, curators, technical experts are taxable. The service of a player to a franchisee which is not a recognized sports body is also taxable. The term 'recognised sports body' has been defined earlier in this chapter.
75	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.
Note: For the purpose of this exemption notification, a “Limited Liability Partnership” formed and registered under the provisions of the Limited Liability partnership act, 2008 shall also be considered as a partnership firm or a firm	
Students may note that some of the entries granting exemption from GST are similar to the negative list entry/entry granting exemption under the erstwhile service tax law. Therefore, clarification pertaining to said negative list entry/exemption provided in the ‘Service Tax Education Guide’ – an educational aid released for facilitating the stakeholders to obtain preliminary understanding of the provisions, wherever it seems relevant under the GST law, have been incorporated at relevant places	

New entry inserted/amended vide Notification No. 13/2019 CT (R) dated 31.07.2019 and Notification No. 21/2019 CT (R) dated 30.9.2019, as under-

Entry amended/omitted / newly inserted	Description of services (Prior to amendment)	Description of services (Post amendment)	Remarks, if any
New Entry 9AA	NA	Services provided by and to <i>Federation International de Football Association</i> (FIFA) and its subsidiaries directly or indirectly related to any of the events under FIFA U-17 Women’s World Cup 2020 to be hosted in India. Condition to be fulfilled: Director (Sports), Ministry of Youth Affairs and Sports have to certify that the services are directly or indirectly related to any of the events under FIFA U-17 Women’s World Cup 2020.	Since FIFA U-17 Women’s World Cup 2020 is to be hosted in India, exemption has been granted to services provided by and to FIFA and its subsidiaries related any of the events under this World Cup.
Entry 19A amended	Services by way of transportation of goods by an aircraft from customs station of clearance in India to a place outside India up to 30.09.2019.	Services by way of transportation of goods by an aircraft from customs station of clearance in India to a place outside India up to 30.09.2020.	The exemption which was earlier available up to 30.09.2019 has now been extended up to 30.09.2020
Entry 19B amended	Services by way of transportation of goods by a vessel from customs station of clearance in India to a place outside India up to 30.09.2019.	Services by way of transportation of goods by a vessel from customs station of clearance in India to a place outside India up to 30.09.2020.	

New Entry 24B	NA	Services by way of storage / warehousing of cereals, pulses, fruits, nuts and vegetables, spices, copra, sugarcane, jaggery, raw vegetable fibres such as cotton, flax, jute etc., indigo, unmanufactured tobacco, betel leaves, tendu leaves, coffee and tea.	
New Entry 29B	NA	Services of life insurance provided/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.	
New Entry 82A	NA	Services by way of right to admission to the events organised under FIFA U-17 Women's World Cup 2020.	Since FIFA U-17 Women's World Cup 2020 is to be hosted in India, admission to events organized under it.

Important clarifications

1. Clarification regarding applicability of GST on delayed payment charges in case of late payment of Equated Monthly Installments (EMI)

Issue: Whether GST is applicable on additional / penal interest on the overdue loan? Whether such penal interest would be exempt under Entry 27 of exemption notification or it would be taxable treating it as consideration for liquidated damages?

Clarification: As per the provisions of section 15(2)(d) of the CGST Act, the value of supply shall include interest or late fee or penalty for delayed payment of any consideration for any supply. Entry 27 of exemption notification, *inter alia*, exempts the 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). Here, interest means interest payable in any manner in respect of any moneys borrowed/debt incurred (including a deposit, claim or other similar right or obligation), but does not include any service fee or other charge in respect of the moneys borrowed or debt incurred or in respect of any credit facility which has not been utilised.

There are two transaction options involving EMI that are prevalent in the trade. In view of the provisions of law discussed in preceding Para, these two options, along with the GST applicability on them, have been explained with the help of illustrations as under –

Illustration – 1:

X sells a mobile phone to Y. The cost of mobile phone is ₹40,000. However, X gives Y an option to pay in installments, ₹11,000 every month before 10th day of the following month, over next four months ($₹11,000 \times 4 = ₹44,000/-$).

As per the contract, if there is any delay in payment by Y beyond the scheduled date, Y would be liable to pay additional/ penal interest amounting to ₹500 per month for the delay.

In some instances, X is charging Y ₹40,000 for the mobile and is separately issuing another invoice for providing the services of extending loans to Y, the consideration for which is the interest of 2.5% per month and an additional/ penal interest amounting to ₹ 500 per month for each delay in payment.

In this case, the amount of penal interest is to be included in the value of supply [in terms of section 15(2)(d)].

The transaction between X and Y is for supply of taxable goods i.e. mobile phone. Accordingly, the penal interest would be taxable as it would be included in the value of the mobile, irrespective of the manner of invoicing.

Illustration – 2:

X sells a mobile phone to Y. The cost of mobile phone is ₹40,000. Y has the option to avail a loan at interest of 2.5% per month for purchasing the mobile from M/s. ABC Ltd. The terms of the loan from M/s. ABC Ltd. allows Y a period of four months to repay the loan and an additional/ penal interest @ 1.25% per month for any delay in payment.

Here, the additional/ penal interest is charged for a transaction between Y and M/s. ABC Ltd., and the same is getting covered under exemption Entry 27.

Consequently, in this case the 'penal interest' charged thereon on a transaction between Y and M/s. ABC Ltd. would not be subject to GST as the same would be covered under said exemption entry.

However, any service fee/ charge or any other charges, if any, are levied by M/s. ABC Ltd. in respect of the transaction related to extending deposits, loans or advances does not qualify to be interest as defined in exemption notification, and accordingly will not be exempt.

Moreover, the value of supply of mobile by X to Y would be ₹40,000 for the purpose of levy of GST.

It is further clarified that the transaction of levy of additional/ penal interest does not fall within the ambit of entry 5(e) of Schedule II of the CGST Act as this levy of additional/ penal interest satisfies the definition of “interest” as contained in exemption notification [elaborated above]. **[Circular No. 102/21/2019-GST dated 28.06.2019]**

2. Clarification on issues related to GST on monthly subscription/ contribution charged by a Residential Welfare Association from its members	
Issue	Clarification
Are the maintenance charges paid by residents to the Resident Welfare Association (RWA) in a housing society exempt from GST and if yes, is there an upper limit on the amount of such charges for the exemption to be available?	Supply of service by RWA (unincorporated body or a non- profit entity registered under any law) to its own members by way of reimbursement of charges or share of contribution up to an amount of ₹7,500 per month per member for providing services and goods for the common use of its members in a housing society or a residential complex are exempt from GST.
A RWA has aggregate turnover of ₹20 lakh or less in a FY. Is it required to take registration and pay GST on maintenance charges if the amount of such charges is more than ₹7500 per month per member?	No. If aggregate turnover of an RWA does not exceed ₹20 Lakh in a FY, it shall not be required to take registration and pay GST even if the amount of maintenance charges exceeds ₹7,500 per month per member. RWA shall be required to pay GST on monthly subscription/ contribution charged from its members, only if such subscription is more than ₹7,500 per

	month per member and the annual aggregate turnover of RWA by way of supplying of services and goods is also ₹20 lakh or more.		
	Annual turnover of RWA	Monthly maintenance charge	Whether exempt?
	More than ₹ 20 lakhs	More than ₹7,500/-	No
		₹7,500/- or less	Yes
	₹20 lakhs or less	More than ₹ 7500/-	Yes
	₹ 7,500/- or less	Yes	
Is the RWA entitled to take ITC of GST paid on input and services used by it for making supplies to its members and use such ITC for discharge of GST liability on such supplies where the amount charged for such supplies is more than ₹7,500per month per member?	RWAs are entitled to take ITC of GST paid by them on capital goods (generators, water pumps, lawn furniture etc.), goods (taps, pipes, other sanitary/hardware fillings etc.) and input services such as repair and maintenance services.		
Where a person owns 2 or more flats in the housing society/residential complex, whether the ceiling of ₹ 7,500 per month per member on the maintenance for the exemption to be available shall be applied per residential apartment or per person?	As per general business sense, a person who owns 2 or more residential apartments in a housing society/residential complex shall normally be a member of the RWA for each residential apartment owned by him separately. The ceiling of ₹7,500 per month per member shall be applied separately for each residential apartment owned by him. For example, if a person owns 2 residential apartments in a residential complex and pays ₹15,000 per month as maintenance charges towards maintenance of each apartment to the RWA (₹7,500 per month in respect of each residential apartment), the exemption from GST shall be available to each apartment.		
[Circular No. 109/28/2019 GST dated 22.07.2019]			

