CHAPTER 4

EXEMPTIONS FROM GST



The section numbers referred to in the Chapter pertain to the CGST Act, 2017, unless otherwise specified.

Examples/illustrations/Questions and Answers given in the Chapter are based on the position of GST law existing as on 30.04.2026.

LEARNING OUTCOMES

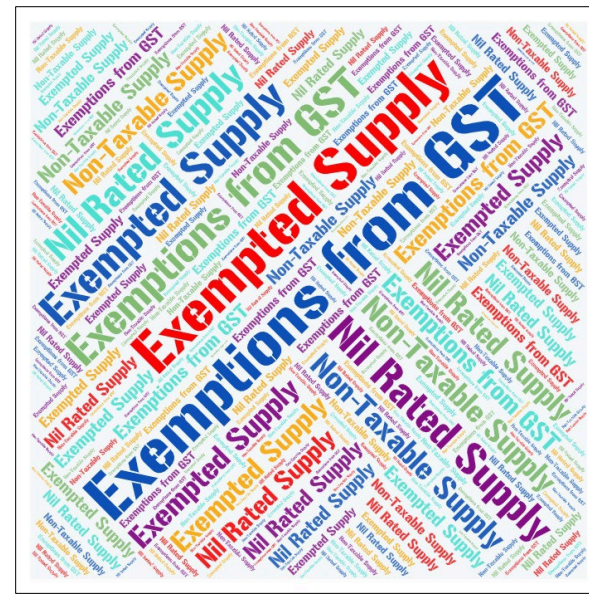
After studying this Chapter, you will be able to –

- describe the power of the Government to grant exemption from CGST/IGST.
- provide an overview of the goods exempt from GST.
- identify and analyse various services exempt from GST.

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1. INTRODUCTION

When a supply of goods and/or services falls within the purview of charging section, such supply is chargeable to GST. However, for determining the liability to pay the tax, one needs to further check whether such supply of goods and/or services are exempt from tax.



Exempt supply has been defined as supply of any goods or services or both which attracts **nil rate of tax or which may be wholly exempt from tax** and includes **non-taxable supply** [Section 2(47)].

Non-taxable supply means a supply of goods or services or both which is **not leviable to tax** under CGST Act or under the IGST Act [Section 2(78)]. Thus, under GST, a supply not leviable to tax is also included within the purview of 'exempt supply'. **For instance** alcoholic liquor for human consumption, specified petroleum products namely Petroleum Crude, High Speed Diesel, Motor spirit (commonly known as Petrol), Natural Gas and Aviation Turbine Fuel, un-denatured extra neutral alcohol or rectified spirit which are used for manufacture of alcoholic liquor for human consumption.

Power to grant exemption from GST has been granted vide section 11 of the CGST Act and vide section 6 of the IGST Act. State GST laws also contain identical provisions granting power to exempt SGST. Under GST, **essential goods/services, i.e. public consumption products/services, have been exempted.** Items such as unpacked food grains, milk, eggs, curd, lassi and fresh vegetables are among the items exempted from GST. Further, essential services like health care



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services, education services, etc. have also been exempted.

It is important to note that exemption under GST may be provided in any of the following manner:

(a)	**Exemption to specified activities or transactions** Sometimes, exemption is provided in respect of specified activities or transactions. Consequently, the status of the supplier or recipient of the activities/transactions becomes immaterial.  **(1)** Services **by way of** transfer of a going concern, as a whole or an independent part thereof. **(2)** Services **by way of** loading, unloading, packing, storage or warehousing of rice.
(b)	**Exemption to specified suppliers** At times, exemption is given to specified suppliers only. Here, the status of recipient of the activities or transactions becomes immaterial.  **(3)** Services provided **by** the Central Government, State Government, Union territory or local authority where the consideration for such services does not exceed ₹ 5,000. **(4)** Services **by** an entity registered under section 12AA or 12AB of the Income-tax Act, 1961 by way of charitable activities.
(c)	**Exemption to specified recipients** In some cases, exemption is given to specified recipient only. Here, the status of supplier of the activities or transactions becomes immaterial.  **(5)** 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. **(6)** Services provided **to** the Central Government, State Government, Union territory administration under any training programme, for which 75% or more of the total expenditure is borne by the Central Government, State Government, Union territory administration.
(d)	**Exemption to specified suppliers and specified recipients** Sometimes, exemption is given only when activities or transactions are carried out by specified suppliers for specified recipients only.

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(7) Services **by** the Employees' State Insurance Corporation **to** persons governed under the Employees' State Insurance Act, 1948.

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

In this chapter, we shall discuss the power to grant exemption from tax under CGST Act/IGST Act, list of services exempt from GST in detail and an overview of the goods exempt from tax.

2. POWER TO GRANT EXEMPTION FROM TAX [SECTION 11 OF THE CGST ACT/SECTION 6 OF THE IGST ACT]

STATUTORY PROVISIONS

Section 11	***Power to grant exemption from tax***
Sub-section	***Particulars***
(1)	*Where the Government is satisfied that it is necessary in the public interest so to do, it may, on the recommendations of the Council,* ***by notification****, exempt generally, either absolutely or subject to such conditions as may be specified therein, goods or services or both of any specified description from the whole or any part of the tax leviable thereon with effect from such date as may be specified in such notification*
(2)	*Where the Government is satisfied that it is necessary in the public interest so to do, it may, on the recommendations of the Council,* ***by special order*** *in each case, under circumstances of an exceptional nature to be stated in such order, exempt from payment of tax any goods or services or both on which tax is leviable.*

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(3)	*The Government may, if it considers necessary or expedient so to do for the purpose of clarifying the scope or applicability of any notification issued under sub-section (1) or order issued under sub-section (2), insert an explanation in such notification or order, as the case may be, by notification at any time within one year of issue of the notification under sub-section (1) or order under sub-section (2), and every such explanation shall have effect as if it had always been the part of the first such notification or order, as the case may be.*

Explanation*––For the purposes of this section, where an exemption in respect of any goods or services or both from the whole or part of the tax leviable thereon has been granted absolutely, the registered person supplying such goods or services or both shall not collect the tax, in excess of the effective rate, on such supply of goods or services or both.*



ANALYSIS

(i) Exemption from payment of tax: GST law empowers the Central Government or State Government as the case may be to grant exemption from tax. The exemption is granted on recommendation of the GST Council.

Exemption can be from whole of tax or part of tax

Exemption can be **from whole** of the tax **or part of the tax**. It should be granted in public interest.

Exemption can be granted by a notification or by a special order

Exemption can be granted to goods or services or both of any specified description, **by way of issuance of notification** either, **absolutely** [i.e. unconditional exemption; exemption is not subject to any condition(s)] or **conditionally** [i.e. exemption is subject to specified condition(s)]. Exemption may be granted **by a special order** in case of the circumstances of an **exceptional nature**.

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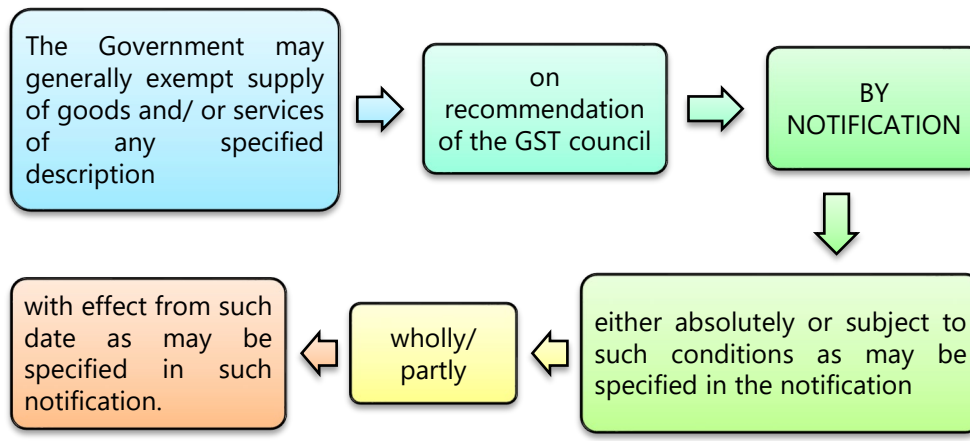
Unconditional exemption is mandatory

The **absolute/ unconditional exemption is mandatory** in nature. Where the supply of the goods or services or both are **unconditionally exempted from *whole of the tax***, the registered person doesn't have option to collect and pay tax on such supply of goods or services or both. Where the supply of the goods or services or both are **unconditionally exempted from *part of the tax***, the registered person doesn't have option to collect and pay the tax, in excess of the effective rate, on such supply of goods or services or both.

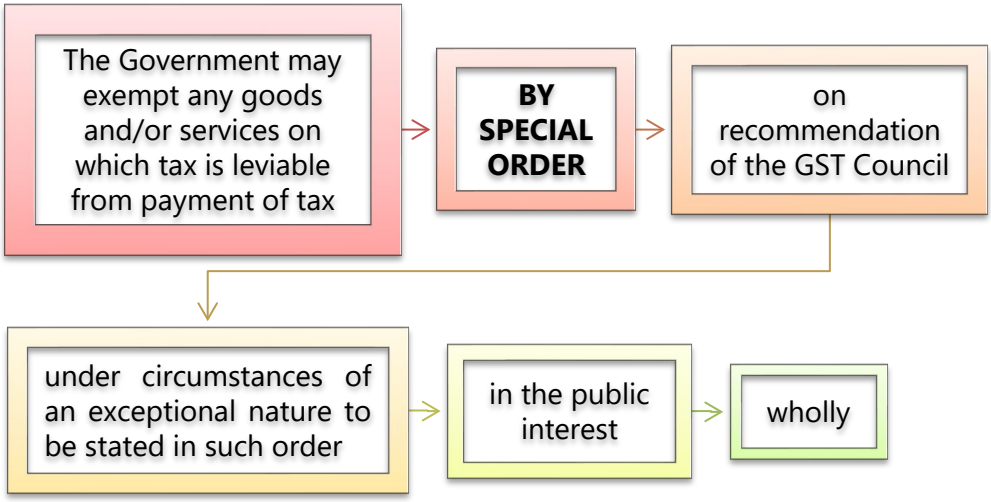
Conditional exemption is optional

However, where the **exemption is conditional**, it is **at the option** of the registered person whether to avail the same or not.

The above provisions have been explained by way of a diagram as follows:



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(ii) Explanation inserted within 1 year, for the purpose of clarifying the scope or applicability of any notification/order, to have retrospective effect: 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.

It is hereby clarified that the explanation so inserted for a particular entry in the notification, 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.



(9) Principal *Notification No. 11/2017 CT (R) dated 28.06.2017*[1] came into force with effect from 01.07.2017. Thereafter, a new entry - Entry no. 3(vi) was inserted w.e.f. 21.09.2017. Subsequently, an explanation was also inserted with respect to entry no. 3(vi) by issue of a notification on 26.07.2018 [i.e. within 1 year of the insertion of entry 3(vi)].

[1] *This notification notifies the rate of tax on services.*

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Although the effective date mentioned in the notification which inserted said explanation was 27.07.2018, said explanation will be effective from the inception of entry 3(vi) in notification i.e. 21.09.2017 and not 27.07.2018.

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

Similar provisions granting power to exempt IGST have been provided under section 6 of the IGST Act.

3. GOODS EXEMPT FROM TAX

A list of items has 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[2]:

[2] *Students may go through the complete list of goods exempt from GST on CBIC website – www.cbic.gov.in, for knowledge purposes.*

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 Live fish (0301)	 Fresh Milk excluding UHT Milk (0401)	 Potatoes (0701)
 Grapes (0806)	 Indian National Flag (63)	 Plastic Bangles (3926)

4. LIST OF SERVICES EXEMPT FROM TAX

I. SPECIFIC SERVICES EXEMPT FROM CGST AND IGST

Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017[3] **(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:

[3] *Exemption from IGST has been granted to various services vide Notification No. 9/2017 IT (R) dated 28.06.2017. All the services exempted from CGST & SGST/UTGST have also been exempted from IGST.*
Apart from these, there are few additional services which have been exempted only under IGST law. Such services have been discussed subsequently in this chapter.

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1. Services related to charitable and religious activities

Entry No.[4]	Description of services
1	Services by an entity registered under section 12AA/12AB of the Income-tax Act, 1961 by way of **charitable activities**.
13	Services by a person by way of- (a) conduct of any religious ceremony; (b) renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust under section 12AA/12AB of the Income-tax Act, 1961 or a trust or an institution registered under section 10(23C)(v) of the Income-tax Act or a body or an authority covered under section 10(23BBA) of the said Income-tax Act. However, nothing contained in entry (b) of this exemption shall apply to- (i) **renting of rooms** where charges are **₹ 1,000 or more** per day; (ii) **renting of premises**, community halls, kalyanmandapam or open area, and the like where charges are **₹ 10,000 or more** per day; (iii) **renting of shops** or other spaces for business or commerce where charges are **₹ 10,000 or more** per month.
60	Services by a specified organisation in respect of a **religious pilgrimage** facilitated by the Government of India, under bilateral arrangement.
80	Services by way of training or coaching in- (a) recreational activities relating to arts or culture, by an individual, or (b) sports by charitable entities registered under section 12AA or 12AB of the Income-tax Act.

[4] *Entry Nos. mentioned herein correspond to entries in Notification No. 12/2017 CT (R) dated 28.06.2017. However, these entry numbers have been given only for reference purposes and are not relevant for examination purpose.*

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ANALYSIS

A. SERVICES PROVIDED BY CHARITABLE/RELIGIOUS TRUST

Entry 1 of the Notification exempts services supplied by an entity registered under section 12AA/12AB of the Income-tax Act, 1961 by way of charitable activities. Thus, in order to claim exemption under Entry 1 of the Notification, following two conditions must be satisfied:-

(i) The entity should be **registered under section 12AA/12AB of the Income tax Act,** 1961, and

(ii) 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-

(i) **PUBLIC HEALTH** by way of-

(A) care or counseling of

(I) terminally ill persons or persons with severe physical or mental disability;

(II) persons afflicted with HIV or AIDS;

(III) persons addicted to a dependence-forming substance such as narcotics drugs or alcohol; or



(B) public awareness of preventive health, family planning or prevention of HIV infection;

(ii) **ADVANCEMENT OF RELIGION, SPIRITUALITY OR YOGA**;

(iii) **ADVANCEMENT OF EDUCATIONAL PROGRAMMES / SKILL DEVELOPMENT** relating to,-

(A) abandoned, orphaned or homeless children;

(B) physically or mentally abused and traumatized persons;

(C) prisoners; or

(D) persons over the age of 65 years residing in a rural area;

(iv) **PRESERVATION OF ENVIRONMENT** including watershed, forests & wildlife.

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Thus, only those services provided by a charitable and religious trusts [registered under section 12AA/12AB of the Income-tax Act] which fall within the above definition of charitable activities, are eligible for exemption from GST. There could be many other services provided by such charitable and religious trusts which are not covered by the definition of charitable activities and hence, such services would attract GST.

For instance, grant of advertising rights to a person for publicity, 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 supplied by the entities registered under section 12AA/12AB 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.
- The term **rural area** means the area comprised in a village as defined in land revenue records, excluding the area under any municipal committee, municipal corporation, town area committee, cantonment board or notified area committee; or any area that may be notified as an urban area by the Central Government or a State Government.



(10) Shiksha Academy, an educational institute run by Sarvsewa Trust, a charitable trust registered under section 12AB of the Income-tax Act, 1961, has organized a Skill Development Programme for the old age people over the age of 65 years residing in Bangalore city (an urban area).

Services provided by Shiksha Academy do not fall within the purview of 'charitable activities'. The activities relating to advancement of skill development relating to persons over the age of 65 years, are covered under the definition of 'charitable activities' only when such persons are residing in rural area.

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- 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. However, such activities may be exempt under Entry 66 *[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.

Religious yatras or pilgrimage

- Religious yatras/pilgrimage organised by any charitable or religious trust are not exempt.
- 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. *[See **Entry 60** in above table]*. The term **specified organization** as referred herein means-
  - Kumaon Mandal Vikas Nigam Limited (KMVN), a Government of Uttarakhand Undertaking; or
  - 'Haj Committee of India' or 'State Haj Committee including Joint State Committee'.
- In short, as per **Entry 60**, the services provided by the Haj Committee and KMVN in relation to pilgrimage to Mecca and Kailash-Mansarovar respectively are not liable to GST.

example

(11) KMVN supplies numerous services, namely, medical facilities, catering services, security, accommodation services, etc. to the pilgrims undertaking Kailash-Mansarovar pilgrimage. Such services provided by KMVN in respect of the religious pilgrimage to Kailash-Mansarovar are covered under entry 60 and thus, are exempt.

Arranging yoga and meditation camp by charitable trusts

- As discussed above, services provided by entity registered under section 12AA/12AB of the Income-tax Act, 1961 by way of advancement of religion,

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spirituality or yoga are exempt as such activities are covered in definition of charitable activities.

- 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[5].