3. Clarification on applicability of GST exemption to the DG Shipping approved maritime courses conducted by Maritime Training Institutes of India

Under Entry 66 of the exemption notification, services provided by educational institutions to its students, faculty and staff are exempt only when such institution falls under the definition of educational institution provided under the exemption notification. Educational institution has been defined to mean, inter alia, an institution providing services by way of education as a part of a curriculum for obtaining a qualification/degree recognized by law.

In this regard, it has been clarified that 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, Maritime Training Institutes are educational institutions under GST Law and the courses conducted by them are exempt from levy of GST subject to fulfillment of other conditions specified under entry 66 of the exemption notification.

[Circular No. 117/36/2019 GST dated 11.10.2019]

4. Clarification on the effective date of insertion of explanation in notification

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.

For 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. 3(vi) is inserted w.e.f. 21.09.2017. Subsequently, an explanation is also inserted with respect to entry no. 3(vi) 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.

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

Solved Questions:

Question : 1

CAPS an entity registered under section 12AA 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 GST liability from the information given below:

Particulars	₹
Fees charged for yoga camp conducted by the trust	5,00,000
Amount received for advancement of educational programmes relating to abandoned, orphaned or homeless children	11,50,000
Amount received for renting of commercial property owned by the trust	35,00,000
Payment made for the services received from a service provider located in England, for the purposes of providing 'charitable activities'	20,00,000
Amount received for activities relating to preservation of forests and wildlife	12,50,000
Receipts of old age home meant for residents of 60 years or more [Consideration per month per member is ₹5,000 (inclusive of boarding lodging and maintenance)]	9,00,000

Note :- GST have been charged separately wherever applicable, Rate of GST is 18%

Solution :

Computation of GST liability of CAPS

Particulars	₹
Fees charged for yoga camp conducted by the trust	Nil
Amount received for advancement of educational programmes relating to abandoned, orphaned or homeless children	Nil
Amount received for activities relating to preservation of forests and wildlife	Nil
Receipts of old age home meant for residents of 60 years or more [Consideration per month per member is ₹5,000 (inclusive of boarding lodging and maintenance)] [Entry 9D]	Nil
Amount received for renting of commercial property owned by the trust	35,00,000

Value of Taxable supply	35,00,000
GST payable @ 18% [A]	6,30,000
Services to be taxed on reverse charge basis :	
Payment made for the services received from a service provider located in England for the purposes of providing 'charitable activities' [B] [Entry 10]	Nil
GST liability [(A) + (B)]	6,30,000

Question : 2

Siddhivinayak temple, an entity registered as religious trust u/s 12AA 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 value of taxable supply from the information given below :

Particulars	Charges per day	₹
(1) Renting of room	500	8,00,000
(2) Renting of room	1,500	9,00,000
(3) Renting of community halls	25,000	10,00,000
(4) Renting of kalyanmandapam	5,000	8,50,000
(5) Renting of shops for business	** 15,000	7,50,000
(6) Renting of shops for business	** 5,000	4,50,000

**Charges are per month basis

Solution :

Computation of GST liability of Siddhivinayak temple

Particulars	Charges per day	₹
(1) Renting of room	500	Nil
(2) Renting of room	1,500	9,00,000
(3) Renting of community halls	25,000	10,00,000
(4) Renting of kalyanmandapam	5,000	Nil
(5) Renting of shops for business	**15,000	7,50,000
(6) Renting of shops for business	**5,000	Nil
Value of Taxable supply		26,50,000

Question : 3

"Katrina Agro Care Limited" registered under GST furnishes the following details with respect to the activities undertaken by them in the month of March, 2020 :

Particulars	₹
1. Receipts from Supply of farm labour	2,85,000
2. Charges for seed testing	25,000
3. Charges for soil testing of farm land	55,500
4. Charges for warehousing of potato chips	85,000
5. Commission received on sale of wheat	95,000
6. Charge for training of farmers on use of new pesticides and fertilizers developed through scientific research	30,000
7. Renting of vacant land to a stud farm	1,85,000
8. Leasing of vacant land to a cattle farm	23,500
9. Charges for warehousing of rice	1,50,000
10. Charges for warehousing of cotton fabrics	2,00,000
11. Retail packing and labeling of fruits and vegetables	5,00,000
12. Charges for warehousing of minor forest produce	8,00,000
13. Charges for warehousing of spices	2,20,000

Compute the value of taxable supply of 'Agro Care Limited' for the month of March, 2020 if all the above amounts are exclusive of GST.

Solution :

Computation of Value of taxable supply

	Particulars	WN	₹
1.	Receipts from supply of farm labour	1	Nil
2.	Charges for seed testing	1	Nil
3.	Charges for soil testing of farm land	1	Nil
4.	Charges for warehousing of potato chips	8	85,000
5.	Commission received on sale of wheat	1	Nil
6.	Charges for training of farmers on use of new pesticides and fertilizers developed through scientific research	1	Nil
7.	Renting of vacant land to a stud farm	7	1,85,000
8.	Leasing of vacant land to a cattle farm	1	Nil
9.	Charge for warehousing of rice	2	Nil
10.	Charges for warehousing of cotton fabrics	5	2,00,000
11.	Retail packing and labeling of fruits and vegetables	6	Nil
12.	Charges for warehousing of minor forest produce	3	Nil
13.	Charge for warehousing of spices	4	Nil
Value of Taxable Supply			4,70,000

W. Note

- Exempt vide Entry No. 54 of Exemption Notification No. 12/2017-CT (Rate)
- Exempt vide Entry No. 24 of Exemption Notification No. 12/2017-CT (Rate)
- Exempt vide Entry No. 24A of Exemption Notification No. 12/2017-CT (Rate)
- Exempt vide Entry No. 24B of Exemption Notification No. 12/2017-CT (Rate)
- Liable to GST
- Exempt vide Entry No. 57 of Exemption Notification No. 12/2017-CT (Rate)
- The same will be liable for GST as rearing of horses has been specifically excluded from Exemption
- Potato chips is not an agricultural produce, hence warehousing of the same shall be taxable

Question : 4

Kareena Ltd. (a registered taxable person) provides the following information relating to their services for the month of November, 2019.

Particulars	₹
Gross receipts from -	
Running a Boarding School (including receipts for providing residential dwelling services ₹12,00,000)	18,00,000
Conducting private tuition's	16,00,000
Education services for obtaining a qualification recognised by law of a foreign country	8,00,000
Conducting modular employable skill course, approved by National Council of vocational training	2,50,300
Fees from prospective employers for campus interview	6,00,000
Renting of furnished flats for temporary stay to different persons	6,80,000

Compute the value of taxable supply and the amount of GST payable. The above receipts are exclusive of GST . GST rate – 18%.

Solution :

Computation of value of taxable supply and GST liability

Particulars	₹
Running a boarding school [Including residential dwelling services] [Entry 12]	Nil
Conducting private tuition (W. Note. 1)	16,00,000

Education services for obtaining a qualification recognized by law of a foreign country (W. Note. 2)	8,00,000
Conducting Modular Employable Skill Course, approved by NCVT [Entry 66]	Nil
Fees from prospective employers for campus interview [Not covered in exemption]	6,00,000
Value of renting of furnished flats for temporary stay to different persons (W. Note. 3)	6,80,000
Value of taxable supply	36,80,000
GST payable @ 18%	6,62,400

Working Notes :

1. Private tuitions is not exempt as they do not lead to grant of a qualification recognised by law.
2. Education as a part of a curriculum for obtaining a qualification recognized by only an Indian law and not a foreign law is exempt.
3. Short stay by different persons in furnished flats is not renting of residential dwelling and thus, not exempt.

Question : 5

Indian Institute of management furnishes you the following information of its receipts for the month ending April 2019.

Particulars	₹
Gross receipts from -	
Students pursuing 2 year full time Post Graduate Programmes in Management	4,50,00,000
Students pursuing fellow programme in management	30,00,000
Participants pursuing short duration (3 months) executive development programme	25,00,000

You are required to compute value of taxable supply and GST liability if applicable rate of GST is 18%

Solution :

Computation of Value of taxable supply and GST liability

Particulars	₹
Receipts from students pursuing 2 year full time Post Graduate Programmes in Management [Exempt vide Entry 66 of Notification No. 12/2017-CT (Rate)].	Nil
Receipts from students pursuing fellow programme in management. [Exempt vide Entry 66 of Notification NO. 12/2017-CT (Rate)].	Nil
Receipts from participants pursuing short duration (3 months) executive development programme.	25,00,000
Value of taxable supply	25,00,000
GST payable @ 18%	4,50,000

Question : 6

MODI Ltd. is engaged in providing various services to educational institutions and furnishes you with the following information for the month of April 2019. You are required to determine the value of taxable supply and GST payable thereon if all charges are exclusive of GST. The rate of GST is 18%.

	Particulars	₹
1	Renting of immovable property to higher secondary school	12,00,000
2	Renting of immovable property to Commercial coaching center	2,00,000
3	Transportation services provided to students of higher secondary school	5,00,000

4	Outdoor catering services provided to educational institutions running approved vocational courses	5,00,000
5	Security services provided to pre-nursery school	1,25,000
6	Housekeeping and cleaning services in college providing recognised graduation degree	5,12,500
7	Conduct of examination of ICAI	10,00,000
8	Placement services provided to ICSI	12,00,000
9	Development of course content of ICMA institute	2,00,000
10	Training of Staff of Higher Secondary	1,50,000
11	Receipts by way subscription of online educational journals/ periodicals (₹5,00,000 is from education institutions who provide degree recognized by any law and balance ₹2,50,000 from Higher Secondary school).	7,50,000

Solution :

Computation of the Value of taxable supply and GST payable

Particulars		WN	₹
1	Renting of immovable property to higher secondary school	1	12,00,000
2	Renting of immovable property to Commercial coaching center	1	2,00,000
3	Transportation services provided to students of higher secondary school	2	Exempt
4	Outdoor catering services provided to educational institutions running approved vocational courses	3	5,00,000
5	Security services provided to pre-nursery school	2	Exempt
6	Housekeeping and cleaning services in college providing recognised graduation degree	3	5,12,500
7	Conduct of examination of ICAI	2	Exempt
8	Placement services provided to ICSI	1	12,00,000
9	Development of course content of ICMA institute	1	2,00,000
10	Training of Staff of Higher Secondary	3	1,50,000
11	Receipts by way subscription of online educational journals/ periodicals (₹5,00,000 is from education institutions who provide degree recognized by any law and balance ₹2,50,000 from Higher Secondary school).	4	2,50,000
Value of taxable supply			42,12,500
GST payable @ 18%			7,58,250

W. Note.

1. Liable for GST
2. Exempt vide Entry 66 of Notification No. 12/2017CT (Rate)
3. Not covered under Entry 66 of Notification No. 12/2017-CT (Rate), hence liable to GST
4. Receipts by way subscription of online educational journals/ periodicals from educational institutions who provide degree recognized **by any law is exempt** [under Entry 66 of Notification No. 12/2017-CT (Rate)]. **However**, amount received from higher Secondary school is liable to GST.

Question : 7

Purohit Nursing Home has received the following amounts in the month of November in lieu of various services rendered by it in the same month. You are required to determine its GST liability for November from the details furnished below :

Particulars	₹ in lakhs
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(1) Palliative care for terminally ill patients at patient's home (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)	130
(2) Services provided by cord blood bank unit of the nursing home by way of preservation of stem cells	74
(3) Hair transplant services	100
(4) Ambulance services to transport critically ill patients from various locations to nursing home.	12
(5) Naturopathy treatments. Such treatment is a recognized system of medicine in terms of Section 2(h) of the Clinical Establishments Act, 2010.	60
(6) Plastic surgery to restore anatomy of a child affected due to an accident	30
(7) Pranic healing treatments. Such treatment is not a recognized system of medicine in terms of 2(h) of the Clinical Establishments Act, 2010.	120
(8) Mortuary services	6

Note :- All the amounts given above are exclusive of GST Rate of GST – 18%

Solution :

Computation of Value of taxable supply and GST liability

Particulars		Entry No.	₹
1	Palliative care for terminally ill patients at patient's home	Entry 74	-
2	Services provided by cord blood bank by way of preservation of stem cells	Entry 73	-
3	Hair transplant services	Entry 74	100
4	Ambulance services to transport critically ill patients from various locations to nursing home	Entry 74	-
5	Naturopathy treatments	Entry 74	-
6	Plastic surgery to restore anatomy of a child affected due to an accident	Entry 74	-
7	Pranic healing treatments	Entry 74	120.00
8	Mortuary services [Covered Under Negative List Under Schedule III of CGST Act]	Negative list	-
Value of taxable supply			220.00
GST payable @ 18%			39.60

Question : 8

Khatushyam Post Office provided the following services to persons other than Government for the month of March 2020 all charges are exclusive of GST. Compute the value of taxable supply.

Services rendered	₹
1. Basic mail services	1,00,000
2. Transfer of money through money orders	5,00,000
3. Operation of saving accounts	1,50,000
4. Rural postal life insurance services	2,00,000
5. Distribution of mutual funds, bonds and passport applications	5,00,000
6. Issuance of postal orders	3,00,000
7. Collection of telephone and electricity bills	1,00,000
8. Pension payment services	50,000
9. Speed post services	5,00,000
10. Express parcel post services	2,00,000

Solution :

Computation of Value of taxable supply

Particular	WN	₹
1. Basic mail services	1	Nil
2. Transfer of money through money orders	1	Nil
3. Operation of saving accounts	1	Nil
4. Rural postal life insurance services	2	2,00,000
5. Distribution of mutual funds, bonds and passport applications	2	5,00,000
6. Issuance of postal orders	1	Nil
7. Collection of telephone and electricity bills	2	1,00,000
8. Pension payment services	1	Nil
9. Speed post services	2	5,00,000
10. Express parcel post services	2	2,00,000
Value of taxable supply		15,00,000

W. Note.

1. Exempt since covered in Entry 6 of Exemption Notification No. 12/2017-CT (Rate)
2. Liable to GST

Question : 9

M/s. Salasar balaji Ltd. is engaged in providing services of transportation of passengers by following modes in the month of November. 2019.