(12) Bhavyajyoti Foundation, a charitable trust registered under section 12AB 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 12AB 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 *[discussed later in this chapter]* is also applicable to the health care services provided by a **clinical establishment, an authorised medical practitioner or paramedics of a religious or charitable trust** also.

Training or coaching in arts, culture or sports

As per **Entry 80**, services by way of training or coaching in-

(a) recreational activities relating to arts or culture, by an individual, or

(b) sports by charitable entities registered under section 12AA or 12AB of the Income-tax Act are exempt from GST.

[5] *Circular No. 66/40/2018 GST dated 26.09.2018*

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It is important to note that the exemption with regard to services provided by way of training or coaching in **recreational activities relating to arts or culture** is available when the same is provided by an individual. Similarly, services of training or coaching in **sports** are exempt only when such services are provided by a charitable entity registered under section 12AA or 12AB of Income-tax Act.





Let us now analyse the term **'recreational activities'.** 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 arts and culture. Hence, the training or coaching in **recreational activities relating to the areas other than arts or culture** is outside the purview of this entry.

Further, training or coaching in **all forms of arts, culture or sports** is covered under this entry, namely, dance, music, painting, sculpture making, literary activities, theatre, etc. of any school, tradition or language or any of the sports.



(13) Manavtaa Sansthaan, a charitable trust registered under section 12AB of the Income-tax Act, 1961, has organized a 'Basketball Training Camp' for teenagers. GST would be exempt on the same as services provided by entity registered under section 12AB of the Income-tax Act, 1961 by way of training or coaching in sports are exempt.

GST on services provided TO charitable trusts

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.

B. CONDUCT OF ANY RELIGIOUS CEREMONY

Going through Entry 13(a), it can be inferred that the amount charged, by whatever name called, for the conduct of any religious ceremony is exempt from GST. 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.

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(14) Raamanand Joshi, a priest, charges ₹ 12,000 for conducting a religious ceremony on the birthday of Ghanshyam's son. The amount charged for the conduct of any religious ceremony is exempt from GST.

C. RENTING OF PRECINCTS OF RELIGIOUS PLACE MEANT FOR GENERAL PUBLIC



- **Entry 13(b)** 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. Let us understand the meaning of the terms 'religious place', 'general public' and 'precincts' referred herein.
- **Religious place** means a place which is primarily meant for conduct of prayers or worship pertaining to a religion, meditation, or spirituality.
- **General public** means the body of people at large sufficiently defined by some common quality of public or impersonal nature.
- 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.

(15) 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, where the donation is received without

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such instructions or when the name of the donor is displayed in recipient institution's premises, in such a manner, which can be said to be an expression of gratitude and public recognition of donor's act of philanthropy and is not aimed at giving publicity to the donor in such manner that it would be an advertising or promotion of his business, then it can be said that there is no supply of service for a consideration (in the form of donation). In other words, there is no obligation (quid pro quo) on part of recipient of the donation or gift to do anything (supply a service). Therefore, there is no GST liability on such consideration.



(16) Durgadevi Trust, a religious trust registered under section 12AB 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 such services are exempt only when the consideration is less than ₹ 10,000 per month.

(17) Sarvodaya Trust, a religious trust, registered under section 10(23BBA) 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 per day[7].

2. Agriculture related services

Entry No.	Description of services
24	Services by way of loading, unloading, packing, storage or warehousing of rice.
24A	Services by way of warehousing of minor forest produce.
24B	Services by way of storage/ warehousing of cereals, pulses, fruits and vegetables.

[7] *Discussion under this heading is primarily based on CBIC GST Flyer – Chapter 39 - GST on Charitable and Religious Trusts and other clarifications issued by CBIC.*

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54	Services relating to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce by way of— (a) agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing;  (b) supply of **farm labour**; (c) **processes carried out at an agricultural farm** including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging and such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market; (d) **renting or leasing of agro machinery or vacant land** with or without a structure incidental to its use; (e) **loading, unloading, packing, storage or warehousing** of agricultural produce; (f) **agricultural extension services**; (g) services by any **Agricultural Produce Marketing Committee** or Board or services provided by a commission agent for sale or purchase of agricultural produce.
55	Carrying out an intermediate production process as job work in relation to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce.
55A	Services by way of artificial insemination of livestock (other than horses).

ANALYSIS

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ENTRY 54

The words **'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'** used in **Entry 54** include activities like breeding of fish (pisciculture), rearing of silk worms (sericulture), cultivation of ornamental flowers (floriculture) and horticulture, forestry, etc.



Further, the term **'agricultural produce'** means 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**. 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.







Let us examine what is exempt under Entry 54.

Entry 54 exempts the agricultural operations directly related to production of any agricultural produce such as cultivation, harvesting, threshing, plant protection or testing. Further, 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** are also exempt. In view of the same,

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following processes are outside the purview of this entry and thus, are liable to GST:-

(a) **Process which alters the essential characteristics of the agricultural produce:** For instance, potato chips or tomato ketchup, etc. are manufactured through processes which alter the essential characteristic of farm produce (potatoes and tomatoes in this case).

(b) **Process which makes agricultural produce marketable in the retail market:** The processes of grinding, sterilizing, extraction packaging in retail packs of agricultural products, which make the agricultural products marketable in retail market, would NOT be covered in this entry. Only such processes are covered in this entry which makes agricultural produce marketable in the primary market and not retail market.

Apart from this, supply of farm labour is also exempt from GST.

Renting or leasing of agro machinery or vacant land



Item (d) of the entry exempts **renting or leasing of agro machinery or vacant land** with or without a structure incidental to its use.

(18) 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. Such service of leasing of vacant land with a greenhouse and a storage shed which is incidental to its use for agriculture is exempt from GST.

Agricultural extension services

Item (f) of the entry exempts **Agricultural Extension Services (AES)**. Said 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.

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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 are not liable to GST. 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.

Services provided by such Agricultural Produce Marketing Committee or Board are covered in item (g) of entry 54. 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 for commercial purposes.

Warehousing of agriculture produce

Item (e) of Entry 54 exempts 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 under entry 54 where such exemption is available for loading, unloading, packing, storage or warehousing of agricultural produce. Same is the case with coffee obtained after processing of coffee beans.

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❑ 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 do not fall within item (e) of entry 54[8].

ENTRY 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 is exempt under GST.



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.

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

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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 relation to cultivation of plants for food, fibre or other similar products or agricultural produce.

In view of the above, it is clarified that milling of paddy into rice is not eligible for exemption under Entry 55[9].

3. Educational services

Entry No.	Description of services
66	Services provided - (a) by an educational institution to its students, faculty and staff; (aa) by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee; (b) to an educational institution, by way of,- (i) transportation of students, faculty and staff; (ii) catering, including any mid-day meals scheme sponsored by the Central Government, State Government or Union territory; (iii) security or cleaning or 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. However, nothing contained in sub-items (i), (ii) and (iii) of item (b) shall apply to an educational institution other than an institution providing services by way of pre-school education and education up to higher secondary school or equivalent. Further, nothing contained in sub-item (v) of item (b) shall apply to an institution providing services by way of,-

[9] *Circular No. 19/19/2017 GST dated 20.11.2017*

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	(i) pre-school education and education up to higher secondary school or equivalent; or (ii) education as a part of an approved vocational education course.
66A	Services of affiliation provided by a Central or State Educational Board or Council or any other similar body, by whatever name called, to a school established, owned or controlled by the Central Government, State Government, Union Territory, local authority, Governmental authority or Government entity.

ANALYSIS



Education is fundamental to the nation building process. The term "Education" is not defined in the CGST Act, 2017, but as per Apex Court decision in *"Loka Shikshana Trust v. CIT"*, education is process of training and developing knowledge, skill and character of students by normal schooling.

Taxing the Education Sector has always been a sensitive issue, as education is seen more as a social activity than a business one. The Government has a constitutional obligation to provide free and compulsory elementary education to every child. Thus, to promote education, it would be beneficial if educational services are exempted from tax.

However, commercialization of education is also a reality. The distinction between core and ancillary education is blurring and education is now an organised industry with huge revenues. The GST law tries to maintain a fine balance whereby core educational services provided and specified services received by educational institutions are exempt and other services are sought to be taxed.

Exemption from GST granted vide Entry 66 stated above can be discussed under two broad categories –output services and input services of an educational institution. The discussion in succeeding paras fundamentally revolves around these two areas:

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OUTPUT SERVICES



Services provided **by an educational institution to its students, faculty and staff** and by way of **conduct of entrance examination against consideration** in the form of entrance fee are exempt from GST.

- Since exemption with respect to said services is available only when these services are provided BY 'educational institution', it is important to analyse the term **EDUCATIONAL INSTITUTION** first:

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 recognised by any law** for the time being in force;

(iii) education as a part of an **approved vocational education** course.



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- 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.

(19) 'Dharam Institute of Technology' (DIT), a private engineering college in M.P., offers post graduate engineering programmes. All the engineering courses including the distance learning post graduate engineering programme offered by DIT are recognised by the law [The All India Council for Technical Education (AICTE)]. Since DIT imparts education as a part of a curriculum for obtaining a qualification recognised by the Indian law, the same is an educational institution.

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- **Sub-clause (i):** An institution providing pre-school education and education up to higher secondary school or equivalent qualify as an educational institution.



(20) 'Littleways Public School' is a school located in Tamil Nadu. The school has two branches – one is a pre-school and another is a higher secondary school affiliated to CBSE. A pre-school and a higher secondary school are educational institutions. Thus, Littleways Public School qualifies as an educational institution.

- **Sub-clause (iii):** covers institutions providing services by way of education as a part of approved vocational education course.

An **approved vocational education course** means, -

- ✓ a **course run by an ITI/ ITC**[10] affiliated to the National Council for Vocational Education and Training (NCVET) 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 NCVET, run by a person registered with the Directorate General of Training, Ministry of Skill Development and Entrepreneurship. The Modular Employable Skills is the minimum skill set which is sufficient for gainful employment or self-employment in the world of work. It provides employable skills to early school drop-outs, existing workers seeking skill upgradation, workers seeking certification of their skills acquired informally, etc. to improve their employability and provides certification after completion of the course.

****Designated trade** means any trade or occupation or any subject field in engineering or non-engineering or technology or any vocational course which the Central Government, after consultation with the Central Apprenticeship Council, may, by notification in the Official Gazette, specify as a designated trade for the purposes of Apprentices Act, 1961[11].

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[10] *Industrial Training Institute/ Industrial Training Centre*

[11] *Some of the designated trades notified under the Apprentices Act, 1961 are electrician, wireman, carpenter, plumber, mason, mechanic, tool and die maker, baker and confectioner, weaver, tailor, footwear maker, photographer, beautician, painter, desk top publishing operator, gardener, cable television operator, library assistant, etc.*

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(21) 'Kaladrishti ITI, Gorakhpur is engaged in providing skill development courses in other than designated trades notified under the Apprentices Act, 1961. Since courses offered by Kaladrishti ITI are not in designated trades notified under the Apprentices Act, 1961, education provided by it is not approved as vocational educational course as defined above. Resultantly, it doesn't qualify as an educational institution.

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.

Accordingly, services provided by a private ITI **only in respect of designated trades notified under Apprentices Act, 1961 are exempt** from GST under this entry. Services in respect of other than designated trades are liable to GST.



Further, in case of designated trades, **services provided by private ITI** by way of **conduct of entrance examination** against consideration in the form of entrance fee will also be exempt.

Moreover, in respect of such designated trades, **services provided TO private ITIs** relating to admission to or **conduct of examination** by a private ITI will also be exempt.



In case of **other than designated trades** in private ITIs, **GST is payable** on the aforesaid services provided by/to the private ITIs[12].

[12] *Circular No. 55/29/2018 GST dated 09.08.2018*

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Government ITIs

As far as **Government ITIs** are concerned, 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]*. Such exemption in relation to services provided by Government ITI would cover both - vocational training and examinations conducted by these Government ITIs[13].

Unrecognized educational institutions

- Private coaching centres 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.

example

(22) 'Super Minds', a coaching institute in Raipur, provides coaching for Institute of Banking Personnel Selection (IBPS) Probationary Officers Exam. Super Minds, being a coaching centre which trains candidates to secure a banking job, is not an educational institution in terms of the exemption notification.

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 specified input services *[discussed in subsequent paras]*. However, some of the input services like 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. Annual subscription/fees charged as



[13] *Circular No. 55/29/2018 GST dated 09.08.2018*

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lodging/boarding charges by such educational institutions from its students for hostel accommodation shall therefore, not attract 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[14].

  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

- We have already seen that the institutions 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 qualify as educational institutions. However, 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.

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[14] *Section 2(30) provides the definition of composite supply and section 8 contains the provisions relating to tax liability on composite and mixed supplies. The concept of composite and mixed supply has been discussed in detail in Chapter 1 – Supply under GST in this Module of the Study Material.*

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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)[15] read with section 8.

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[16].

- Indian Institutes of Management Act, 2017 (IIM Act, 2017) empowers IIMs to (i) grant degrees, diplomas, and other academic distinctions or titles, (ii) specify the criteria and process for admission to courses or programmes of study, and (iii) specify the academic content of programmes.



- Resultantly, all the IIMs fall under purview of "educational institutions" as they provide education as a part of a curriculum for obtaining a qualification recognized by law for the time being in force.



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[15] *Section 2(74) provides the definition of mixed supply.*

[16] *The view taken in the preceding paras, that education coupled with other incidental services is a composite supply and is exempt since the principal supply [education service] is exempt, is based on the CBIC Flyer - Chapter 40 – 'GST on Education Services'. However, it is also possible to take a different view since as per the definition of composite supply under section 2(30), composite supply consists of two or more* ***taxable supplies****.*

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Long duration programs of IIMs - Exempt

- 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. Services provided by IIMs to their students- in all such long duration programs (one year or more) are exempt from levy of GST.

Short duration programs of IIMs – Not exempt

- 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 and GST is payable on the same [17].

Conduct of entrance examination by authority/board/body set up by CG/SG

Any authority, board or body set up by the Central Government or State Government (including National Testing Agency) for conduct of entrance examination for admission to educational institutions shall be treated as educational institution for the limited purpose of providing services by way of conduct of entrance examination for admission to educational institutions.

Central and State Education Boards

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. In this regard, following is clarified:

[17] *Circular No. 82/01/2019 GST dated 01.01.2019*

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- Various services are supplied by Centre and State Boards such as National Board of Examination (NBE). These services include entrance examination (on charging a fee) for admission to educational institution, input services for conducting such entrance examination for students, accreditation of educational institutions or professional so as to authorise them to provide their respective services.

- For example, NBE provides services of conducting entrance examinations for admission to courses including Diplomat National Board (DNB) and Fellow of National Board (FNB), prescribes courses and curricula for PG medical studies, holds examinations and grant degrees, diplomas and other academic distinctions. It carries out all functions as are normally carried out by central or state educational boards and is thus a central educational board. "Central and State Educational Boards" are treated as educational institutions for the limited purpose of providing services by way of conduct of examination to the students. Therefore, NBE is an 'educational institution' in so far as it provides services by way of conduct of examination, including any entrance examination, to the students.

- It is clarified that:

  (i) GST is exempt on services provided by Central or State Boards (including the boards such as NBE) by way of conduct of examination for the students, including conduct of entrance examination for admission to educational institution under Entry 66(aa). Therefore, GST shall not apply to any fee or any amount charged by such Boards for conduct of such examinations including entrance examinations.

  (ii) GST is also exempt on input services relating to admission to, or conduct of examination, such as online testing service, result publication, printing of notification for examination, admit card and questions papers etc, when provided to such Boards under Entry 66(b)(iv).

  (iii) GST is applicable to other services provided by such Boards, namely of providing accreditation to an institution or to a professional

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[accreditation fee or registration fee such as fee for FMGE (Foreign Medical Graduate Examination) screening test] so as to authorise them to provide their respective services[18].

Supply of food in a mess or canteen

- Educational institutions generally have mess facility for providing food to their students and staff.



Such facility is

(i) either run by the institution/ students themselves or

(ii) is outsourced to a third person.

- **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].

- **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.

  However, 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 [covered under item (b)(ii) of Entry 66].

Supply of food in anganwadis and schools

- An anganwadi, inter alia, provides pre-school non-formal education. Hence, anganwadi is covered by the definition of educational institution (as pre-school).

- As seen above that as per entry 66(b)(ii), any catering service provided to an educational institution (pre-school and schools) is exempt from GST and it

[18] *Circular No. 151/07/2021 GST dated 17.06.2021*

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includes mid- day meal service also. The **scope of this entry is thus wide enough to cover any serving of any food to a school** (including pre-school).

- It is further clarified that services provided to an educational institution by way of serving of food (catering including mid- day meals) is exempt from levy of GST irrespective of its funding from government grants or corporate donations.
- Hence, **serving of food to anganwadi shall also be covered by said exemption, whether sponsored by government or through donation from corporates**[19].

Entrance fee for conduct of entrance examination/fee for admission/issuance of migration certificate

- As discussed earlier, Entry 66 exempts, *inter alia*, services provided –

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

  (aa) by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee.