Services of transportation of passengers --	₹
→ by vessels in national waterways	10,00,000
→ by air conditioned stage carriage	25,00,000
→ by non-air conditioned stage carriage	25,00,000
→ by contract carriage for tourism	20,00,000
→ for Mumbai to Chennai port in a vessel and such services is not for tourism purpose	10,00,000
→ in metered cab	35,00,000
→ in radio taxis	10,00,000
→ in non-air conditioned contract carriages	10,00,000
→ in air-conditioned contract carriages	15,00,000

Compute the value of taxable supply if all charges are exclusive of GST.

Solution:

Computation of Value of taxable supply

Particular	WN	₹
1. Transportation of passengers by National Waterways (Since National Waterways are covered in definition of inland Waterways)	1	Nil
2. Transportation of passenger by Air conditioned Stage Carriage	2	25,00,000
3. Transportation of passenger by non-air conditioned Stage carriage	3	Nil
4. Transportation of passengers by contract carriage for tourism	2	20,00,000
5. Transportation of passenger from Mumbai to Chennai port in a vessel (Being a public transport in a vessel sailing in India and not for tourism)	1	Nil
6. Transportation of passenger in Metered Cab	1	Nil
7. Service of transportation of passengers in Radio Taxis	2	10,00,000
8. Services of transportation of passengers in non-air-conditioned contract carriages	3	Nil
9. Services of transportation of passengers in air – conditioned contract carriages	2	15,00,000
Value of taxable supply		70,00,000

W. Note:

1. Exempt from GST vide Entry 17 of Notification No. 12/2017-CT (Rate)
2. Liable to GST
3. Exempt from GST vide Entry 15 of Notification No. 12/2017-CT (Rate)
4. Exempt from GST vide Entry 17 of Notification No. 12/2017-CT (Rate)

Question : 10

Compute Value of taxable supply and GST Liability for transport of goods by rail by Indian railway within India, all Sums Exclusive Of All Taxes.

The Information Relates To The Month Of November, 2019

Particular		₹ in Lakh
1.	Transport of postal mails and postal bags	55
2.	Transport of household effects	50
3.	Transport of petroleum products	25
4.	Transport of relief materials to flood affected areas	15
5.	Transport of newspapers and magazines registered with registrar of newspapers	1.5
6.	Transport of milk	10
7.	Transport of tea	10
8.	Transport of sugar	25
9.	Transport of alcoholic beverages	7
10.	Transport of defense and military equipment's	20
11.	Transport of organic manure	9
12.	Transport of baled cotton	25
13.	Transport of other goods	5,000

Solution :

Computation of Value of taxable supply

Particular		WN	₹ in Lakh
1.	Transport of postal mails and postal bags	1	55
2.	Transport of household effects	1	50
3.	Transport of petroleum products	1	25
4.	Transport of relief materials to flood affected areas	2	Nil
5.	Transport of newspapers and magazines registered with registrar of newspapers	2	Nil
6.	Transport of milk	2	Nil
7.	Transport of tea	1	10
8.	Transport of sugar	1	25
9.	Transport of alcoholic beverages	1	7
10.	Transport of defense and military equipment's	2	Nil
11.	Transport of organic manure	2	Nil
12.	Transport of baled cotton	1	25
13.	Transport of other goods	1	5,000
Value of taxable supply			5197
GST payable @ 5%			260

W. Note.

1. Liable to GST
2. Exempt vide Entry 20 of Notification No. 12/2017-CT (Rate)

Question : 11

Calculate the value of taxable supply of XYZ Transport Company engaged in the business of transport of goods by road for the month of April 2019. Give reasons for taxability or exemption of each item. Suitable assumptions may be made wherever required. XYZ transport company avails ITC. GST is leviable @ 12%.

Total freight charges received by 'XYZ' transport company	13,50,000
Freight charges received for transporting fruits	1,25,000
Freight collected for transporting small consignment for persons who paid less than ₹750 for each consignment	75,000
Freight collected for transporting goods in small vehicles for persons who paid less than ₹1,500 per trip	1,50,000

Solution :

Computation of Value of taxable supply and GST leviable thereon

Particular		₹
Total freight received		13,50,000
Less	Freight charges received for transporting fruits being agricultural produce (w. note 1)	(1,25,000)
Less	Freight collected less than ₹750 for each consignment (w. note 2)	(75,000)
Less	Freight collected for transporting goods in small vehicles for persons who paid less than ₹1,500 per trip (w. note 3)	(1,50,000)
Total value of taxable supply		10,00,000
GST payable @ 12%		1,20,000

1. Exempt vide Entry 21 of notification No. 12/2017-CT (Rate)
2. Exempt, since the freight charged to a single consignee does not exceed ₹750 [Exempt vide Entry 21 of Notification No. 12/2017-CT (Rate)]
3. Exempt, since the freight on all consignments transported into a goods carriage doesn't exceed ₹1,500 [Exempt vide Entry 21 of Notification No. 12/2017-CT (Rate)]

Question : 12

Calculate the value of taxable supply of XYZ Transport Company engaged in the business of transport of goods by road for the month of April 2019. Give reasons for taxability or exemption of each item. Suitable assumptions may be made wherever required. XYZ transport company avails ITC. GST is leviable @ 12%.

Total freight charges received by 'XYZ' transport company	25,00,000
Freight charges received from Government department registered only for the purpose of tax deduction at source	2,00,000
Freight charges received from unregistered persons for transportation of their household goods	50,000
Freight collected for transporting goods in small vehicles for persons who paid less than ₹1,500 per trip	1,50,000

Solution :

Computation of Value of taxable supply and GST leviable thereon

Particular		₹
Total freight received		25,00,000
Less	Freight charges received from Government department registered only for the purpose of tax deduction at source (w. note 1)	(2,00,000)
Less	Freight charges received from unregistered persons for transportation of their household goods (w. note 2)	(50,000)
Less	Freight collected for transporting goods in small vehicles for persons who paid less than ₹1,500 per trip (w. note 3)	(1,50,000)

Total value of taxable supply	21,00,000
GST payable @ 12%	2,52,000

1. Exempt vide Entry 21B of Notification No. 12/2017-CT (Rate)
2. Exempt vide Entry 21A of Notification No. 12/2017-CT (Rate)
3. Exempt, since the freight on all consignments transported into a goods carriage doesn't exceed ₹1,500 [Exempt vide Entry 21 of Notification No. 12/2017-CT (Rate)]

Question : 13

With reference to the CGST Act, 2017, discuss the taxability of following activities relating to a bank.

- a) Bank extended housing loan of ₹50 lakhs to Mr. A.
- b) Bank received ₹50,000 as loan processing fee from Mr. A.
- c) Bank received ₹6 lakhs as interest on loan from Mr. A

Solution : In accordance with the provisions of CGST Act, 2017 the taxability of activities is –

- a) The same is transaction in money, therefore not regarded as service as per Section 2(102) of CGST Act, 2017.
- b) The loan processing fee received by bank will be liable for GST @ 18%.
Hence, GST liability = ₹ 50,000 x 18% = ₹9,000
- c) ₹6 lakhs received as interest on loan will not be liable for GST as the same is exempt vide Entry 27 of Notification No. 12/2017-CT (Rate).

Question : 14

M/s. Apna Bank Limited a Scheduled Commercial Bank has furnished the following details for the month of August, 2019.