- Therefore, it can be seen that all services supplied by an 'educational institution' to its students are exempt from GST. Consideration charged by the educational institutes by way of entrance fee for conduct of entrance examination is also exempt.
- The exemption is wide enough to cover the amount or fee charged for admission or entrance, or amount charged for application fee for entrance, or the fee charged from prospective students for issuance of eligibility certificate to them in the process of their entrance/admission to the educational institution.
- Services supplied by an educational institution by way of issuance of migration certificate to the leaving or ex-students are also covered by the exemption. Accordingly, such activities of educational institutions are also exempt[20].

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[19] *Circular No. 149/05/2021 GST dated 17.06.2021*

[20] *Circular No. 177/09/2022 GST dated 03.08.2022*

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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.

Maritime courses approved by DG Shipping

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 and the courses conducted by them are exempt subject to fulfilment of other conditions specified herein[21].

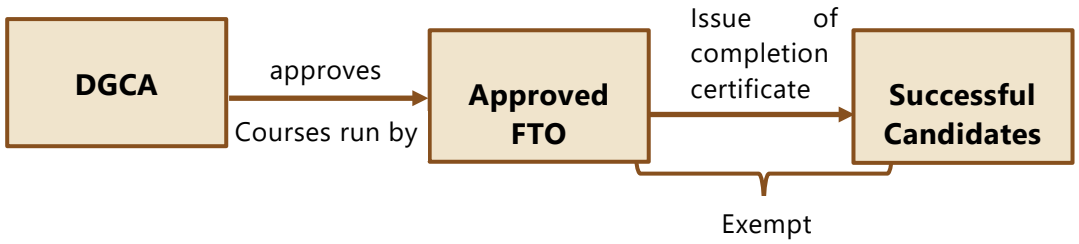
Approved flying training courses conducted by FTO approved by the DGCA

Directorate General of Civil Aviation (DGCA) approves Flying Training Organizations (FTOs) as well as also approves flying training courses and mandates the requirement of course completion certificates to be issued to successful candidates in terms of the Aircraft Act, 1934 and the rules prescribed thereunder.

Therefore, the approved flying training courses conducted by FTOs approved by DGCA, wherein the DGCA mandates the requirement of a completion certificate are exempt as services provided by educational institutions (an institution providing services by way of education as a part of a curriculum for obtaining a qualification recognized by any law for the time being in force) to its students, faculty and staff are exempt from levy of GST. *[Circular No. 234/28/2024 GST dated 11.10.2024]*

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

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INPUT SERVICES

- 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[22].

[22] *The discussion in the foregoing paras is primarily based on CBIC Flyer - Chapter 40 – 'GST on Education Services' unless otherwise specified.*

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(23) Little Millennium – a pre school in outskirts of Mumbai – has subscribed the online journals on child development and experiential learning. Services of supply of online educational journals or periodicals provided, *inter alia,* to an institution providing services by way of pre-school education are not exempt.

(24) SM Transporters has provided services of transportation of students and faculty from their residence to school and back, to Pathwheels School - a higher secondary school. Services of transportation of students, faculty and staff provided, *inter alia,* to an institution providing services by way of education up to higher secondary school or equivalent are exempt.

(25) Shiksha College, offering degree courses (recognised by law), has to conduct its half yearly examination in November. For this purpose, it has paid the honorarium to paper setters and examiners (not on the rolls of Shiksha College) for their services. Further, it availed the printing services for printing the question papers (paper and content are provided by Shiksha College) for conducting examination. Services provided to an educational institution relating to admission to, or conduct of examination by, such institution are exempt. Therefore, services of paper setters and examiners and printing services availed by Shiksha College are exempt.

(26) Gyaani Public School – a higher secondary school – has hired Suvidha Services Ltd. for security and housekeeping services in the school. Security and housekeeping services provided within the premises of, *inter alia,* a higher secondary school are exempt. Therefore, said services provided by Suvidha Services Ltd. are exempt. The school subsequently hired Suvidha Services Ltd. for providing the security and housekeeping services at School's Annual Day function organised in an auditorium outside the school campus. Security and housekeeping services provided to Gyaani Public School for School's Annual Day function organised outside the school campus will be taxable as only the security and housekeeping services performed **within the premises** of the higher secondary school are exempt.

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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 recognised 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 periodicals	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.		

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Affiliation provided by universities to colleges

- The activity of affiliation is to monitor and ensure whether the institution possesses the required infrastructure in terms of space, technical prowess, financial liquidity, faculty strength, etc. and is thereby eligible for the privileges to conduct the course/program of study for the degree/title extended by the University to the students enrolled in such institutions.
- The affiliation services provided by the universities are not related to the admission of students to such colleges or the conduct of examinations by such colleges.
- It has been clarified by CBIC that the affiliation services provided by universities to their constituent colleges are not covered within the ambit of exemptions provided to educational institutions. *[Circular No. 234/28/2024 GST dated 11.10.2024]*

Affiliation provided by Central and State educational boards or Councils, or other similar bodies, to schools

- The activity of affiliation carried out by educational boards or councils, or other similar bodies, is to monitor and ensure whether the schools possess the required infrastructure, finances, faculty strength etc. and are thereby eligible for the privileges to operate under the aegis of said boards or councils.
- The affiliation services are not related to the admission of students to such schools or the conduct of examinations by such schools.
- It has been clarified by CBIC that such services of affiliation, provided to schools by Central or State educational boards or councils, or other similar bodies, by whatever name called, are taxable *[Circular No. 234/28/2024 GST dated 11.10.2024]*.

However, it may be noted that the affiliation services provided by Central and State educational boards or Councils, or other similar bodies to GOVERNMENT SCHOOLS i.e. schools established, owned or controlled by the Central Government, State Government, Union Territory, local authority, Governmental authority or Government entity are exempt vide Entry 66A of Exemption Notification.

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4. Health care services

Entry No.	Description of services
46	Services by a veterinary clinic in relation to health care of animals or birds. 
74	Services by way of- (a) health care services by a clinical establishment, an authorised medical practitioner or para-medics; However, nothing in this entry shall apply to the services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU)] having room charges exceeding ₹ 5000 per day to a person receiving health care services. (b) services provided by way of transportation of a patient in an ambulance, other than those specified in (a) above. 

ANALYSIS

Entry 74 - Health care services by a clinical establishment, an authorised medical practitioner or para-medics are exempt from GST [Entry 74(a)].



However, services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU)] having room charges exceeding ₹ 5000 per day to a person receiving health care services will not be exempt.

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The term 'health care services' is defined as follows:

Health care services



- 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.



(27) Healthy Nursing Home specializes in undertaking plastic surgeries. One such surgery is conducted to repair cleft lip of a newborn baby. In view of above definition, plastic surgeries are not included in health care services. However, plastic surgery conducted to repair a cleft lip will be included in health care services as it reconstructs anatomy or functions of body affected due to congenital defects (i.e. cleft lip).

(28) Aarogya Multispecialty Hospital provides palliative care to patients facing serious and life-threatening illness. 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.

On request, such care is also provided to patients at their homes. Health care service means any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognized system of medicines in India. It is immaterial whether such service is provided at the clinical establishment or at the home of the patient or at any other place.

Thus, palliative care for terminally ill patients provided at their homes is included in health care services.

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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[23]:-



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

(29) Reiki healing treatment is not a recognized system of medicines. Therefore, it is not included in health care services.

Let us now understand the meaning of terms - 'clinical establishment', 'authorised medical practitioner' and 'paramedics'.



- **Clinical establishment:** means a hospital, nursing home, clinic, sanatorium or any other institution by, whatever name called, that offers services or facilities requiring diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India, or a place established as an independent entity or a part of an establishment to carry out diagnostic or investigative services of diseases. Thus, diagnostic or investigative services of diseases provided by pathological labs are not liable to GST.

- **Authorised medical practitioner:** means a medical practitioner registered with any of the councils of recognised system of medicines established/recognised by law in India & includes a medical professional having requisite qualification to practice in any recognised system of medicines in India as per any law for the time being in force.

[23] *Section 2(h) of the Clinical Establishments (Registration and Regulation) Act, 2010*

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Further, **Paramedics** are trained health care professionals, for example, nursing staff, physiotherapists, technicians, lab assistants etc. Services by them in a clinical establishment would be in the capacity of employee and not provided in independent capacity and will thus be considered as services by such clinical establishment. Similar services in independent capacity are also exempted.

Rent of rooms provided to in-patients

Rent of the rooms having room charges upto ₹ 5,000 per day to a person receiving health care services in hospitals is exempt[24].

Services provided by senior doctors/ consultants/ technicians



- Hospitals hire senior doctors/ consultants/ technicians independently. Such persons do not have any contract with the patient. Hospitals pay them consultancy charges and there is no employer-employee relationship between them.
- It is clarified by CBIC that services provided by such senior doctors/ consultants/ technicians, 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 hospitals 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]*.

[24] *Proviso to Entry 74(a)*

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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]*[25].

Ambulance services provided National Health Mission (NHM)

- National Health Mission (NHM) is a flagship programme of the Government of India wherein the Central Government provides technical and financial support to States to strengthen healthcare systems including for free ambulance services (Dial 102/108 services).



[25] *The view taken in the preceding paras, that health care services coupled with other incidental services is a composite supply and is exempt since the principal supply [health care service] is exempt, is based on Circular No. 32/06/2018 GST dated 12.02.2018. However, it is also possible to take a different view since as per the definition of composite supply under section 2(30) of the CGST Act, composite supply consists of two or more* ***taxable supplies****.*

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- Dial 108 is the emergency response system primarily designed to attend to patients of critical care, trauma and accident victims etc. while Dial 102 services essentially are for basic patient transport aimed to cater the needs of pregnant women and children, though other categories are also taking benefit and are not excluded.

- Some State Governments themselves provide the free ambulance services to the patients while many States are operating the ambulance service on an outsourced model, i.e., services are provided by a private service provider (PSP) on behalf of State Government and it charges a fee from the State Governments for said ambulance services. However, in both the cases, ambulance services are provided free of cost to the patients.

- Services provided by State Governments and Private Service Providers (PSPs) by way of transportation of patients in ambulance are exempt under Entry 74 above.

- As regards ambulance services provided by PSPs [under NHM] on behalf of State Governments against consideration in the form of fee or otherwise charged from State Government, since ambulance services are an activity in relation to 'health and sanitation' and 'public health' functions entrusted to Panchayats and Municipalities under Article 243G and 243W of the Constitution of India[26], same would be exempt as under:

  a. Entry 3 if it is a pure service and not a composite supply involving supply of any goods, and

  b. Entry 3A if it is a 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 *[Circular No. 51/25/2018 GST dated 31.07.2018]. [Refer Entry 3 and 3A discussed in detail subsequently under heading 'Services provided to Government']*.

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[26] An illustrative list of functions entrusted to Panchayat and Municipality under Article 243G and 243W respectively of the Constitution of India has been provided subsequently in this chapter under heading 'Services provided by Government'.

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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[27].

Services by way of Assisted Reproductive Technology (ART) procedures such as In vitro fertilization (IVF)

- As per the definition of health care services given earlier, it 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.
- **Since, the abnormality/disease/ailment of infertility is treated using ART procedure such as IVF, it is clarified that services by way of IVF are also covered under the definition of health care services[28].**

5. Services provided by Government

Entry No.	Description of services
4	Services by governmental authority by way of **any activity in relation to any function entrusted to a municipality** under article 243W of the Constitution are exempt.
5	Services by a governmental authority by way of any activity in relation to **any function entrusted to a Panchayat** under article 243G of the Constitution.
6	Services by the Central Government, State Government, Union territory or local authority excluding the following services— (a) services by the **Department of Posts and the Ministry of Railways (Indian Railways);**

[27] *As clarified by the CBIC GST Flyer – Chapter 39 - GST on Charitable and Religious Trusts*
[28] *Circular No. 177/09/2022 GST dated 03.08.2022*

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	(b) services in relation to **an aircraft or a vessel,** inside or outside the precincts of a port or an airport; (c) **transport of goods or passengers**; or (d) any service, other than services covered under entries (a) to (c) above, **provided to business entities**.
7	Services provided by the Central Government, State Government, Union territory or local authority to a business entity with an aggregate turnover of up to such amount in the preceding financial year as makes it eligible for exemption from registration under the Central Goods and Services Tax Act, 2017 Explanation - For the purposes of this entry, it is hereby clarified that the provisions of this entry shall not be applicable to following services:- (i) item (a), (b) and (c) of Entry 6 above. (ii) services by way of **renting of immovable property**.
8	Services provided by the Central Government, State Government, Union territory or local authority **to another Central Government, State Government, Union territory or local authority**. However, nothing contained in this entry shall apply to services referred in item (a), (b) and (c) of Entry 6 above.
9	Services provided by Central Government, State Government, Union territory or a local authority **where the consideration for such services does not exceed ₹ 5,000**. **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.** **as defined in section 2(33)*
9C	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.

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9D	Services by: an old age home run by: ✓ Central Government, State Government or ✓ an entity registered under section 12AA/12AB of Income-tax Act, 1961 to its residents (aged 60 years or more) against consideration upto ₹ 25,000 per month per member, provided that the consideration charged is inclusive of charges for boarding, lodging and maintenance. 
9E	Services provided by Ministry of Railways (Indian Railways) to individuals by way of – (a) sale of platform tickets (b) facility of retiring rooms/waiting rooms; (c) cloak room services; (d) battery operated car services
9F	Services provided by one zone/division under Ministry of Railways (Indian Railways) to another zone(s)/division(s) under Ministry of Railways (Indian Railways).
9G	Services provided by Special Purpose Vehicles (SPVs) to Ministry of Railways (Indian Railways) by way of allowing Ministry of Railways (Indian Railways) to use the infrastructure built and owned by them during the concession period against consideration and services of maintenance supplied by Ministry of Railways (Indian Railways) to SPVs in relation to the said infrastructure built and owned by the SPVs during the concession period against consideration.
24C	Services by the Department of Posts by way of post card, inland letter, book post and ordinary post (envelopes weighing less than 10 grams).
34A	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[29].

[29] *Circular No.154/10/2021 GST dated 17.06.2021 reiterates that guaranteeing of loans by Central or State Government for their undertaking or PSU is specifically exempt under Entry 34A.*

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47	Services provided by the Central Government, State Government, Union territory or local authority by way of- (a) registration required under any law for the time being in force; (b) testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, including fire license, required under any law for the time being in force.
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**.
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.
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.
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.
65B	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. However, at the end of the contract period, ERCC shall submit an account to the State Government and certify that amount of GST deposited by mining lease holders on royalty is more than 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

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	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. 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 said Act.
74A	 Services provided by rehabilitation professionals recognised under the Rehabilitation Council of India Act, 1992 by way of rehabilitation, therapy or counselling and such other activity as covered by the said Act at medical establishments, educational institutions, rehabilitation centers established by Central Government, State Government or Union territory or an entity registered under section 12AA or 12AB of the Income-tax Act, 1961.

ANALYSIS

Relevant definitions are as under:

- **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.

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- **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 [Section 2(1) of the Aircraft Act, 1934].

- **Airport:** means a landing and taking off area for aircrafts, usually with runways and aircraft maintenance and passenger facilities and includes aerodrome as defined in section 2(2) of the Aircraft Act, 1934 [Section 2(b) of the Airports Authority of India Act, 1994].

Exemption to services provided by Government



- **Not all services provided by the Government or a local authority are exempt from tax**. As for instance, following services are not exempt:

  (a) services by the Department of Posts and the Ministry of Railways (Indian Railways);

  (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 business entities [with aggregate turnover exceeding such amount in the preceding financial year as makes it eligible for exemption from registration under CGST Act].

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Services mentioned in clause (a) to (c) above have been referred to as **"specified services"** in discussion hereunder.

Accommodation services supplied by Air Force Mess and other similar messes to its personnel

Accommodation services provided by Air Force Mess and other similar messes, such as, Army mess, Navy mess, Paramilitary and Police forces mess to their personnel or any person other than a business entity are covered by Entry 6 provided the services supplied by such messes qualify to be considered as services supplied by Central Government, State Government, Union Territory or local authority[30].

Let us first understand what does 'Government' and 'local authority' mean?

Meaning of Government



- As per section 2(53), 'Government' means the Central Government.
- Various State/ Union Territories (with Legislatures) GST Acts define 'Government' as Government of respective State Government/ Union Territory. For Union Territories (without State Legislatures), 'Government' means the Administrator or any Authority or officer authorized to act as Administrator by the Central Government.
- Regulatory bodies/agencies, for instance, Competition Commission of India, Press Council of India, Directorate General of Civil Aviation, Forward Market Commission, Inland Water Supply Authority of India, Central Pollution Control Board, Securities and Exchange Board of India, do not fall under the definition of Government.

Meaning of local authority

- Local authority is defined in section 2(69) and means the following:
  - ✓ a **"Panchayat"** as defined in clause (d) of article 243 of the Constitution;

[30] *Circular No. 190/02/2023 GST dated 13.01.2023*

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- ✓ a **"Municipality"** as defined in clause (e) of article 243P of the Constitution;
- ✓ a **Municipal Committee, a Zilla Parishad, a District Board,** and any other authority legally entitled to, or entrusted by the Central Government or any State Government with the control or management of a municipal ***fund*** or local fund;

Explanation.—For the purposes of this sub-clause-

"local fund" means any fund under the control or management of an authority of a local self-government established for discharging civic functions in relation to a Panchayat area and vested by law with the powers to levy, collect and appropriate any tax, duty, toll, cess or fee, by whatever name called.