Particulars	₹ in Crores**
Extended Housing Loan to its customers	100
Processing fees collected from its customers on sanction of loan	20
Commission collected from its customers on bank guarantee	30
Interest income on credit card issued by the bank	40
Interest received on housing loan extended by the bank	25
Minimum balance charges collected from current account an saving account holder	1

Compute the Value of Taxable supply. Give reasons with suitable assumptions.

(6 Marks, May 2019)

Solution :

Computation of value of taxable supply

Particulars	WN	₹ in Crores**
Extended Housing Loan to its customers	1	Nil
Processing fees collected from its customers on sanction of loan	2	20
Commission collected from its customers on bank guarantee	2	30
Interest income on credit card issued by the bank	3	40
Interest received on housing loan extended by the bank	4	Nil
Minimum balance charges collected from current account an saving account holder	2	1
Total value of taxable supply		91

W. Note

1. It is transaction in money and does not come under the ambit of service
2. Since it represents taxable consideration, the same will be liable to GST
3. Liable to GST since credit card interest is specifically excluded from exemption provided in respect of interest vide Entry 27 of Notification No. 12/2017-CT (Rate)

4. Interest on loan will not be liable for GST as the same is exempt vide Entry 27 of Notification No. 12/2017-CT (Rate)

****Values given is Excluding GST**

Question : 15

Mr. Abhishek, an advocate, has rendered the following services in the month of October, 2019:

- i) Representing Mr. Archit in his divorce case before High Court.
- ii) Representing Mr. Aniket, an architect by profession, in relation to his GST liability [Turnover of Mr. Aniket in the financial year 2018-19 was ₹25 lakh].
- iii) Legal consultancy given to Sunil Associates, a partnership firm of advocates [Turnover of services of Sunil Associates in the financial year 2018-19 was ₹28 lakh]

Examine whether GST is payable on each of the above services assuming Mr. Abhishek to be

- (a) An advocate other than a senior advocate.
- (b) A senior advocate in terms of Section 16 of the Advocates Act, 1961?

Solution :

In background of Entry 45 of Notification No. 12/2017-CT (Rate) dated 28-06-2017, GST liability of each of the services rendered by Abhishek, are examined hereunder –

S. No	When Mr. Abhishek is an advocate other than senior advocate	When Mr. Abhishek is a senior advocate
(i)	Service of representing Mr. Archit in his divorce case will be exempt as Mr. Archit is not a business entity.	Such service will be exempt even if the same are rendered by a senior advocate.
(ii)	Since the turnover of Mr. Aniket, a business entity, is more than such amount in the preceding financial year as makes it liable for registration under the CGST Act, 2017 i.e., ₹20 lakh, the same will be liable to GST.	Such services, when provided by senior advocate, will also be liable to GST
(ii)	Legal consultancy provided by an advocate to partnership firm of advocates is exempt from GST	Such services, when provided by a senior advocate, will be liable to GST since the turnover of the partnership firm (business entity) exceeds such amount in the preceding financial year as makes it liable for registration under the CGST Act, 2017 i.e., ₹20 lakh. Thus, legal consultancy provided by Mr. Abhishek to Sunil Associates, a partnership firm of advocates, will be liable to GST.

Question : 16

Educators Ltd. providing educational services, furnishes you with the following information for the various services provided by it. It has collected an aggregate sum of ₹25 lakhs during the month ended 30-09-2019 and under –

Particular	₹
Receipts of 'Gyan sagar' an industrial training institute (ITI) affiliated to the National Council for Vocational Training (NCVT)	1,20,000
Receipts of 'Edu care' a vocational education provider affiliated to Sector Skill Council formed under National Skill Development Corporation (NSDC)	1,80,000

Receipts of 'Abhigyan Skill Centre' an industrial training center (ITC) affiliated to the State Council for Vocational Training, Rajasthan	2,00,000
Receipts of 'Mission', an institute, registered with Directorate General of Employment and Training (DGET), Union Ministry of Labour and Employment, running a Modular Employable Skill Course (MESC) approved by the National Council of Vocational Training	1,00,000
Receipts of 'Scinart' a Commercial coaching institute providing commercial coaching in the field of arts and science (no certificate was issued on completion of the training)	80,000
Receipts of 'Commerce concepts' a Commercial coaching institute providing coaching in the field of commerce (a certificate was awarded to each trainee after completion of the training)	1,20,000
Receipts of Gurukul school providing education up to higher secondary	6,00,000
Receipts of 'Play Kids' school providing education up to primary level (such receipts includes receipts from renting of premises to commercial coaching center : ₹3 lakhs)	11,00,000

Compute the value of taxable supply and GST payable thereon. All the amounts are exclusive of GST. Rate of GST-18%.

Solution :

Particular		WN	₹
Total Receipts			25,00,000
Less	Receipts of 'Gyan sagar' an industrial training institute (ITI) affiliated to the National Council for Vocational Training (NCVT).	1	1,20,000
Less	Receipts of 'Edu-care' a vocational education provider affiliated to Sector Skill Council formed under National Skill Development Corporation (NSDC).	2	1,80,000
Less	Receipts of 'Abhigyan Skill Centre' an industrial training center (ITC) affiliated to the State Council for Vocational Training, Rajasthan.	1	2,00,000
Less	Receipts of 'Mission', an institute, registered with Directorate General of Employment and Training (DGET), Union Ministry of Labour and Employment, running a Modular Employable Skill Course (MESC) approved by the National Council of Vocational Training.	1	1,00,000
Less	Receipts of 'Scinart' a Commercial coaching institute providing commercial coaching in the field of arts and science.	3	Taxable
Less	Receipts of 'Commerce concepts' a Commercial coaching institute providing coaching in the field of commerce shall be liable for GST irrespective of the fact that a certificate was awarded to each trainee after completion of the training.	3	Taxable
Less	Receipts of Gurukul school providing education up to higher secondary.	1	6,00,000
Less	Receipts of 'Pay Kids' school providing education up to primary level i.e. ₹8 lakhs are exempt , However, receipts from renting of premises by the school to commercial coaching center shall be liable for GST.	1	8,00,000
Total value of taxable supply			5,00,000
GST payable @ 12%			90,000

W. Note.

- Are not liable to GST, since the same are exempt vide Entry 66 of Notification No. 12/2017-CT (Rate).

2. Are exempt vide Entry 69 of Notification No. 12/2017-CT (Rate).
3. Liable for GST

Question : 17

Mr. Aieeb a performing artist, provides the following information relating to December, 2019. Receipts from

Particulars	₹
1. Performing classical dance	98,000
2. Performing in television serial	2,80,000
3. Services as brand ambassador	12,00,000
4. Coaching in recreational activities relating to arts	2,10,000
5. Activities in sculpture making	3,10,000
6. Performing western dance	90,000

Determine the value of taxable supply and GST payable by Mr. ajeeb for December, 2019. GST @ 18% had been charged separately, wherever applicable.

Solution :

Computation of Value of taxable supply and GST liability

Particular	WN	₹
Classical dance performance	1	Nil
Performance in television serial	2	2,80,000
Services as brand ambassador	1	12,00,000
Coaching in recreational activities relating to arts	3	Nil
Sculpture making activities	4	3,10,000
Western dance performance	2	90,000
Value of taxable supply		18,80,000
GST payable @ 18%		3,38,400

W. Note.

1. Covered Under Entry No.78
2. Taxable since not covered in folk or classical art forms
3. Covered Under Entry No.80
4. Taxable as it is an activity in still art form

Question : 18

The Resident Welfare Association (RWA) of Blue Heaven Housing Society in Delhi provides the following information with respect to the various amounts received by it in the month of November, 2019.