"municipal fund" means any fund under the control or management of an authority of a local self-government established for discharging civic functions in relation to a Metropolitan area or Municipal area and vested by law with the powers to levy, collect and appropriate any tax, duty, toll, cess or fee, by whatever name called.

In simple words, local fund is a fund controlled by a local governing body for civic functions in a Panchayat (rural) area, backed by the legal power to levy and collect tax, duty, toll, cess or fee. Municipal fund is also the same, but for civic functions in a Metropolitan or Municipal (urban) area.

- ✓ a **Cantonment Board** as defined in section 3 of the Cantonments Act, 2006;
- ✓ a **Regional Council or a District Council** constituted under the Sixth Schedule to the Constitution;
- ✓ a **Development Board** constituted under article 371 and article 371J of the Constitution; or
- ✓ a **Regional Council** constituted under article 371A of the Constitution.

Thus, 'local authority' includes only those bodies which are listed in the above definition. It would not include other body which is merely described as a 'local

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body' by virtue of a local law. For example, local developmental authorities - setup by State Governments to undertake developmental works - like Delhi Development Authority, Ahmedabad Development Authority, Bangalore Development Authority, etc. are not qualified as local authorities.

In the subsequent paras, we have examined some of the Government services:

Statutory collections made by the Real Estate Regulatory Authority (RERA)

RERA is constituted under the Real Estate (Regulation and Development) Act, 2016. RERA performs function of regulating the real estate development and construction of the building entrusted to them which fall under Entry No.1 and 2 of the 12th Schedule of the Indian Constitution.

RERA is a 'governmental authority' and is covered under the scope of entry no. 4. It is hereby clarified[31] that statutory collections made by RERA are covered under the entry no. 4 and thus, exempt from GST.

Services provided to a business entity

- **Entry 7** provides that services provided to a business entity are exempt if its aggregate turnover is upto such amount in the preceding financial year as makes it eligible for exemption from registration under the CGST Act.
- However, this exemption is not applicable to **specified services** and renting of immovable property services. **Renting in relation to immovable property** means allowing, permitting or granting access, entry, occupation, use or any such facility, wholly or partly, in an immovable property, with or without the transfer of possession or control of the said immovable property and includes letting, leasing, licensing or other similar arrangements in respect of immovable property.
- GST on services, other than **specified services,** supplied by the Central Government, State Government, Union territory or local authority to a business entity [whose turnover exceeds such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act] is payable under reverse charge by such business entity.

[31] *Circular No. 228/22/2024 GST dated 15.07.2024*

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However, reverse charge provisions are not applicable to renting of immovable property services provided to unregistered persons and where **'specified services'** are being provided to such business entity *[See the reverse charge provisions as discussed in Chapter – 2: Charge of GST in this Module of the Study Material]*.

Services provided by the Department of Posts



- Department of Posts provide 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. It also provides services of transfer of money through money orders, operation of savings accounts, issue of postal orders, pension payments and other such services.
- Moreover, it 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 are generally called **agency services**.



- Entry 6 stipulates that the services provided by the Central Government, State Government, Union territory or local authority are exempt excluding the services by the Department of Posts and the Ministry of Railways (Indian Railways). Further, entry 24C exempts the services provided by the Department of Posts by way of post card, inland letter, book post and ordinary post (envelopes weighing less than 10 grams). Thus, on remaining services provided by the **Department of Posts, it is liable to pay tax** without the application of reverse charge.

Services provided by one Department of the Government to another Department of the Government

- Services (except specified services) provided by one Department of the Central Government/ State Government to another Department of the Central Government/ State Government are exempt under **Entry 8**.

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Services by governmental authority by way of any activity in relation to any function entrusted to Panchayat/ Municipality

Services provided by governmental authority by way of any activity in relation to any function entrusted to a municipality under Article 243W of the Constitution[32] and 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[33] are exempt vide **Entry 4** and **Entry 5** respectively.



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



- Services provided by Police/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 – 2: Charge of GST in this Module of the Study Material]*.

(30) 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

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[32] The functions entrusted to municipality under the 12th Schedule to Article 243W of the Constitution include urban planning including town planning, roads and bridges, public health, sanitation conservancy and solid waste management, fire services, slum improvement and upgradation, promotion of cultural, educational and aesthetic aspects, provision of urban amenities and facilities such as parks, gardens, playgrounds, public amenities including street lighting, parking lots, bus stops and public conveniences, etc.

[33] The functions entrusted to Panchayat under the 11th Schedule to Article 243G of the Constitution include Agriculture, including agricultural extension, Animal husbandry, dairying and poultry, Fisheries, Small scale industries, including food processing industries, Drinking water, Fuel and fodder, Rural electrification, including distribution of electricity, Health and sanitation, including hospitals, primary health centres and dispensaries, Women and child development, Public distribution system, etc.

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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 of supplies made 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**. Thus, any consideration received by the Government from any person or supplier for non-performance of contract is exempted from tax.



(31) 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 10th July, it was agreed by both the parties that M/s. ABC shall complete the construction work and handover the project on or before 31st December.

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 31st December. 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[34].

General Insurance policies provided by a State Government

- Services provided by State Government by way of general insurance (managed by government) to employees of the State government/Police personnel, employees of Electricity Department or students of colleges/private schools etc. **wherein the total premium for insurance policy is paid by employees, students etc.** are exempt vide entry 6 of the

[34] *As per Circular No. 178/10/2022 GST dated 03.08.2022, liquidated damages do not constitute consideration for a supply and are not taxable.*

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Notification which exempts services by Central Government, State Government, Union territory or local authority to individuals.

- General Insurance policies provided to employees of the State Government/ Police personnel, employees of Electricity Department or students of colleges/private schools etc. **wherein the total premium for insurance policy is paid by the Central Government, State Government, Union territory** are exempt from GST under Entry 40[35] which exempts services provided to the Central Government, State Government, Union territory under any insurance scheme are exempt from GST *[Circular No. 16/16/2017 GST dated 15.11.2017]*.

6. Construction services

Entry No.	Description of services
10	Services provided by way of **pure labour contracts** of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of a civil structure or any other original works pertaining to the beneficiary-led individual house construction or enhancement under the **Housing for All (Urban) Mission or Pradhan Mantri Awas Yojana**.
10A	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.
11	Services by way of **pure labour contracts** of construction, erection, commissioning, or installation of original works pertaining to a **single residential unit otherwise than as a part of a residential complex**.

[35] *Entry 40 has been discussed subsequently in this chapter under heading 'Services provided to the Government'.*

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41A and 41B	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. 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[36].



ANALYSIS

Housing for All (Urban) Mission or Pradhan Mantri Awas Yojana (hereinafter referred to as PMAY) is a programme launched by the Ministry of Housing and Urban Poverty Alleviation (MoHUPA) which envisions provision of Housing for All by 2022 when the nation completes 75 years of its independence.

The mission seeks to address the housing requirement of urban poor including slum dwellers through following, *inter alia*, programme verticals:

- Slum rehabilitation of Slum Dwellers with participation of private developers using land as a resource.
- Promotion of Affordable Housing for weaker section through credit linked subsidy.
- Affordable Housing in Partnership with Public & Private sectors.
- Subsidy for beneficiary-led individual house construction/enhancement.

Last component of the mission is assistance to individual eligible families belonging to Economically Weaker Section (EWS) categories to either construct new houses or enhance existing houses on their own to cover the beneficiaries who are not able to take advantage of other components of the mission. Such families may avail specified amount of central assistance for construction of new houses or for enhancement of existing users under the mission.

[36] *These entries have been stated here in simplified form.*

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Entry 10 exempts the 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 PMAY from GST.

The term **'original works'** means- 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.

Entry 11 exempts the 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 from GST.

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.

7. Passenger transportation services

Entry No.	Description of services
15	Transport of passengers, with/ without accompanied belongings, by – (a) air, in economy class, 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;** (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.**



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	However, nothing contained in items (b) and (c) above shall apply to services supplied through an electronic commerce operator, and notified under sub-section (5) of Section 9 of the CGST, 2017.
16	Services provided to the Central Government, by way of transport of passengers with or without accompanied belongings, by air, embarking from or terminating at a **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.
17	Service of transportation of passengers, with or without accompanied belongings, by— (a) railways in a class other than— (i) first class; or (ii) an air-conditioned coach; (b) metro, monorail or tramway; (c) inland waterways; (d) public transport, other than predominantly for tourism purpose, in a vessel between places located in India; and (e) metered cabs or auto rickshaws (including e-rickshaws). However, nothing contained in item (e) above shall apply to services supplied through an electronic commerce operator, and notified under sub-section (5) of Section 9 of the CGST, 2017.







ANALYSIS

Services of transportation of passengers are usually chargeable to GST. Entry 6 *[Services provided by Government - discussed earlier]* specifically excludes the

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transport of passengers' services provided by the Government or local authority from its purview, which implies that transport of passengers' services provided by the Government or local authority services provided by the Government are also 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.

Services provided by way of transportation of passengers have been analysed as follows:

ENTRY 15

Clause (a)

- Transport of passengers by air, embarking from or terminating in an airport located in the States of North-East India or at Bagdogra located in West Bengal is exempt from GST provided said transportation is in economy class.



(32) Rituraj has booked air tickets in economy class of a flight from Delhi to Guwahati, Assam. Transport of passengers by air terminating in an airport located in Assam is exempt from GST.

Clause (b)

- Passenger transportation service provided by a non-air conditioned contract carriage other than radio taxi, for transportation of passengers, excluding tourism, conducted tour, charter or hire are exempt from GST. Conducted tour is a short visit to a place in which someone shows you around and tells you information about it[37].

  The term **contract carriage** means a motor vehicle which carries a 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

[37] *www.macmillandictionary.com*

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(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 maxicab; and

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

Further, **radio taxi** means a taxi including a radio cab, by whatever name called, which is in two-way radio communication with a central control office and is enabled for tracking using the Global Positioning System or General Packet Radio Service.



(33) Subroto has hired a non-air conditioned bus from Mohit Travels for organising a recreation tour from Delhi to Jaipur. Transport of passengers by a non-air-conditioned contract carriage are exempt from GST. However, said transportation of passengers for tourism purposes is excluded therefrom. Therefore, in the given case, passenger transportation services are taxable.

Hiring of non-air conditioned contract carriages by firms for transportation of their employees to and from work

Exemption under this clause would apply to passenger transportation services by **non-air conditioned contract carriages where transportation takes place over pre-determined route on a pre-determined schedule.** The **exemption shall not be applicable** where contract carriage is hired for a period of time, during which the contract carriage is at the disposal of the service recipient and the recipient is thus free to decide the manner of usage (route and schedule) subject to conditions of agreement entered into with the service provider[38].

Clause (c)

- Passenger transportation services provided by a stage carriage other than air-conditioned stage carriage are also exempt.

  The term **stage carriage** means a motor vehicle constructed or adapted to carry more than 6 passengers excluding the driver for hire or reward at

[38] *Circular No. 177/09/2022 GST dated 03.08.2022*

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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].



(34) The non-air conditioned buses are being operated by a State Transport Corporation for carrying passengers within the State. The passengers are being picked and dropped from and to various points by issuing individual tickets to the passengers. Such services provided by said State Transport Corporation are exempt from GST.

Proviso

It is important to note that in case where services of transport of passengers, by non-air conditioned contract carriage other than radio taxi excluding tourism, conducted tour, charter or hire or by non-air conditioned stage carriage, are supplied through Electronic Commerce Operator (ECO)[39], such services are not exempt from GST. Further, tax on such services shall be paid by ECO.

ENTRY 16

- Services provided to the Central Government, by way of transport of passengers by air, embarking from or terminating at a RCS airport, against consideration in the form of viability gap funding are exempt.

A **Regional Connectivity Scheme** is introduced to facilitate / stimulate regional air connectivity by making it affordable by supporting airline operators through (1) concessions by Central Government/State Governments and airport operators to reduce the cost of airline operations on regional routes/other support measures and (2) financial (viability gap funding or VGF) support to meet the gap, if any, between the cost of airline operations and expected revenues on such routes.

Under RCS, the underserved airports of India are aimed to be connected to key airports through cheap air flights that will cost ₹ 2,500 for per hour flight.

[39] *Provisions relating to ECOs have been discussed in detail in Chapter 12 –Electronic Commerce Transactions in Module 2 of this Study Material.*

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ENTRY 17

- Transportation of passengers by following specified modes of transport is exempt:

(a) railways in a class other than—

(i) first class; or

(ii) an air-conditioned coach;

(b) metro, monorail or tramway;

(c) inland waterways;

(d) public transport, other than predominantly for tourism purpose, in a vessel between places located in India; and

(e) metered cabs or auto rickshaws (including e-rickshaws).

The term **metered cab** means any contract carriage on which an automatic device, of the type and make approved under the relevant rules by the State Transport Authority, is fitted which indicates reading of the fare chargeable at any moment and that is charged accordingly under the conditions of its permit issued under the Motor Vehicles Act, 1988 and the rules made thereunder (but does not include radio taxi).

The term **E-rickshaw** means a special purpose battery powered vehicle of power not exceeding 4000 watts, having three wheels for carrying goods or passengers, as the case may be, for hire or reward, manufactured, constructed or adapted, equipped and maintained in accordance with such specifications, as may be prescribed in this behalf.



It is important to note that in case where service of transport of passengers by metered cabs or auto rickshaws (including e-rickshaws) are supplied through ECO, such services are not exempt from GST. Further, tax on such services shall be paid by ECO.



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Clause (d) of Entry 17

As regards transportation of passengers by vessels in clause (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.



(35) 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 Neil Island (inter island) is covered in clause (d) of Entry 17 since such transportation is between two places located in India.

Where such public transport is owned by private operators, for instance, private ferries used as means of transport from one island to another in Andaman and Nicobar Islands, exemption under Entry 17(d) would apply to tickets purchased for transportation from one point to another irrespective of whether the ferry is owned or operated by a private sector enterprise or by a PSU/government.

The **expression 'public transport' used in this Entry only means that the transport should be open to public.** It can be privately or publicly owned. Only exclusion is on transportation which is predominantly for tourism, such as services which may combine with transportation, sightseeing, food and beverages, music, accommodation such as in shikara, cruise etc[40].

[40] *Circular No. 177/09/2022 GST dated 03.08.2022*

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8. Goods transportation services

Entry No.	Description of services
18	Services by way of transportation of goods- (a) by road except the services of— (i) a goods transportation agency; (ii) a courier agency; (b) by inland waterways. ***Explanation. - Nothing contained in this entry shall apply to:*** ***(i) local delivery services provided by an Electronic Commerce Operator; or*** ***(ii) local delivery services provided through an Electronic Commerce Operator.***
20	Services by way of **transportation by rail or a vessel** from one place in India to another of the following goods – (a) **relief materials** meant for victims of natural or man-made disasters, calamities, accidents or mishap; (b) **defence or military equipments**; (c) **newspaper or magazines** registered with the Registrar of Newspapers; (e) **agricultural produce**; (f) milk, salt and food grain including flours, pulses and rice; and (g) organic manure.
	Goods Transport Agency (GTA) Service
21	Services provided by a goods transport agency, by way of transport in a goods carriage of – (a) agricultural produce; (d) milk, salt and food grain including flour, pulses and rice;

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	(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.
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.
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.

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ANALYSIS

Transportation of goods by rail/vessel/GTA in goods carriage

Exemptions granted to transport of specified goods through rail or a vessel or a by GTA in goods carriage are presented in the following table:**



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 equipments



****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.

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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[41]] are exempt from GST by virtue of **Entry 21A**.
- Further, GTA services provided to registered casual taxable person and following persons, whether being a casual taxable person or not, 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 and unregistered casual taxable persons 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.

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[41] *The concept of 'casual taxable person' has been discussed in detail in Chapter 8 – Registration in Module 2 of this Study Material.*

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- Transportation of goods service provided by GTA in a goods carriage, to a Central/State Government (Union Territory) Department or Establishment or local authority or Governmental agencies which has taken registration under GST law only for the purpose of deducting TDS under section 51 and not for making a taxable supply of goods or services are exempt under **Entry 21B**.

Before proceeding further, we shall now understand the meaning of GTA:





Who is a GTA – Goods Transport Agency?

Let us understand the meaning of Goods Transport agency (GTA).

'Goods transport agency' means any person who provides service in relation to transport of goods by road and issues a 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, which assumes agency functions, that has been brought into the GST net.
- ***'Goods transport agency' does not include***
  - ***(i) an electronic commerce operator by whom the services of local delivery are provided,***
  - ***(ii) an electronic commerce operator through whom the services of local delivery are provided.***

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An e-commerce operator (ECO) transporting goods by road will not be considered as a GTA if it is involved in local delivery, in either of following two ways:

(i) The ECO itself provides the delivery services through its own riders/fleet.

(ii) The ECO just facilitates the delivery. An independent rider/partner provides delivery services, but it provides such services through the ECO's app/platform.

Thus, an ECO, whether it provides local delivery services itself or merely facilitates such services through its platform, is explicitly kept out of the definition of GTA. At the same time, it is clarified that exemption under Entry 18 is also not applicable to:

(i) local delivery services provided by an Electronic Commerce Operator; or

(ii) local delivery services provided through an Electronic Commerce Operator.

Moreover, services covered under point (ii) above have been simultaneously notified under section 9(5). This means that, in respect of such services, GST is payable by the ECO itself, except where the person actually supplying the service through the ECO is liable for registration[42] [43].

Thus, the taxability can be summed up as follows:

(i) If such services of local delivery are supplied directly to the recipient by a registered person: GST is payable by the registered supplier.

(ii) If such services of local delivery are supplied through ECO by a person who is not liable to be registered: GST is payable by the ECO under section 9(5).

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[42] *Provisions of section 9(5) have been discussed in detail in Chapter 3 – Charge of GST.*

[43] *The applicable rate of tax on local delivery services has also been separately notified @ 18%.*

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(iii) If such services of local delivery are supplied through ECO by a registered person: GST is payable by the supplier of the local delivery service, i.e., the registered person supplying through ECO.



(36) UrbanCart, an e-commerce operator, delivers grocery parcels within the same city through its own delivery staff and charges a separate delivery fee. Although ECO providing such local delivery services is not a GTA, it is still not eligible for exemption under Entry 18. Accordingly, UrbanCart is liable to pay GST on the delivery fee charged by it.

(37) DelivEasy is an e-commerce operator that connects independent delivery riders with customers for local parcel deliveries within the city. Although the riders are not GTAs, the exemption under Entry 18 is not available to them because the Explanation also excludes local delivery services provided through ECOs. Accordingly, the delivery services provided by the riders are taxable. Further, where the riders are not liable to register, tax is payable by the ECO itself.

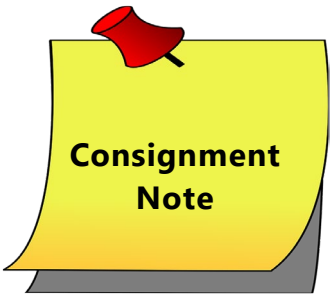
- **Individual truck/tempo operators who do not issue any consignment note are not covered within the meaning of the term GTA.** As a result, the services provided by such individual transporters who do not issue a consignment note will be covered by the entry at Entry 18, which are exempt from GST.



(38) Hari Prasad owns a single 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.

- **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:

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- ✓ 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[44].

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.



[44] *Meaning of GTA and consignment note elaborated in foregoing paras is primarily based on CBIC GST flyer - Chapter 38 – Goods Transport Agency in GST.*

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It is clarified by CBIC that ancillary or incidental services provided by GTA in the course of transportation of goods by road, such as loading/unloading, packing/unpacking, transshipment, temporary warehousing etc. will be treated as composite supply of transport of goods.

The method of invoicing used by GTAs will not generally alter the nature of the composite supply of service.

However, if such services are not provided in the course of transportation of goods and are invoiced separately, then these services will not be treated as composite supply of transport of goods[45].

What is courier agency?

Courier agency has been defined in the Notification to mean any person engaged in the door-to-door transportation of time-sensitive documents, goods or articles utilising the services of a person, either directly or indirectly, to carry or accompany such documents, goods or articles.



Express cargo service: Some transporters undertake door-to-door transportation of goods or articles and they have made special arrangements for speedy transportation and timely delivery of such goods or articles.

Such services are known as 'Express Cargo Service' with assurance of timely delivery. The nature of service provided by 'Express Cargo Service' falls within the scope and definition of the courier agency. Hence, the said service relating to transportation of goods by road is not exempt.

[45] *As clarified in answer to question no. 6 of CBIC FAQs on Transport & Logistics read with Circular No. 234/28/2024 GST dated 11.10.2024.*

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Transport of minerals within a mining area by vehicles deployed with driver for a specific duration of time



The issue which arose for consideration was whether transport of minerals within a mining area, say from mining pit head to railway siding, beneficiation plant etc., by vehicles deployed with driver for a specific duration of time would be covered under Entry 18 which exempts transport of goods by road except by a GTA.



Usually in such cases the vehicles such as tippers, dumpers, loader, trucks etc., are given on hire to the mining lease operator. Expenses for fuel are generally borne by the recipient of service. The vehicles with driver are at the disposal of the mining lease operator for transport of minerals within the mine area (mining pit to railway siding, beneficiation plant etc.) as per his requirement during the period of contract.



Such services are nothing but "rental services of transport vehicles with operator". The person who takes the vehicle on rent defines how and when the vehicles will be operated, determines schedules, routes and other operational considerations.

The person who gives the vehicles on rent with operator cannot be said to be supplying the service by way of transport of goods.

Accordingly, it is clarified that such **renting of trucks and other freight vehicles with driver for a period of time is a service of renting of transport vehicles with operator and not service of transportation of goods by road.** Consequently, it is not eligible for exemption under Entry 18[42].

[42] *Circular No. 177/09/2022 GST dated 03.08.2022*

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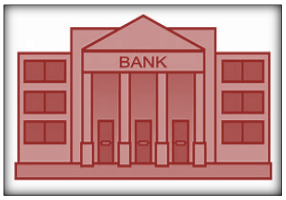
9. Banking and financial services

Entry No.	Description of services
27	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.
27A	Services provided by a banking company to Basic Saving Bank Deposit account holders under Pradhan Mantri Jan Dhan Yojana (PMJDY).
34	Services by an acquiring bank, to any person in relation to settlement of an **amount upto ₹ 2,000** in a single transaction transacted through credit card, debit card, charge card or other payment card service. 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.
39A	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). Explanation.- For the purposes of this entry, the intermediary of financial services in IFSC is a person,- (i) who is permitted or recognised as such by the Government of India or any Regulator appointed for regulation of IFSC; or (ii) who is treated as a person resident outside India under the Foreign Exchange Management (International Financial Services Centre) Regulations, 2015; or (iii) who is registered under the Insurance Regulatory and Development Authority of India (International Financial Service Centre) Guidelines, 2015 as IFSC Insurance Office; or

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	(iv) who is permitted as such by Securities and Exchange Board of India (SEBI) under the Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015.

ANALYSIS



Banks and financial institutions provide a bouquet of financial services relating to lending or borrowing of money or investments in money.

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

(A) <u>Services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount:</u> This entry covers any such service wherein moneys due are allowed to be used or retained on payment of interest or on a 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.

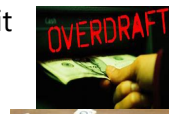
Interest: means interest payable in any manner in respect of any moneys borrowed or debt incurred (including a deposit, claim or other similar right or obligation) but does not include any service fee or other charge in respect of the moneys borrowed or debt incurred or in respect of any credit facility which has not been utilized.



- **<u>Illustrations</u> 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.



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- ✓ 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/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.

- ❑ **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.

- ❑ **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 liable to GST.

Similarly, if some service charges or service fees or documentation fees or broking charges or such like fees or charges are charged on a derivative/ future contract/ forward contract/ invoice or cheque discounting, the same would be a consideration for supply of service and liable to GST.

(39) Subhashini Bank has collected processing fees from its customers on sanction of loan to them. Interest does not include processing fee on sanction of the loan. Hence, the processing fee is not covered in Entry 27 and is thus, taxable.

Similarly, minimum balance charges collected by the bank from current account and saving account holders are considered as charges collected over and above interest on loan. Hence, the same are not covered in Entry 27 and is thus, taxable.

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- **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[43].

Charges for delayed payment of brokerage/ settlement obligations/ margin trading facility

Exempt

- **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.

Interest charged on o/s credit card balance

Liable to GST



(40) Tanatan Bank collects interest on credit card issued to its customers by it. Interest involved in credit card services is specifically excluded from Entry 27 & is thus, taxable.

- **Collateralized Borrowing and Lending Obligations (CBLO) transactions:** In CBLO transaction, the borrowing bank pays an amount as consideration to the lending bank for funds provided by it for a short term. Such amount would qualify as 'consideration represented by way of interest or discount' and hence, would exempt from GST under Entry 27.

Collateralized Borrowing and Lending Obligations (CBLO)

Exempt

However, if any charges or fees are levied for such transactions, the same would be a consideration and would be liable to GST.

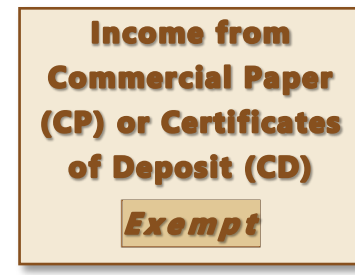
[43] *As clarified vide FAQs on Banking, Insurance and Stock Brokers Sector issued by CBIC.*

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- **Instruments like repos and reverse repos:** Repos and reverse repos[44] are financial instruments of short-term call money market that are normally used by banks to borrow from or lend money to RBI. The margins, called the repo rate or reverse repo rate, in such transactions are nothing but interest charged for lending or borrowing of money. Thus, they have the characteristics of loans and deposits for interest and are accordingly exempt from GST under Entry 27.



- **Income from Commercial Paper (CP) or Certificates of Deposit (CD):** As already seen in *Chapter 1 – Supply under GST in this Module of the Study Material*, the transactions in Commercial Paper ('CP') and Certificate of Deposit ('CD') are in the nature of promissory notes. Consequently, they are included in the term 'money' and hence, are not chargeable to GST.



With regard to income from CPs or CDs, since these are the instruments for lending or borrowing money wherein consideration is represented by way of a discount or subscription to CPs or CDs, the same would be covered by entry 27 and is not liable to GST.

However, if some service charges or service fees or documentation fees or broking charges or such like fees or charges are charged, the same would be a consideration for supply of services and liable to GST.



[44] *Section 45U(c) of the RBI Act, 1934 defines 'repos' as an instrument for borrowing funds by selling securities with an agreement to repurchase the securities on a mutually agreed future date at an agreed price which includes interest for the funds borrowed. Section 45U (d) of the RBI Act, 1934 defines 'reverse repos' as an instrument for lending funds by buying securities with an agreement to re-sell the securities on a mutually agreed future date at an agreed price which includes interest for the funds lent.*

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- **Assignment or sale of secured or unsecured debts:** As seen in *Chapter 1 – Supply under GST in this Module of the Study Material*, only actionable claims in respect of lottery, betting and gambling would be taxable under GST. Where sale, transfer or assignment of debts falls within the purview of actionable claims, the same **would not be subject to GST**.



  Further, any charges collected in the course of transfer or assignment of a debt would be chargeable to GST, being in the nature of consideration for supply of services.

- **Interest on debt instruments:** As debt instruments such as debentures, bonds etc. are in the nature of loans, interest thereon will be **exempt from GST**.

- **Interest on a finance lease transaction:** A finance lease is a method of borrowing against the asset. The interest represents the time value of the money expended by the bank in financing the asset.

  However, in a financial lease the ownership of the asset is with the bank. In essence, it is a 'purchase the asset and lend it further' transaction for bank.

  Therefore, neither the services are purely in the nature of extending loans nor the consideration for a financial lease is purely in the nature of interest. Thus, interest on finance lease transactions **will be taxable** under GST.

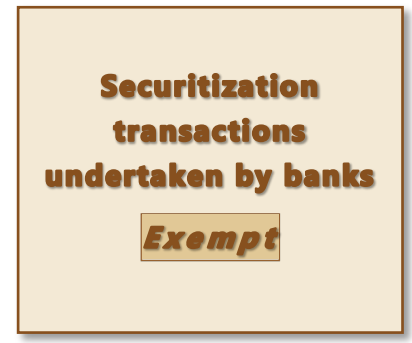
- **Transactions where loan of one bank is taken over by another bank:** GST will be payable on any transaction processing fees levied for such takeover of loans, but not on the interest component (as interest is exempted).

- **Interchange fees on card settlement fees paid/ shared by banks:** Fees charged for card settlement is a consideration which is part of a separate transaction between the banks which are parties to this transaction and shall be **liable to GST**.

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- **Securitization transactions undertaken by banks:** Securitized assets are in the nature of securities and hence are not subject to GST.

  However, if some service charges or service fees or documentation fees or broking charges or such like fees or charges are charged, the same would be a consideration for provision of services related to securitization and would be liable to GST.



- **Additional/ penal interest on the overdue loan:** In cases where the Equated Monthly Instalment (EMI)[45] is not paid at the scheduled time, there is a levy of additional/ penal interest on account of delay in payment of EMI.

  There may arise a doubt as to whether this additional / penal interest on the overdue loan is exempt under Entry 27 or such penal interest is to be treated as consideration for liquidated damages [amounting to a separate taxable supply of services under GST covered under para 5(e) of Schedule II of the CGST Act, 2017 i.e. "agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act"].

  There are two transaction options involving EMI that are prevalent in the trade. These two options, alongwith the GST applicability on them, have been explained with the help of illustrations as under -



(41) 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 × 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.

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[45] *An Equated Monthly Instalments (EMI) is a fixed amount paid by a borrower to a lender at a specified date every calendar month. EMIs are used to pay off both interest and principal every month, so that over a specified period, the loan is fully paid off along with interest.*

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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[46]. 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.



(42) 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.

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[46] *Here, the amount of penal interest is to be included in the value of supply in terms of the provisions of section 15(2)(d). Section 15(2)(d) provides that the value of supply shall include interest or late fee or penalty for delayed payment of any consideration for any supply. The provisions of section 15 have been discussed in detail in Chapter 6: Value of Supply in this Module of the Study Material.*

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Since this levy of additional/ penal interest satisfies the definition of "interest" as contained in Entry 27 above, the same cannot be treated as consideration for liquidated damages. Consequently, transaction of levy of additional/ penal interest does not fall within the ambit of Schedule II i.e. "agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act"[47] *[Circular No. 102/21/2019-GST dated 28.06.2019]*.

Granting of loan by a person to a related person or by an overseas affiliate to its Indian entity, where the consideration being paid is only by way of interest or discount[48]

In case where loan is granted by a person to a related person or by an overseas affiliate to its Indian entity, it may not require to follow credit assessment processes as are followed by an independent lender; i.e., there may not be the activity of 'processing' the loan, and no consideration in the nature of processing fee/administrative charges/loan granting charges etc. is involved in granting such a loan.

Therefore, services of processing the loans by banks/independent lenders vis-à-vis the loans provided by a related party cannot be placed on equal footing. Accordingly, in the cases, where no consideration is charged by the person from the related person, or by an overseas affiliate from its Indian party, for extending loan/credit, other than by way of interest/discount, it cannot be deemed to be a "Supply of service" between the said related persons in the form of processing/facilitating/administering the loan in terms of section 7(1)(c) read with paras 2 and 4 of Schedule I of the CGST Act, 2017[49].

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[47] *Schedule II of the CGST Act, 2017 has been discussed in detail in Chapter 1 – Supply under GST in this Module of the Study Material.*

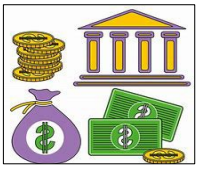
[48] *Circular No. 218/12/2024 GST dated 26.06.2024*

[49] *Section 7 of the CGST Act, 2017 and Schedule I has already been discussed in Chapter-2 "Supply under GST" in this Module of the Study material.*

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(B) 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 or purchase of foreign exchange:-

(i) amongst banks or

(ii) amongst authorized dealers of foreign exchange or

(iii) amongst banks and such dealers.

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

Clarification in respect of exemption to payment aggregators 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 services

Issue

Whether exemption under Entry 34 of exemption notification is available to payment aggregators 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 services?

Clarification

Payment Aggregators (PAs) are entities that facilitate ecommerce sites and merchants to accept various payment instruments from their customers without the need for the e-commerce sites and merchants to create a separate payment integration system of their own. In the process, PAs receive

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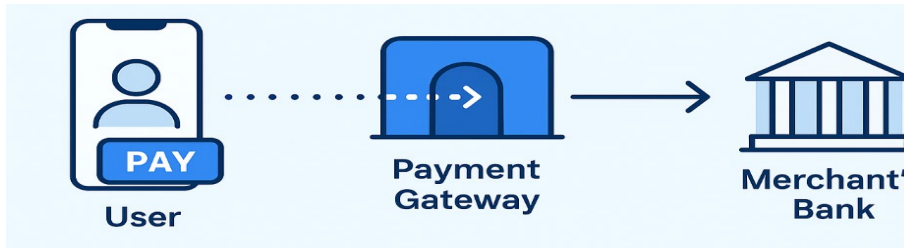
payments from customers, pool and transfer them on to the merchants within a specified time period.

Entry 34 provides exemption to services by an acquiring bank, to any person in relation to settlement of an amount upto ₹ 2,000 in a single transaction transacted through credit card, debit card, charge card or other payment card service.

Here, "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.