Particulars	₹
1. Monthly subscription collected from member families (₹10,000 each from 100 families)	10,00,000
2. 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.]	4,50,000
3. 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.]	4,32,400
4. Proceeds from sale of entry tickets to a musical performance conducted by the RWA in the park of Blue. Heaven Housing Society [Where the consideration for admission is not more than 500 per person.]	36,000
5. Other Services to non-members	2,92,000

Compute the value of taxable supply and GST liability of RWA of Blue Heaven Housing Society for the month of November, 2019. It does not avail threshold exemption.

Notes :

- i) All the above amounts are exclusive of GST
- ii) Wherever applicable, the time of supply falls in the month of November, 2019,
- iii) Rate of GST – 18%

Solution :

Computation of Value of taxable supply and GST liability

Particular	WN	₹
Monthly subscription charges	1	10,00,000
Amount collected towards electricity charges levied by State Electricity Board on the members of RWA	2	Nil
Amount collected towards 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	3	4,32,400
Proceeds from sale of entry tickets to musical performance held in the park of the Housing Society	4	Nil
Other Services to non-members	5	2,92,000
Value of taxable supply exclusive of GST		17,24,400
GST payable @ 18%		3,10,392

W. Note.

1. If per month per member contribution of any or some members of a RWA exceeds ₹7,500, entire contribution of such members whose per month contribution exceeds ₹7,500 would be ineligible for the exemption under the said notification. GST would then be leviable on the aggregate amount of monthly contribution of such members [Circular No. 109/28/2019-GST dated 22-07-2019]
2. Services provided by a RWA in the name of its members, acting as a “pure agent” of its members, are excluded from value of taxable supply available for the purposes of exemption provided under mega exemption notification.
3. In the case of electricity bills issued in the name of RWA, in respect of electricity consumed for common use of lifts and lights in common area, etc., the exclusion from the value of taxable supply would not be available, since there is no agent involved in these transactions.
4. Entry to entertainment events where the consideration for admission is not more than ₹500 per person is exempt vide Entry 81 of Notification No. 12/2017-CT (Rate).
5. Liable for GST

Question : 19

M/s. Sharma Properties registered under GST as taxable person is engaged in the business of renting various immovable properties owned by it. During the month of March, it collected a rent of ₹5,00,000. The said sum includes rent from:

Particular	₹
1. Vacant land used for agriculture	50,000
2. Land used for gappu Circus	80,000
3. Houses let to individuals for residential purposes	70,000
4. Building let to M/s. Elegant Hotel	60,000
5. Vacant land, given on lease to M/s. ABC Ltd. for construction of building at a later stage to be used for furtherance of business or commerce	40,000
6. Premises let to a temple trust	40,000
7. Premises let to a coaching centre	80,000
8. Building let to a theatre	80,000

Compute the amount GST payable by the firm, assuming that the rent is exclusive of GST, if any, applicable in each case. Rate of GST – 18%. Make suitable assumptions.

Solution :

Computation of GST payable

Particular	WN	₹
Total Rent		5,00,000
Less :		
1. Rent from vacant land used for agriculture	1	50,000
2. Rent from land used for gappu Circus	2	Taxable
3. Properties let for residential purposes	3	70,000
4. Building let to hotel	2	Taxable
5. Vacant land, given on lease to M/s. ABC Ltd. for construction of building at a later stage to be used for furtherance of business or commerce	2	Taxable
6. Premises let to a religious body being temple trust	2	Taxable
7. Premises let to a coaching centre	2	Taxable
8. Building let to a theater	2	Taxable
Total Taxable Value of Supply		3,80,000
GST payable @ 18%		68,400

W. Note.

1. Exempt vide Entry No. 54 of Exemption Notification No. 12/2017-CT (R)
2. Liable to GST
3. Exempt vide Entry No. 12 of Exemption Notification No. 12/2017-CT(R)

Question : 20

Compute taxable value of supply and GST from following sums received by M/s. Road Maintenance Ltd. (exclusive of GST), The rate of GST is 18%

- i) Toll Receipts from Highway of khatu to salasar : ₹6,000 lakhs;
- ii) Commission earned on toll receipts : ₹75 lakhs;

Solution :

- i) Toll receipts are exempt vide Entry 23 of Notification No. 12/2017-CT (Rate) from GST.
- ii) However, commission thereon is liable to GST.
Taxable value of supply = ₹75 lakh; GST @ 18% = ₹13,50,000.

Question : 21

Mr. AB divillers a famous cricketer furnishes you with the following information of the various receipts for the month of September 2019. You are required to determine his GST liability if all the amounts are exclusive of GST. Rate of GST – 18%

Particular	₹ in lakhs
1. Receipts from Sports Authority of India for participation in recognised sport	20
2. Receipts from franchisee of Indian Premier league (not a recognised sports body)	75
3. Receipts from acting as brand ambassador for corporate client	22
4. Receipts of sports training academy to coach young players	15

Solution :

Computation of Value of taxable supply and GST liability

Particular	WN	₹
1. Receipt from sports authority of India for participation in recognised sports	1	Exempt

2. Receipt from franchisee of Indian Premier league (not a recognised sports body)	2	75,00,000
3. Receipts from acting as brand ambassador for corporate client	2	22,00,000
4. Receipts of sports training academy to coach young players	3	15,00,000
Value of taxable supply		1,12,00,000
GST payable @ 18%		20,16,000

W. Note.

1. Exempt vide Entry No. 68 of Exemption Notification no. 12/2017-CT (Rate)
2. Liable for GST
3. Liable for GST since sport training by charitable entities registered under Section 12AA of the Income-tax Act is exempt vide Entry No. 80 of Exemption Notification No. 12/2017 CT (Rate)

Question : 22

HLL Pvt. Ltd. manufactures cosmetic products with the brand name 'Foreve Young'. HLL Pvt. Ltd. has organized a concert to promote its brand. Ms. Aalia bhatt, its brand ambassador, who is a leading film actress, has given a classical dance performance in the said concert. The proceeds of the concert worth ₹1,00,000 will be donated to a charitable organization. Whether Ms. Aalia bhatt will be required to pay any GST?

Solution :

Services by an artist by way of a performance in folk or classical art forms of

- i) music, or
- ii) dance, or
- iii) theatre

are exempt from GST, if the consideration charged for such performance is not more than ₹1,50,000.

However, such exemption is not available in respect of service provided by such artist as a brand ambassador.

Since Ms. Aalia bhatt is the brand ambassador, the services rendered by her by way of a classical dance performance in the concert organized by HLL Pvt. Ltd. to promote its brand will not be eligible for the above-mentioned exemption and thus, be liable to GST. The fact that the proceeds of the concert will be donated to a charitable organization will not have any bearing on the eligibility or otherwise to the above – mentioned exemption.

Question : 23

Determine taxable value of supply under GST law with respect to each of the following independent services provided by the registered persons :

Particulars	Gross amount Charged in ₹
Fees charged for yoga camp conducted by a charitable trust	1,25,000
Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts	3,25,000
Amount charged by cord blood bank for preservation of stem cells	6,50,000
Amount charged for service provided by commentator to a recognized sports body	4,25,000

Solution :

Determination of taxable value of supply

Particular	WN	₹
Fees charged for yoga camp conducted by a charitable trust	1	Nil
Amount charged by business correspondent for the services provided	2	Nil

to the rural branch of a bank with respect to Savings Bank Accounts		
Amount charged by cord blood bank for preservation of stem cells	3	Nil
Amount charged for service provided by commentator to a recognized sports body	4	4,25,000
Value of taxable supply		4,25,000

W. Note :

1. Services by an entity registered under section 12AA of the Income-tax Act, 1961 by way of charitable activities are exempt from GST. The activities relating to advancement of yoga are included in the definition of charitable activities. So, such activities are exempt from GST.
2. Services by business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch have been exempted from GST.
3. Services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation are exempt from GST.
4. Services provided to a recognized sports body only by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body are exempt from GST. Thus, services provided by commentators are liable to GST.