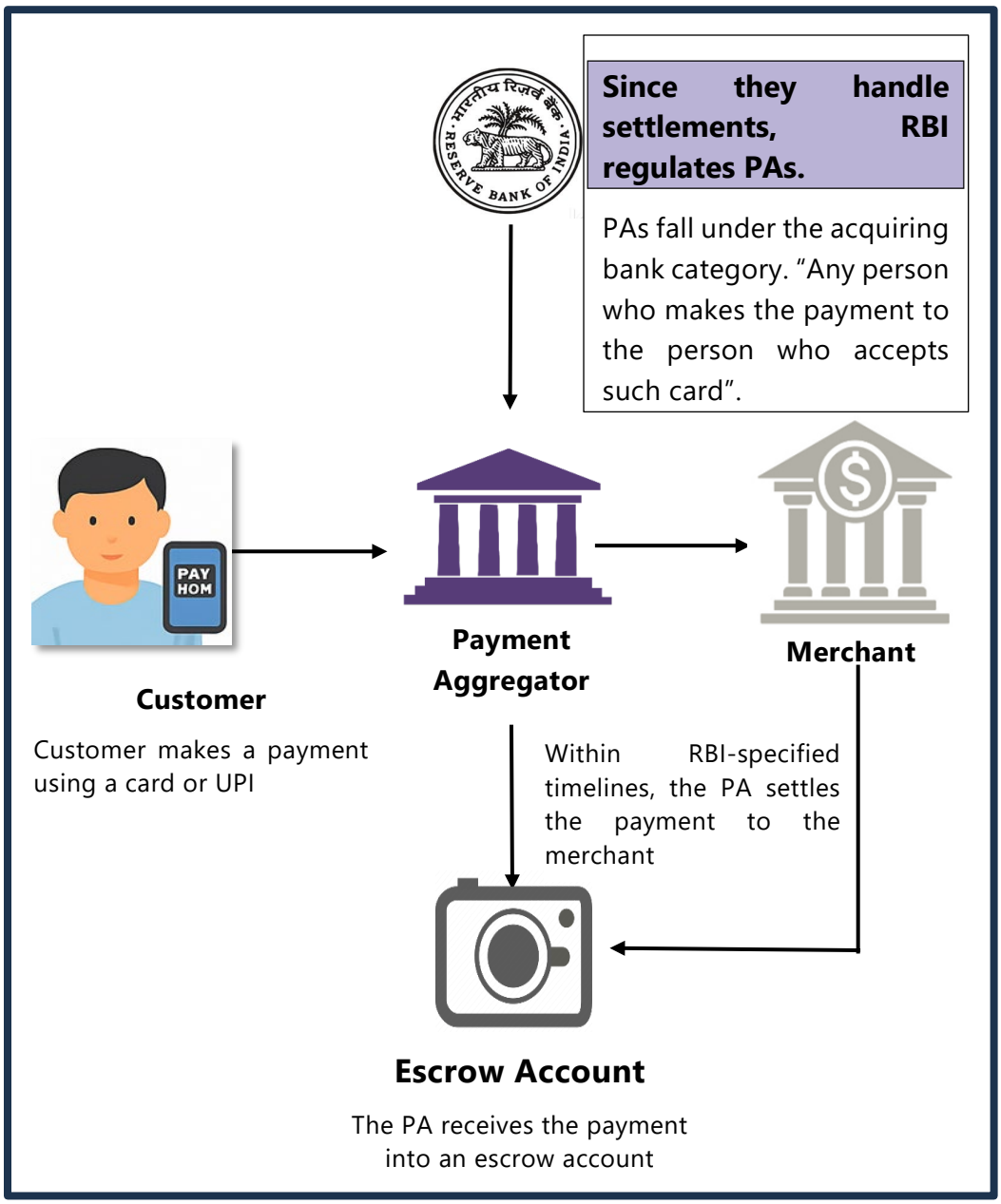
PAs receive payments from customers in an escrow account and are obligated to do the final settlement with the merchant within time periods specified by RBI[50]. Therefore, the RBI regulated PAs, involved in the settlement process of making payments to the merchant, are covered by the second part of the definition of acquiring bank, i.e. "any other person, who makes the payment to any person who accepts such card".

Payment Gateways (PGs) are defined as entities that provide technology infrastructure to route and facilitate processing of an online payment transaction without any involvement in handling of funds.



[50] Clause 8 of the RBI's Guidelines on Regulation of Payment Aggregators and Payment Gateways, dated 17-3-2020, pertaining to 'Settlement and Escrow Account Management'

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Exemption available to RBI regulated Payment Aggregators.

It has been clarified that PAs fall within the definition of 'acquiring bank' given in the Explanation to the said exemption entry as they make the payment to the merchants who accept credit cards, debit cards, charge cards or other payment card services. Consequently, exemption under Entry 34 is available to RBI regulated Payment Aggregators (PAs) 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 services.

It is also clarified that this exemption is limited to payment settlement function only, which involves handling of money, and does not cover Payment Gateway (PG) services.

10. Life insurance business services

Entry No.	Description of services
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 (PFRDA) under the Pension Fund Regulatory and Development Authority Act, 2013.
29	Services of life insurance business provided or agreed to be provided by the **Army, Naval and Air Force Group Insurance Funds** to members of the Army, Navy and Air Force, respectively, under the Group Insurance Schemes of the Central Government.
29A	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.
29B	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.

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36	Services of life insurance business provided under following schemes- (a) Janashree Bima Yojana; (b) Aam Aadmi Bima Yojana; (c) Life micro-insurance product** as approved by the Insurance Regulatory and Development Authority, having maximum amount of cover of **₹ 2,00,000**; (d) Varishtha Pension Bima Yojana; (e) Pradhan Mantri Jeevan Jyoti Bima Yojana; (f) Pradhan Mantri Jan Dhan Yojana; (g) Pradhan Mantri Vaya Vandana Yojana. ****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].

11. Services provided by specified bodies

Entry No.	Description of services
30	Services by the **Employees' State Insurance Corporation** to persons governed under the Employees' State Insurance Act, 1948.
31	Services provided by the **Employees Provident Fund Organisation** to the persons governed under the Employees Provident Funds and the Miscellaneous Provisions Act, 1952.
31A	Services by **Coal Mines Provident Fund Organisation** to persons governed by the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948.
31B	Services by **National Pension System (NPS) Trust** to its members against consideration in the form of administrative fee.

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12. Insurance services

Entry No.	Description of services
35	Services of **general insurance business** provided under following schemes – (a) Hut Insurance Scheme; (b) Cattle Insurance under Swarnajaynti Gram Swarozgar Yojna[51]; (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 Bima Yojna; (q) Niramaya Health Insurance Scheme implemented by the Trust constituted under the provisions of the National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999. (r) Bangla Shasya Bima

[51] *earlier known as Integrated Rural Development Programme*

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36A	Services by way of reinsurance of the insurance schemes specified in serial number 35 or 36 or 40[52]. It has been clarified[53] that the term **"reinsurance" includes "retrocession" services.** **"Retrocession"** means a re-insurance transaction whereby a part of assumed reinsured risk is further ceded to another Indian Insurer or a CBR (Cross Border Re-insurer). It has been clarified[54] that the term "reinsurance" includes "retrocession" services.
36B	Services of insurance provided by the Motor Vehicle Accident Fund, constituted under section 164B of the Motor Vehicles Act, 1988, against contributions made by insurers out of the premiums collected for third party insurance of motor vehicles.
36C	***Services of life insurance business provided by an insurer to the insured, where the insured is not a group.*** ***Explanation: For the removal of doubts, it is hereby clarified that:*** ***a. This exemption shall apply to a contract of insurance where the insured is an individual, or an individual and family of the said individual.*** ***b. For the purposes of (a) above, family shall include all individuals insured as family in the contract of insurance.*** ***(43) Mr. Arjun, a proprietor, purchases a family floater life insurance policy covering himself, his wife and two dependent children. The premium paid for such family floater policy shall be exempt from GST since insurance provided to an individual and his family falls within the ambit of Entry 36C. It shall not be treated as a group insurance policy.***
36D	***Services of health insurance business provided by an insurer to the insured, where the insured is not a group.*** ***Explanation: For the removal of doubts, it is hereby clarified that:*** ***a. This exemption shall apply to a contract of insurance where the insured is an individual, or an individual and family of the said***

[52] *Entry 40 is discussed subsequently under heading 15. 'Services provided to Government'.*
[53] *vide Circular No. 228/22/2024 GST dated 15.07.2024*
[54] *Circular No. 228/22/2024 GST dated 15.07.2024*

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	individual. ***b. For the purposes of (a) above, family shall include all individuals insured as family in the contract of insurance.*** ***(44) Infotech Solutions Pvt. Ltd. obtains a health insurance policy covering all its employees and pays the insurance premium directly to the insurer. Since the policy covers persons connected through an employer–employee relationship, it constitutes a group health insurance policy. Accordingly, the exemption under Entry 36D is not available***
36E	***Reinsurance of the insurance services specified in serial numbers 36C or 36D.*** ***(45) ABC Life Insurance Co. Ltd. issues a group life insurance policy to the employees of PQR Ltd. To spread its risk exposure, ABC Life Insurance Co. Ltd. obtains reinsurance coverage from XYZ Re Ltd. in respect of this group life insurance policy. Since the underlying insurance policy issued by ABC Life Insurance Co. Ltd. is a group life insurance policy, it is not covered under Entries 36C or 36D. Therefore, the reinsurance service provided by XYZ Re Ltd. to ABC Life Insurance Co. Ltd. does not qualify for exemption under Entry 36E.***

For the purposes of entries at serial numbers 36C and 36D in the table above, 'group' means group of persons who join together with a commonality of purpose or for engaging in a common economic activity, other than availing insurance, and includes:

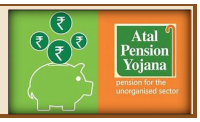
a. Employer– employee groups, where an employer-employee relationship exists between the master/group policyholder and the members of the group in accordance with the applicable laws;

b. Non employer– employee groups, where a clearly evident relationship exists between the master/group policyholder and the members of the group, for services/ activities other than insurance.

'Health insurance business' means the effecting of contracts which provide for sickness benefits or medical, surgical or hospital expense benefits, whether in-patient or out-patient, travel cover and personal accident cover.

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13. Pension schemes

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

14. Business facilitator/correspondent

Entry 39: Services by the following persons in respective capacities –

(a) business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch;

(b) any person as an intermediary to a business facilitator or a business correspondent with respect to services mentioned in entry (a); or

(c) business facilitator or a business correspondent to an insurance company in a rural area.



ANALYSIS

It is still a big challenge for India to make the financial services accessible in rural areas. 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.

According to the RBI guidelines, while the BCs are permitted to carry out transactions on behalf of the bank as agents, the BFs can refer clients, pursue the

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clients' proposal and facilitate the bank to carry out its transactions, but cannot transact on behalf of the bank[55].

Similarly, insurance companies engage the BCs/BFs to provide the insurance services in remote areas.

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. Further, the services provided by BF/BC to an insurance company in a rural area are also exempt.

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.

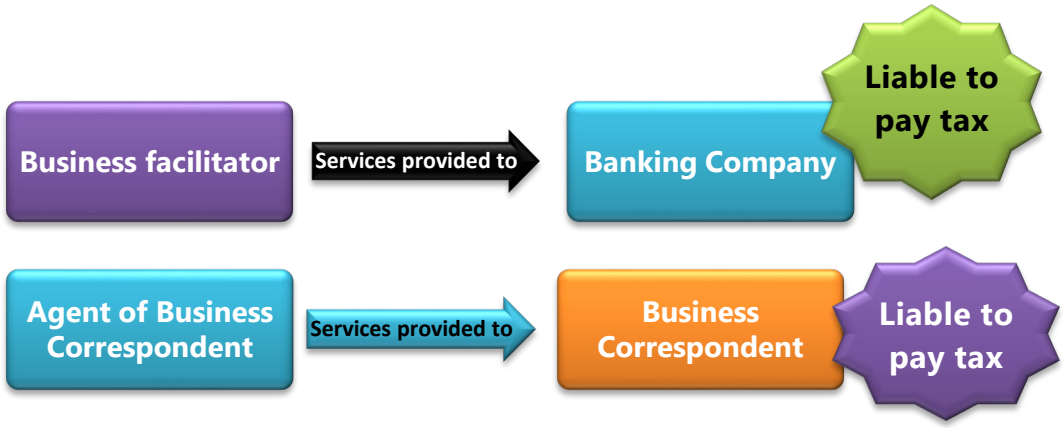
However, the banking company is the person liable to pay GST under reverse charge in respect of commission/fees charged for the taxable services provided by BF to a banking company. Similarly, GST on taxable services provided by an agent of BC to BC is payable under reverse charge by the BC[56].

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[55] BFs provide a wide range of services including identification of borrowers and fitment of activities, collection and preliminary processing of loan applications, processing and submission of applications to banks, follow-up for recovery, etc. BCs, in addition to these activities, also undertake disbursal of small value credit, recovery of principal / collection of interest, collection of small value deposits, sale of micro insurance/ mutual fund products/ pension products/ other third-party products, receipt and delivery of small value remittances/ other payment instruments, etc.

[56] Provisions relating to reverse charge mechanism have been discussed in detail in Chapter 2 – Charge of GST in this Module of the Study Material.

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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[57]..

Some relevant definitions under this entry are as follows:

- **Insurance company:** means a company carrying on life insurance business or general insurance business.
- **Insurer**: "Insurer" has the same meaning as assigned to it in sub-section (9) of section 2 of the Insurance Act, 1938.

  As per Section 2(9) of the Insurance Act, 1938, "Insurer" means—

[57] *Circular No. 86/05/2019 GST dated 01.01.2018*

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(a) an Indian Insurance Company, or

(b) a statutory body established by an Act of Parliament to carry on insurance business, or

(c) an insurance co-operative society, or

(d) a foreign company engaged in re-insurance business through a branch established in India.

Explanation — For the purposes of this sub-clause, the expression "foreign company" shall mean a company or body established or incorporated under a law of any country outside India and includes Lloyd's established under the Lloyd's Act, 1871 (United Kingdom) or any of its Members

- **Intermediary** means a broker, an agent or any other person, by whatever name called, who arranges or facilitates the supply of goods or services or both, or securities, between two or more persons, but does not include a person who supplies such goods or services or both or securities on his own account [Section 2(13) of the IGST Act, 2017].

- **Rural area:** means the area comprised in a village as defined in land revenue records, excluding the area under any municipal committee, municipal corporation, town area committee, cantonment board or notified area committee; or any area that may be notified as an urban area by the Central Government or a State Government.

- Exemption Notification defines BF/BC as an intermediary appointed under the BF model or BC model by a banking company or an insurance company under the guidelines issued by the RBI.

15. Services provided to Government

Entry No.	Description of services
3	**Pure services provided TO Government:** ❑ 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

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	❑ by way of any activity: ✓ in relation to any function entrusted to a Panchayat under article 243G of the Constitution or ✓ in relation to any function entrusted to a Municipality under article 243W of the Constitution.
3A	**Composite supply of goods and services TO Government:** ❑ 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 ❑ by way of any activity: ✓ in relation to any function entrusted to a Panchayat under article 243G of the Constitution or ✓ in relation to any function entrusted to a Municipality under article 243W of the Constitution.
3B	Services provided to a Governmental Authority by way of — (a) water supply; (b) public health; (c) sanitation conservancy; (d) solid waste management; and (e) slum improvement and upgradation.
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. 
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.
72	Services provided to the Central Government, State Government, Union territory administration **under any training programme** for which ***75% or more of the*** total expenditure is borne by the Central Government, State

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Government, Union territory administration.

It is clarified[58] that free coaching services provided by coaching institutions and NGOs under the central scheme of "Scholarships for students with Disabilities" where 75% or more of the expenditure[59] is borne by the Government to coaching institutions by way of grant in aid is covered under this entry and hence is exempt from GST.



ANALYSIS

Broadly speaking, **Entry 3** exempts the supply of 'pure services' and Entry 3A exempts 'composite supply goods and services', made to Government. Let us first understand what **'supply of pure services'** and **'composite supply of goods and services'** mean under these entries.

Supply of **'pure services'** means supply of services without involving any supply of goods. **'Composite supply of goods and services'** means supply of both goods and services. **Entry 3A** exempts composite supply goods and services to Government provided the value of supply of goods constitutes not more than 25% of value of such composite supply.

Let us understand the concept of supply of 'pure services' and 'composite supply of goods and services' to Government by following examples:

(46) Supply of manpower 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**.

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[58] *vide Circular No. 164/20/2021 GST dated 06.10.2021*

[59] *This circular was issued prior to amendment in Entry 72 when the exemption was available only when **total expenditure** under the training programme was borne by the Central Government, State Government, Union territory administration.*
*However, as seen earlier in this chapter, Entry 72 has subsequently been amended and now exemption is available even when **75% or more of the total expenditure** under the training programme is borne by the Central Government, State Government, Union territory administration. Hence, the words "total expenditure" have been substituted with "75% or more of the total expenditure" in the above discussion pertaining to circular.*

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(47) A local authority awards 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, i.e. **composite supply of goods and services**[60].