Question : 24

Discuss whether GST is payable in respect of transportation services provided by nagpur Goods Transport Agency in each of the following independent cases:

Customer	Nature of services provided	Amt. charged ₹
A	Transportation of milk	55,000
B	Transportation of books on a consignment transported in a single goods carriage	3,000
C	Transportation of furniture for a single consignee in the goods carriage	600

Solution :

Determination of GST liability

Customer	Nature of services provided	Amount charged ₹	Taxability
A	Transportation of milk	55,000	Exempt [Transportation of milk by goods transport agency is exempt.]
B	Transportation of books on a consignment transported in a single goods carriage	3,000	GST is payable [Exemption is available for transportation of goods only where the consideration for transportation of goods on a consignment transported in a single goods carriage does not exceed ₹ 1,500]
C	Transportation of furniture for a single consignee in the goods carriage	600	Exempt [Transportation of goods where consideration for transportation of all goods for a single consignee does not exceed ₹750 is exempt.]

Question : 25

With reference to the presence of CGST Act, 2017, examine whether GST is leviable in the following situations:

- (1) Government of Maharashtra has provided services to bunty Ltd. Of Maharashtra in the month of November, 2019 for a consideration of ₹50,000 The turnover of ABC Ltd. In Financial Year 2018-19 was ₹18,00,000.

- (2) Government of Rajasthan has provided services to XYZ Ltd. In the month of November, 2019 for a consideration of ₹5,000. The turnover of XYZ Ltd. In Financial Year 2018-19 was ₹28,00,000.
- (3) Nagpur Municipal corporation has awarded a contract for construction of road to majnu Ltd. Failed to perform the contract and paid liquidated damages ₹50,00,000 in accordance with the terms of contract.
- (4) Pagli Ltd. Has applied for registration under Companies Act, 2013 to Registrar of companies Karnataka and has paid registration fees of ₹13,85,510.
- (5) Delhi Government has charged ₹50,00,000 from Agro Care Ltd. For allocation of natural resources for agriculture purposes in the month of November, 2019.
- (6) XYZ. Ltd. Has paid to Customs department ₹50,000 on account Merchant Overtime charges for deputing officers after office hours or an holidays for inspection or container stuffing or such other duties in relation to import export cargo.
- (7) XYZ. Ltd. Has made an upfront payment of ₹50,00,000 to Bihar Government on account of assignment of right to use minerals in the State of Bihar.

Solution:

- (1) 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 financial year as makes it eligible for exemption from registration under the CGST Act, 2017 are exempt vide Entry 7 of Notification No. 12/2017-CT(Rate).
Since the aggregate turnover of buntly Ltd. in preceding financial year does not exceed ₹20 lakhs, it is exempt from obtaining registration, Hence, no GST shall be levied on services provided by Government of Maharashtra to buntly Ltd.
- (2) Services provided by Central Government, State Government, Union territory or a local authority where the consideration for such services does not exceed ₹5,000 are exempt. Vide Entry 9 of Notification No. 12/2017-CT(Rate).
Hence, on said services no GST shall be levied.
- (3) 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 are exempt vide Entry 62 of Notification No. 12/2017-CT (Rate).
Hence, no GST shall be payable on liquidated damages of ₹50,00,000 paid by majnu Ltd. to Nagpur municipal corporation.
- (4) Services provided by the Central Government. State Government. Union territory or local authority b way of registration required under any law for the time being in force vide Entry 46 of Notification No. 12/2017-CT (Rate).
Hence, no GST shall be levied on fees paid for incorporation by pagli Ltd.
- (5) Services by way of allocation of natural resources to an individual farmer for the purposes of agriculture have been exempted vide Entry 63 of Notification No. 12/2017-CT (Rate). Such allocations/ auctions to categories of persons other than individual farmers would be leviable to GST.
Hence, Agro Care Ltd. will be liable to pay GST on ₹50,00,000 under reverse charge basis.

- (6) 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 are exempt from GST vide Entry 65 of Notification No. 12/2017-CT (Rate).

Hence, on such charges no GST shall be levied.

- (7) XYZ ltd will be liable to pay GST on assignment of rights to use minerals in the State of Bihar.

Question : 26

State with reasons whether the following are liable to Goods and Services Tax :

- (1) Services by way of training or coaching in recreational activities relating to arts or culture.
- (2) Services provided by a player to a franchisee which is not a recognized sports body.
- (3) Pre-school education and education up to higher secondary school or equivalent.
- (4) Services by a veterinary clinic in relation to health care of animals or birds.
- (5) Services by way of public conveniences such as provision of facilities of washrooms.

Solution: The taxability is discussed as under –

- (1) **Exempt** : Services by way of training or coaching in recreational activities relating to arts or culture are not liable to GST as it is specifically exempt vide Entry 80 of Notification No. 12/2017-CT (Rate) .
- (2) **Taxable** : Services of a player to a franchisee which is not a recognized sports body is taxable as it does not get covered under Entry 68 of Notification No. 12/2017-CT (Rate).
- (3) **Exempt** : Pre-school education and education up to higher secondary school or equivalent is not liable to GST as it is specifically exempt under Entry 66 of Notification No. 12/2017-CT (Rate).
- (4) **Exempt** : Services by a veterinary clinic in relation to health care of animals or birds is not liable to GST as it is specifically exempt vide Entry 46 of Notification No. 12/2017-CT (Rate).
- (5) **Exempt** : Services by way of public conveniences such as provision of facilities of washrooms are not liable to GST as it is specifically exempt vide Entry 76 of Notification No. 12/2017-CT (Rate).

Question : 27

Examine whether GST is exempted on the following independent supply of services :

- (a) Tejas & Co., a tour operator, provides services to a foreign tourist for tour conducted to Jammu Kashmir and receives a sum of ₹3,00,000.
- (b) Ms. Poorva acts as a Team Manager for Indian Sports League (ISL), a recognised sports body, for a Tennis tournament organised by Multi brand retail company and received a remuneration of ₹2,00,000.

(3 marks , may 2018)

Solution:

- (a) **Liable to GST** : Yes, Tejas and Co. will be liable to pay GST. Services provided by a tour operator to a foreign tourist in relation to a tour conducted wholly outside India are exempt vide Entry 54 of Notification No.9/2017-IT (Rate)]. In this case tour is conducted in Jammu and Kashmir and the IGST Act applies to whole of India including Jammu and Kashmir, hence exemption will not operate.

- (b) **Liable to GST** : Services provided to a recognised sports body by an individual as a player , referee, umpire, coach or team manager for participation in a sporting event organised by a recognized sports body are exempt vide Entry 68 of Notification No. 12/2017-CT (Rate)]. Since multi brand retail company is not a recognized sports body hence exemption will not be available. Thus the said services will be liable to GST.

Question : 28

Decide with reason whether the following independent services are exempt under CGST Act, 2017.

- M/s Fast Trans, a goods transport agency, transported relief materials meant for victim of Kerala floods being a natural disaster, by road from Delhi to Emakulam, for a Limited Co.
- Keyan Enterprises, an event organizer, provided services to Breathing Wall Ltd. by way of organizing business exhibition at Pragati Maidan in New Delhi as part of Make in India initiative.

(3 marks , NOV 2018)

Solution:

- Exempt** : Services provided by a goods transport agency, by way of transport in a goods carriage of relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap are exempt from tax vide Entry 22 of Notification No. 9/2017-IT(Rate).
- Taxable** : Services by an organiser to any person in respect of a business exhibition held outside India are exempt vide Entry 52 of Notification No. 12/2017-CT(Rate). Since the business exhibition is held in India, hence the said services shall be liable to GST.

Question : 29

Examine whether GST is payable in the following independent cases :-

- Ekta Charitable trust, registered under section 10(23C)(v) of the Income-tax Act manages a temple in Rohini, Delhi. It has given on rent a community hall, located within temple premises, to public for celebration of Teej Mela. Rent charged is ₹9,500.
- Speed post services by Department of Post to Union Territory of Daman & Diu.
- ST Ltd. has given on hire 5 truck to Titu Transporters of Delhi (a goods transport agency) for transporting goods in Central and West Delhi. The hiring charges for the trucks are ₹7,500 per truck per day.

(MTP MAY 2018)

Solution:

- Exempt** : Renting of community hall by Ekta charitable trust is exempt from GST, as rent is less than ₹10,000 per day. The Exemption Notification No. 12/2017-CT (R) dated 28-06-2017/ Notification No. 9/2017 IT (R) dated 28-06-2017 has exempted the said services wholly from GST.
However, this exemption does not apply where renting charges of premises, community halls, kalyanmandapam or open area are ₹10,000 or more per day.
- Exempt** : GST is not payable in case of speed post services by Department of Post to Union territory of Daman & Diu. The Exemption Notification No. 12/2017 CT (R) dated 28-06-2017/ Notification No. 9/2017 IT (R) dated 28-06-2017 has exempted the said service wholly from GST.
Therefore GST is payable, if such services is provided to a person other than Central Government/State Government/Union Territory.
- Exempt** : GST is not payable in case of hiring of trucks to Titu 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.

Question : 30

Examine whether supply of food and drink in the following independent cases is exempt from GST :-

- (i) “Smart Kids” is a Play School located in Delhi. Smart Kids has outsourced the catering services for supply of food and drink in the canteen of Play School to BTV Caterers, Delhi for a consideration of ₹8,00,000 per annum.
- (ii) Wellness Hospital, a clinical establishment located in Tirupati, is specialised in diabetic treatment. The hospital has its own canteen – Tasty Foods. The canteen serves the food and drink to the in-patients as advised by the doctors/nutritionists of the hospital. Apart from this, other patients (who are not admitted) or attendants or visitors of the in-patients also take food and drink from the canteen.

(RTP MAY 2019)
Solution:

- i) **Exempt from GST :** Services provided to an educational institution providing services by way of pre-school education and education up to higher secondary school or equivalent, by way of catering is exempt from GST vide Notification No. 12/2017-CT(R) dated 28-06-2017 as amended.

Thus, in the given case, services provided by BTV Caterers to Smart Kids are exempt from GST.

- ii) **Exempt/Taxable :** Services by way of health care services provided by a clinical establishment, an authorised medical practitioner or para-medics are exempt from GST vide Notification No. 12/2017-CT (R) dated 28-06-2017 as amended.

In this regard, CBIC has clarified that food supplied by the hospital canteen to the in-patients as advised by the doctor/ nutritionists is a part of composite supply of healthcare services and is not separately taxable. Thus, it is exempt from GST. However, other supplies of food by a hospital to patients (not admitted or their attendants or visitors are taxable.

In view of the same, GST is exempt on the food supplied by Tasty Foods to the in-patients as advised by doctors/nutritionists while other supplies of food by it to patients (not admitted) or attendants/visitors of the in-patients is taxable.

Question : 31

Determine taxable value of supply under GST law with respect to each of the following independent services provided by the registered persons:

particulars	Gross amount charged in ₹
Amount charged for loading, unloading, packing and warehousing of potato chips	25,000
Fees charged for yoga camp conducted by a charitable trust registered u/s 12AA of the Income-tax Act, 1961	50,000
Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to savings Bank Accounts	1,00,000
Amount charged by cord blood bank for preservation of stem cells	5,00,00
Amount charged for services provided commentator to a recognized sports body	6,00,000
Amount charged for services provided by way right to admission to circus where consideration for the same is ₹750 per person.	12,000

Solution:

Computation of value of taxable supply

Particular	WN	₹
Amount charged for loading, unloading, packing and warehousing of potatoes chips	1	25,000
Fees charged for yoga camp conducted by a charitable trust registered u/s 12AA of the Income-tax Act, 1961	2	Nil
Amount charged by business correspondent for the services to the rural branch of a bank with respect to Savings Bank Accounts	3	Nil
Amount charged by cord blood bank for preservation of stem cells	4	Nil
Amount charged for services provided by commentator to a recognized sports body	5	6,00,000
Amount charged for services provided by way of right to admission to circus where consideration for the same is ₹750 per person	6	12,000

W. Notes.

- (1) Services by way of loading, unloading, packing, storage or warehousing of agriculture produce are exempt from GST. Further, potato chips are manufactured through process which alter the essential characteristic of agriculture produce, thus is not covered under definition of agriculture produce.
- (2) Services by an entity registered under section 12AA of the Income-tax Act, 1961 by way of charitable activities are exempt from GST. The activities relating to advancement of yoga are included in the definition of charitable activities. So, such activities are exempt from GST.
- (3) Services by business facilitator or a correspondent to a banking company with respect to account in its rural areas branch have been exempted from GST.
- (4) Services provided by cord blood bank by way of preservation of stem cells or any other services in relation to such preservation are exempt from GST.
- (5) Services provided to a recognized sports body only by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body are exempt from GST. Thus services provided by commentators are liable to GST.
- (6) Services provided by way of right to admission to circus where consideration for the same is up to ₹500 per person are exempt from GST.
Since in the present case, the consideration is more than ₹500 per person, so the same is liable to GST.

Question : 32

Decide with reasons whether the following independent services are exempt under CGST Act, 2017:

- Gokul Residents' Welfare Association received ₹9,000 per month as contribution from each members for sourcing of goods and services from third persons for common use of its members.
- Mr. Vikalp, a performing artist, has received ₹1,58,000 from performance of Classical Dance and ₹90,000 from acting in TV Serial during the month of June 2018.

(4 marks , may 2019)

Solution:

- Liable to GST** : Services 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 up to an amount of ₹7,500 per month per member for sourcing of goods or services from a third person for the common use of its member in a housing society or a residential complex is exempt from tax vide Entry 77(c) of the Exemption notification 12/2017 CT (Rate).

In this case the monthly bill is ₹9,000/- (and the same is on account of services for common use of its members), hence exemption of ₹7,500 shall not be available and GST will be payable on entire amount of ₹9,000.

- b) **Liable to GST** : As per Entry 78 of Notification No. 12/2017-CT (Rate), the activities by a performing artist in folk or classical art forms of music, dance, or theatre are exempt if consideration does not exceed ₹1,50,000.

However, if consideration from such activities exceeds ₹1,50,000, entire consideration is subject to GST.

Further, all other activities by an artist in other art forms e.g. western music or dance, modern theatres, performance of actors in films or television serials would be taxable. Similarly activities of artists in still art forms e.g. painting, sculpture making etc. Are taxable.

Thus, ₹1,58,000 received by Mr. Vikalp from performance of Classical Dance and ₹90,000 from acting in TV Serial will be liable to GST.