Moreover, such services (whether pure or composite) must be provided to the Central Government, State Government or Union territory or local authority **by way of any activity** in relation to any function entrusted to a:

(i) Panchayat under article 243G of the Constitution (listed in **11th Schedule** to the Constitution) or

(ii) Municipality under article 243W of the Constitution (listed in **12th Schedule** to the Constitution).

In view of the same, **it is clarified that if pure services & composite supplies procured by Indian Army or any other Government Ministry/Department which does not perform any functions listed in the 11th and 12th Schedule above, in the manner as a local authority does for the general public, the same are not eligible for exemption under Entries 3 and 3A61.**

Clarification in respect of applicability of GST on facility management services provided to Municipal Corporation of Delhi (MCD) Headquarters.

Issue

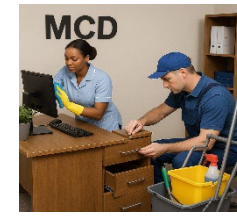
MCD is receiving the services such as housekeeping, civil maintenance, furniture maintenance and horticulture, from facility management agency, for the upkeep of their office. The issue which arose for consideration was whether such services received by them are exempt from GST in terms of Sr. No.3A of the exemption Notification.

[60] *As clarified vide question 25 of CBIC FAQs on Government Services*
[61] *Circular No. 177/09/2022 GST dated 03.08.2022*

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Clarification

The services of facility management such as housekeeping, civil maintenance, furniture maintenance and horticulture agency for the upkeep of office of MCD are not supplied in relation to performing any functions entrusted to a Municipality under Article 243W of the Constitution of India. Such services are not covered under the scope of entry at Sr. No. 3A.



Thus, it has been clarified that GST is applicable on the services provided by facility management agency to MCD, Delhi HQ for upkeep of its head quarter building at applicable rates as these services are not covered under the scope of entry at Sr. No. 3A.

[Circular No. 245/02/2025-GST dated 28.01.2025]

Milling of wheat into flour/paddy into rice for distribution by State Governments under PDS exempt from GST

Public Distribution specifically figures at entry 28 of the 11th Schedule. Thus, composite supply of service by way of milling of wheat and fortification thereof by miller, or of paddy into rice, by any person to a State Government for distribution of such wheat flour under Public Distribution System (PDS) is eligible for exemption under Entry 3A provided that value of goods supplied in such composite supply (goods used for fortification, packing material etc) does not exceed 25% of the value of composite supply. It is a matter of fact as to whether the value of goods in such composite supply is up to 25% and requires ascertainment on case-to-case basis[62].

Supply of pure services and composite supplies by way of horticulture/horticulture works (where the value of goods constitutes not more than 25% of total value of supply) made to CPWD are exempt from GST

Public parks in government residential colonies, government offices and other public areas are developed and maintained by CPWD. Maintenance of community assets, urban forestry, protection of the environment and promotion of ecological aspects are functions entrusted to Panchayats and Municipalities under Articles

[62] *Circular No. 153/09/2021GST dated 17.06.2021*

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243G and 243W read with Sr. No. 29 of 11th Schedule and Sr. No. 8 of 12th Schedule of the constitution.

Sr. Nos. 3 and 3A of exemption notification exempt pure services and composite supply of goods and services in which value of goods does not constitute more than 25%, that are provided to the Central Government, State Government or Union territory or local authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution.

Accordingly, it is clarified that supply of pure services and composite supplies by way of horticulture/horticulture works (where the value of goods constitutes not more than 25% of the total value of supply) made to CPWD are eligible for exemption from GST under Sr. Nos. 3 and 3A of exemption notification[63].

District Mineral Foundations Trusts (DMFTs) set up by the State Governments are Governmental Authorities and eligible for the same exemptions from GST as available to any other Governmental Authority

DMFTs work for the interest and benefit of persons and areas affected by mining related operations by regulating receipt and expenditure from the respective Mineral Development Funds created in the concerned district. They provide services related to drinking water supply, environment protection, health care facilities, education, welfare of women and children, supply of medical equipment etc.

These activities are similar to activities that are enlisted in 11th Schedule and 12th Schedule of the Constitution. The ultimate users of the various schemes under DMF are individuals, families, women and children, farmers/producer groups, SHGs of the mining affected areas etc. The services/supplies out of DMF fund are provided free of charge and no consideration is realized from the beneficiaries by DMF against such services.

Accordingly, it is clarified that DMFT set up by the State Governments are Governmental Authorities and thus eligible for the same exemptions from GST as available to any other Governmental Authority[64].

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[63] *Circular No. 206/18/2023 GST dated 31.10.2023*

[64] As clarified vide *Circular No. 206/18/2023 GST dated 31.10.2023*

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16. Leasing services

Entry No.	Description of services
41	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 ***20%*** or more ownership of Central Government, State Government, Union territory to the industrial units or the developers in any industrial or financial business area. **Upfront amount paid in instalments** Aforesaid exemption is admissible irrespective of whether such upfront amount is payable/paid in one/more instalments, provided the amount is determined upfront[65]. **Location charges or preferential location charges (PLC) collected in addition to the lease premium for long term lease** As seen above, **upfront amount** is exempt from GST. Allowing choice of location of plot is integral part of supply of long-term lease of plot and therefore, location charge is nothing, but part of consideration charged for long term lease of plot. Being charged upfront along with the upfront amount for the lease, the same is exempt. Accordingly, it is clarified that location charges or preferential location charges (PLC) paid upfront in addition to the lease premium for long term lease of land constitute part of upfront amount charged for long term lease of land and are eligible for the same tax treatment, and thus eligible for exemption under Entry 41[66]. Explanation - For the purpose of this exemption, the Central Government, State Government or Union territory shall have 20% or more ownership in the entity directly or through an entity which is wholly owned by the Central Government, State Government or Union territory.

[65] *As clarified vide Circular No. 101/20/2019 GST dated 30.04.2019*
[66] *As clarified vide Circular No. 177/09/2022 GST dated 03.08.2022*

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	Conditions: 1. The leased plots shall be used for the purpose for which they are allotted, that is, for industrial or financial activity in an industrial or financial business area. 2. State Government concerned shall monitor and enforce the above condition as per the order issued by the State Government in this regard. 3. In case of any violation or subsequent change of land use, due to any reason whatsoever, the original lessor, original lessee as well as any subsequent lessee/ buyer/ owner shall be jointly and severally liable to pay such amount of central tax, as would have been payable on the upfront amount charged for the long term lease of the plots but for the exemption contained herein, along with the applicable interest and penalty. 4. The lease agreement entered into by the original lessor with the original lessee or subsequent lessee, or sub- lessee, as well as any subsequent lease/ sale agreements, for lease or sale of such plots to subsequent lessees or buyers or owners shall incorporate in the terms and conditions, the fact that the central tax was exempted on the long term lease of the plots by the original lessor to the original lessee subject to above condition and that the parties to the said agreements undertake to comply with the same.

17. Legal services

Entry 45: Services provided by-

(a) an arbitral tribunal to –

(i) any person other than a business entity; or

(ii) a business entity with an aggregate turnover up to such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act, 2017;



(iii) the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity.

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(b) a partnership firm of advocates or an individual as an advocate other than a senior advocate, by way of legal services to-

(i) an advocate or partnership firm of advocates providing legal services;

(ii) any person other than a business entity; or

(iii) a business entity with an aggregate turnover up to such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act, 2017;

(iv) the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity.

(c) a senior advocate by way of legal services to-

(i) any person other than a business entity; or

(ii) a business entity with an aggregate turnover up to such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act, 2017;

(iii) the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity.



ANALYSIS

Relevant definitions are as under:



- **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.
- **Advocate:** means an advocate entered in any roll under the provisions of the Advocates Act, 1961 [Section 2(1)(a) of the Advocates Act, 1961].
- **Arbitral tribunal:** means a sole arbitrator or a panel of arbitrators [Section 2(d) of the Arbitration and Conciliation Act, 1996].

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❖ **Senior advocate:** An advocate may, with his consent, be designated as senior advocate if the Supreme Court or a High Court is of opinion that by virtue of his ability standing at the Bar or special knowledge or experience in law he is deserving of such distinction.



Senior advocates shall, in the matter of their practice, be subject to such restrictions as the Bar Council of India may, in the interest of the legal profession, prescribe.

Under Entry 45, following services are exempt from GST

Legal services provided by	provided to
--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	--any person other than BE --Business Entity with an aggregate turnover upto such amount in the preceding FY as makes it 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 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.



(48) Pyarelal & Co. has obtained registration under GST in the preceding financial year as its aggregate turnover exceeded the threshold exemption limit. In the current FY, it sought legal consultancy services for its business from Nyay Advocates – a partnership firm of advocates.

The legal services so received by Pyarelal & Co. are not exempt because its aggregate turnover exceeds the threshold exemption limit of registration in the preceding financial year. Further, the tax on the said legal services is payable by Pyarelal & Co. under reverse charge.

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18. Sponsorship of sports events

Entry 53: Services by way of sponsorship of sporting events organised -

(a) by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, State, zone or Country;

(b) by Association of Indian Universities, Inter-University Sports Board, School Games Federation of India, All India Sports Council for the Deaf, Paralympic Committee of India or Special Olympics Bharat;

(c) by the Central Civil Services Cultural and Sports Board;

(d) as part of national games, by the Indian Olympic Association; or

(e) under the Panchayat Yuva Kreeda Aur Khel Abhiyaan Scheme.



(49) Central Civil Services Cultural and Sports Board organised a cricket tournament for promotion of sports and cultural activities amongst the Central Government Employees. Reliable Industries sponsored said cricket tournament. In the given case, services by way of sponsorship of sporting events organized by the Central Civil Services Cultural and Sports Board are exempt from GST.

19. Skill Development services

Entry No.	Description of services
69	Any services provided by – (a) the National Skill Development Corporation set up by the Government of India; (b) the National Council for Vocational Education and Training; (c) an Awarding Body recognized by the National Council for Vocational Education and Training; (d) an Assessment Agency recognized by the National Council for Vocational Education and Training;

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	(e) a Training Body accredited with an Awarding Body that is recognized by the National Council for Vocational Education and Training, (f) a training partner approved by the National Skill Development Corporation, in relation to- (i) the National Skill Development Programme or any other scheme 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 National Skill Qualification Framework aligned qualification or skill in respect of which the National Council for Vocational Education and Training has approved a qualification package.
70	Services of **assessing bodies empanelled centrally** by the Directorate General of Training, Ministry of Skill Development and Entrepreneurship by way of assessments under the Skill Development Initiative Scheme.
71	Services provided by training providers (Project implementation agencies) under **Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDUGKY)** implemented by the Ministry of Rural Development, Government of India by way of offering skill or vocational Education and training courses certified by the National Council for Vocational Training.

20. Performance by an artist

Entry 78: Services by an artist by way of a performance in folk or classical art forms of-

(a) music, or

(b) dance, or





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(c) theatre,



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

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.**

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.

21. Right to admission to various events

Entry No.	Description of services
79	Services by way of admission to a **museum, national park, wildlife sanctuary, tiger reserve or zoo****. ****Zoo** means an establishment, whether stationary or mobile, where captive animals are kept for exhibition to the public and includes a circus and rescue centres but does not include an establishment of a licensed dealer in captive animals [Section 2(39) of the Wild Life (Protection) Act, 1972].
79A	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. 

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81	Services by way of right to admission to- (a) circus, dance, or theatrical performance including drama or ballet; (b) award function, concert, pageant, musical performance or any sporting event other than a recognised sporting event🕘; (c) recognised sporting event; (d) planetarium, where the consideration for right to admission to the events or places as referred to in items (a), (b), (c) or (d) above is not more than ₹ 500 per person. 🕘 **Recognised sporting event** means any sporting event,- (i) organised by a **recognised sports body**●● where the participating team or individual represent any district, state, zone or country; (ii) organized (A) by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, State or zone; (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 Central Civil Services Cultural and Sports Board; (D) as part of national games, by Indian Olympic Association; or (E) under Panchayat Yuva Kreeda Aur Khel Abhiyaan (PYKKA) Scheme. ●● **Recognised sports body** means – (i) the Indian Olympic Association; (ii) Sports Authority of India; (iii) a national sports federation recognised by the Ministry of Sports and Youth Affairs of the Central Government, and its affiliate federations;

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	(iv) national sports promotion organisations recognised by the Ministry of Sports and Youth Affairs of the Central Government; (v) the International Olympic Association or a federation recognised by the International Olympic Association; or (vi) a federation or a body which regulates a sport at international level and its affiliated federations or bodies regulating a sport in India.

22. Services by an unincorporated body or a non- profit entity

Entry No.	Description of services
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 – (a) as a trade union (b) for the provision of carrying out any activity which is exempt from the levy of GST; 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. 
77A	Services provided by an unincorporated body or a non-profit entity registered under any law for the time being in force, engaged in,- (i) activities relating to the welfare of industrial or agricultural labour or farmers; or (ii) promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment, to its own members against consideration in the form of membership fee upto an amount of ₹ 1000/- per member per year.

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ANALYSIS

Co-operative Housing Society



Co-operative Housing Societies are entities registered under the co-operative laws of the respective States. A Co-operative Housing Society is 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 [Resident Welfare Association (RWA)] to its members is treated as service provided by one person to another. The activities of the housing society/RWA would attract the levy of GST and the housing society would be required to register if its aggregate turnover exceeds the threshold limit and comply with the GST Law, unless specifically exempted.

GST exemption on services provided by a Co-operative Housing Society

If the aggregate turnover of housing society/ RWA providing services to its members is above the applicable threshold limit for registration[67], it needs to take registration under GST in terms of section 22 *[Refer Chapter-8: Registration in Module 2 of this Study Material 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 an exemption notification, then it is not required to charge GST on the said services, even if it is registered under GST.

For instance, in view of entry 77(c) above, supply of service by a 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 ₹ 7500 per month per member for providing services and goods for the common use of its members in a housing society/a residential complex are exempt from GST.

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[67] *Threshold limit is ₹ 10 lakh for specified Special Category States, namely, Manipur, Mizoram, Nagaland and Tripura and ₹ 20 lakh for all other States.*

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So, there can be case where a society is registered under GST, but the monthly contribution received from all the members is less than ₹ 7,500/- per member (and the amount is for the purpose of sourcing of goods and services from a third person for the common use of its members). In such a case, no GST is to be charged by the housing society on the monthly bill raised by the society.



(50) RWA of Chulbul Housing Society, registered under GST, collected the maintenance charges of ₹ 6,000 per month per member. In this case, no GST is to be charged by the RWA.

However, in above case, if the monthly contribution exceeds ₹ 7,500/- per member, entire contribution is taxable.



(51) If, in above example, other things remaining the same, the RWA of Chulbul Housing Society collected the maintenance charges of ₹ 9,000 per month per member, GST @18% shall be payable on the entire amount of ₹ 9,000 and not on [₹ 9,000 - ₹ 7,500] = ₹ 1,500.

There can also be a case where the aggregate turnover of the society/RWA is less than the applicable threshold limit for registration and the monthly contribution of all the individual members towards maintenance is less than ₹ 7,500/- (such services being exempt). Further, the society is providing no other taxable service to its members or outsiders. In this case, the society (essentially exclusively providing wholly exempt services) need not take registration under GST.



(52) The turnover of RWA of Bulbul Housing Society located in New Delhi in a financial year is ₹ 15 lakh. It has collected the maintenance charges of ₹ 6,000 per month per member. RWA is not providing any other taxable service to its members. In this case, RWA is not required to take registration under GST since its aggregate turnover is less than the applicable threshold limit of ₹ 20 lakh.

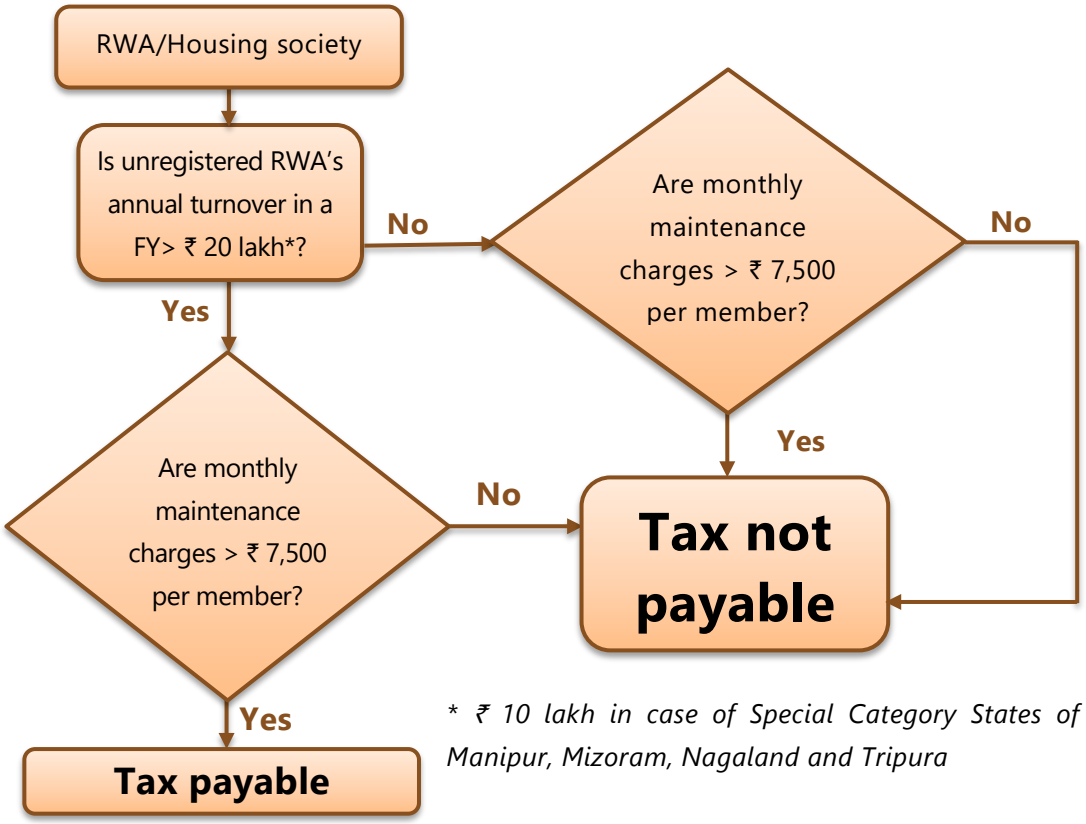
However, an RWA is not required to obtain registration even though the amount of maintenance charges exceeds ₹ 7500 per month per member but the aggregate turnover of the RWA in a financial year does not exceed the threshold limit for registration.



(53) In the above example, other things remaining the same, if the maintenance charges collected by the RWA are ₹ 8,000 per month per member, RWA is still not required to take registration under GST since its aggregate turnover is less than the applicable threshold limit of ₹ 20 lakh.

The above discussion has been summarized as under:

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** ₹ 10 lakh in case of Special Category States of Manipur, Mizoram, Nagaland and Tripura*

Thus, RWA shall be required to pay GST on monthly subscription/ contribution charged from its members, only if such subscription is more than ₹ 7500/- per month per member and the annual aggregate turnover of RWA by way of supplying of services and goods is also more than ₹ 20 lakh.

In other words,

Annual turnover of RWA	Monthly maintenance charge	Whether exempt?
More than ₹ 20 lakh*	More than ₹ 7500/-	No
	₹ 7500/- or less	Yes
₹ 20 lakh or less	More than ₹ 7500/-	Yes
	₹ 7500/- or less	Yes

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** ₹ 10 lakh in case of Special Category States of Manipur, Mizoram, Nagaland and Tripura*

There may also be cases where a person owns 2 or more flats in the housing society/residential complex. The question arises whether the ceiling of ₹ 7500/- 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 or a residential complex shall normally be a member of the RWA for each residential apartment owned by him separately. Consequently, the ceiling of ₹ 7500/- per month per member shall be applied separately for each residential apartment owned by him.



(54) Gareeb Chand owns two residential apartments in a residential complex and pays ₹ 15,000/- per month as maintenance charges towards maintenance of these two apartments to the RWA (₹ 7,500/- per month in respect of each residential apartment). In this case, the exemption from GST shall be available with respect to maintenance charges paid for each apartment.

It is important to note that RWA is 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, 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 ₹ 7,500 per month per member. *[Refer Chapter-7: Input Tax Credit in Module 2 of this Study Material for detailed discussion on ITC provisions]*



(55) RWA of Tintin Housing Society, registered under GST, has collected the maintenance charges of ₹ 9,000 per month per member from 1,000 members of the society in the month of May. For paying the GST of ₹ 16,20,000 [payable @ 18% on the amount of ₹ 90,00,000], RWA can utilise the ITC of GST of ₹ 1,00,000 paid by it on purchase of swings for garden, ITC of ₹ 20,000 on electric cables and ITC of ₹ 15,000 on plumbing services, which were made/availed during the month of May.

✪ 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.

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Taxability of various charges collected by societies

A society may collect the following charges from the members on quarterly basis as follows:

1. Property Tax-actual as per Municipal Corporation of Greater Mumbai (MCGM)
2. Water Tax-Municipal Corporation of Greater Mumbai (MCGM)
3. Non-Agricultural Tax-Maharashtra State Government
4. Electricity charges
5. Sinking Fund-mandatory under the Bye-laws of the Co-operative Societies
6. Repairs & maintenance fund
7. Car parking Charges
8. Non-Occupancy Charges
9. Simple interest for late payment.

CBIC has clarified the taxability of above charges as follows:

1. Services provided by the Central Government, State Government, Union territory or local authority to a person other than business entity, is exempted from GST. So, Property Tax, Water Tax, if collected by the RWA/Co-operative Society on behalf of the MCGM from individual flat owners, then GST is not leviable.
2. Similarly, GST is not leviable on Non-Agricultural Tax, Electricity Charges etc., which are collected under other statutes from individual flat owners. However, if these charges are collected by the Society for generation of electricity by Society's generator or to provide drinking water facility or any other service, then such charges collected by the society are liable to GST.
3. Sinking fund, repairs & maintenance fund, car parking charges, Non-occupancy charges or simple interest for late payment, attract GST, as these charges are collected by the RWA/Co-operative Society for supply of services meant for its members[68].

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[68] *Discussion under this entry in forgoing paras is primarily based on Circular No. 109/28/2019 GST dated 22.07.2019, CBIC GST Flyer 'GST on Co-Operative Housing Societies' and CBIC FAQs on levy of GST on Supply of Services to Co-operative Society.*

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23. Other exempt services

Entry No.	Description of services
2	Services by way of **transfer of a going concern**, as a whole or an independent part thereof. **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 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. **(56)** 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.
9B	Supply of services associated with transit cargo to Nepal and Bhutan (landlocked countries). In this regard, it is clarified that this entry covers services associated with transit cargo both **to and from** Nepal and Bhutan. The movement of empty containers from Nepal and Bhutan, after delivery of goods there, is a service associated with the transit cargo to Nepal and Bhutan and is therefore covered by the exemption[69].
12	Services by way of **renting of residential dwelling** for use as residence except where the residential dwelling is rented to a registered person. Explanation — For the purpose of exemption under this entry, this entry shall cover services by way of renting of residential dwelling to a registered person where, –

[69] *Circular No. 177/09/2022 GST dated 03.08.2022*

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(i) the registered person is proprietor of a proprietorship concern and rents the residential dwelling in his personal capacity for use as his own residence; and

(ii) such renting is on his own account and not that of the proprietorship concern.

Explanation 2.- Nothing contained in this entry shall apply to-

(a) accommodation services for students in student residences;

(b) accommodation services provided by Hostels, Camps, Paying Guest accommodations and the like.

Thus, renting of residential dwelling either by a registered person or an unregistered person for use as residence to **UNREGISTERED PERSON** is exempt from GST.

Renting of residential dwelling **for use as residence to a registered person** (other than proprietor covered in explanation above) as well as renting of residential dwelling **for commercial use to registered or unregistered person** is liable to GST.

Further, tax on renting of residential dwelling to a registered person is payable by the registered person under reverse charge[70] whether such residential dwelling is being used for commercial purposes or residential purposes.



(57) Landlord Mr. Verma rents his residential flat to Mr. Anand, an unregistered salaried individual, for use as Mr. Anand's residence. Since the tenant (Mr. Anand) is unregistered, this renting is exempt from GST, regardless of whether Mr. Verma (the landlord) is registered or not.

(58) Mr. Verma rents a residential flat to Zenith Traders Pvt. Ltd. (a registered company), which uses it to provide residential accommodation to its manager. Here, since the tenant is a registered person, renting services are not exempt. Moreover, GST is payable not by the landlord but by Zenith Traders Pvt. Ltd. itself, under reverse charge, since the recipient is a registered person.

[70] *Provisions relating to reverse charge mechanism are contained in Notification No. 13/2017 CT (R) dated 28.06.2017 which has been discussed in detail in Chapter 2 – Charge of GST in this Module of Study Material.*

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	 **(59)** Mr. Kapoor, registered under GST as the proprietor of "Kapoor Enterprises," takes a residential flat on rent in his own personal capacity, for residing with his family. The rent is paid by him personally, not debited to his proprietorship's books. Even though Mr. Kapoor is a registered person, renting service is exempt from GST.
12A	Supply of accommodation services having value of supply less than or equal to twenty thousand rupees per person per month provided that the accommodation service is supplied for a minimum continuous period of ninety days.
19	Services by way of transportation of goods by an aircraft from a place outside India upto the customs station of clearance in India.
19C	Satellite launch services.  **(60)** OrbitNova Pvt. Ltd. is a private Indian start-up that has developed its own small-satellite launch vehicle. Satellite launch services provided by OrbitNova Pvt. Ltd. are exempt from GST. Similarly, satellite launch services provided by ISRO, Antrix Corporation Ltd. and New Space India Limited are also exempt from GST.
22	Services by way of giving on hire – (a) to a State Transport Undertaking (STU), a motor vehicle meant to carry more than 12 passengers**; or **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

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goods or both by road for hire or reward [Section 2(42) of the Motor Vehicles Act, 1988].

Generally, such STUs/ 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[71].

(aa) to a local authority, an Electrically operated vehicle (EOV) meant to carry more than 12 passengers;

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

The expression **"giving on hire"** in this entry includes renting of vehicles.

Accordingly, where the said vehicles are rented or given on hire to STUs or Local Authorities, said services are eligible for above exemption irrespective of whether such vehicles are run on routes, timings as decided by the STUs or Local Authorities and under effective control of STUs or Local Authorities which determines the rules of operation or plying of vehicles[72].

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



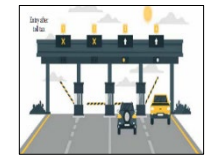
(61) Nishant owns a truck which he has rented to Sindhu and Bansal Transport Agency - a GTA. Services by way of giving on hire a means of transportation of goods [truck in the given case] to a GTA [Sindhu and Bansal Transport Agency], are exempt from tax.

However, if Nishant had rented a vehicle designed to carry passengers to such GTA, said activity is not exempt under this entry.

(c) motor vehicle for transport of students, faculty and staff, to a person providing services of transportation of students, faculty

[71] *As clarified vide question 26 of CBIC FAQs on Government Services*
[72] *Circular No. 164/20/2021 GST dated 06.10.2021*

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	and staff to an educational institution providing services by way of pre-school education and education upto higher secondary school or equivalent.
23	Service by way of access to a road or a bridge on payment of **toll charges.** With regard to said entry, following issues have been clarified: (i) Ministry of Road Transport and Highways (MORTH) permitted the overloaded vehicles to ply on the national highways after payment of higher toll charges. It has been clarified[73] that **overloading charges at toll plazas would get the same treatment as given to toll charges.**  **(62)** Bharat Roadways, a transport company, operates a heavy goods truck that is overloaded beyond the permissible limit. As per MORTH's permission, the truck is allowed to ply on the national highway on payment of a higher toll charge to compensate for the overloading. The toll plaza operator collects enhanced amount from Bharat Roadways as overloading charges. (ii) MORTH[74] has directed to collect additional amount from the users of the road to the extent of two times of the fees applicable to that category of vehicle which is not having a valid functional Fastag. Essentially, the additional amount collected from the users of the road not having a functional Fastag, is in the nature of toll charges and should be treated as additional toll charges. Therefore, it is clarified[75] that **additional fee collected in the form of higher toll charges from vehicles not having Fastag is essentially payment of toll for allowing access to roads or bridges to such vehicles and may be given the same treatment as given to toll charges.**

[73] *vide Circular No. 164/20/2021 GST dated 06.10.2021*
[74] *vide circular dated 16.02.2021*
[75] *vide Circular No. 177/09/2022 GST dated 03.08.2022*

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	(63) Mr. Suresh drives his car through FASTag lane of a toll plaza without a valid functional FASTag. As directed by MORTH, the toll plaza collects twice the normal toll fee applicable to his category of vehicle, on account of the missing/non-functional FASTag. As per the clarification, this additional amount is also exempt from GST.
25	Transmission/distribution of electricity by an electricity transmission/ distribution utility.  **(64)** XYZ Discom Ltd., an electricity distribution utility, supplies and distributes electricity from the grid to residential and commercial consumers in its licensed area, billing consumers for the electricity consumed. Transmission/distribution of electricity by XYZ Discom is exempt from GST under Entry 25.
25A	Supply of services by way of providing metering equipment on rent, testing for meters/transformers/capacitors etc., releasing electricity connection, shifting of meters/service lines, issuing duplicate bills etc., which are incidental or ancillary to the supply of transmission or distribution of electricity provided by electricity transmission or distribution utilities to their consumers. **(65)** In above example, if XYZ Discom also charges consumers separately for testing a transformer and issuing a duplicate electricity bill. These are not "transmission/ distribution of electricity" per se and are thus not exempt under Entry 25. However, these are services incidental or ancillary to supply of transmission or distribution of electricity provided by electricity transmission or distribution utilities to their consumers. Such services are separately exempt under Entry 25A.
44	Services provided by an 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

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	(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. **(66)** NanoTech Innovations, a start-up developing hi-tech lift sensors, is located within the premises of a Technology Business Incubator (TBI) recognised by NSTEDB, Department of Science and Technology, Government of India. NanoTech Innovations has entered into a formal agreement with the TBI 2 years ago as an incubatee to enable it to develop and produce innovative hi-tech products. Its total turnover in the preceding financial year was ₹ 40 lakh and its total turnover in the current financial year is ₹ 48 lakh. Since: (a) the preceding year's turnover (₹ 40 lakh) did not exceed ₹ 50 lakh, and (b) only 2 years have elapsed since the incubatee agreement (less than the 3-years'time limit), services provided by NanoTech Innovations are exempt from GST, up to the current year's turnover of ₹ 48 lakh (which is also within the ₹ 50 lakh cap). Suppose in the given case, incubate agreement was entered 4 years ago, all other facts remaining same, the exemption will no longer be available.
44A	Research and development services against consideration received in the form of grants supplied by – (a) a Government Entity; or (b) a research association, university, college or other institution, notified under clauses (ii) or (iii) of sub-section (1) of section 35 of the Income Tax Act, 1961.

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	The condition to be fulfilled in this case is that the research association, university, college or other institution, notified under clauses (ii) or (iii) of sub-section (1) of section 35 of the Income Tax Act, 1961 is so notified at the time of supply of the research and development service.  **(67)** Green Energy Research Foundation (GERF) is a research association exclusively engaged in scientific research, notified under the Income tax law. It undertakes a research project on solar-cell efficiency for a State Government's renewable energy department and receives a research grant of ₹ 2 crore. Since GERF is a notified research association at the time it supplies the service, this R&D service is exempt from GST, the consideration being received in the form of a grant.
48	Taxable services, provided or to be provided, by a TBI/STEP recognised by NSTEDB or bio- incubators[76] recognised by the Biotechnology Industry Research Assistance Council (BIRAC), under the Department of Biotechnology, Government of India.  **(68)** InnovateHub Park, a Technology Business Incubator (TBI) recognised by NSTEDB, Department of Science and Technology, Government of India, provides its recognised incubatees with shared laboratory space, mentoring support and access to advanced prototyping facilities, charging a nominal facility fee for these services. Services provided by InnovateHub Park are exempt from GST under Entry 48. **(69)** BioGrow Incubator, a bio-incubator recognised by the Biotechnology Industry Research Assistance Council (BIRAC), under the Department of Biotechnology, Government of India, provides lab space, biosafety facilities and technical guidance to early-stage biotech start-ups housed within its premises, charging them a facility usage fee. Services provided by BioGrow Incubator are exempt from GST under Entry 48. **(70)** PrivateTech Incubation Services Pvt. Ltd., a privately run incubation centre, offers similar facilities, co-working space, mentoring

[76] *Bio-incubators are specialized incubation facilities that provide physical infrastructure, high-end equipment, and regulatory support to early-stage biotech start-ups (start-ups working on life sciences and biotechnology startups like new medicines, vaccines, diagnostic kits, agri-biotech products, etc.)*

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	and lab access, to start-ups, but has not been recognised as a TBI/STEP by NSTEDB, nor as a bio-incubator by BIRAC. Even though its services are functionally identical to those of InnovateHub and BioGrow Incubator, the exemption under this entry does not apply.
49	Services by way of **collecting or providing news** by an independent journalist, Press Trust of India or United News of India.  **(71)** Rakesh, a freelance journalist, prepares a report on a farmers' protest and supplies it to three newspapers for a fee. The service of collecting and supplying news is exempt from GST.
50	Services of **public libraries** by way of lending of books, publications or any other knowledge-enhancing content or material.  **(72)** The XYZ Public Library lends books and educational CD-ROMs to its members against a nominal fee. Such lending services are exempt from GST. **(73)** However, XYZ Public Library rents out its auditorium for a social function, such renting service is not exempt under this entry, since the exemption is limited only to lending of books and other knowledge-enhancing content and does not extend to all activities carried on by a library.
52	Services by an organiser to any person in respect of a **business exhibition** held outside India. **(74)** An Indian event company, ExpoIndia Ltd., organizes an "India Textile Expo" in Dubai to help Indian exporters showcase products to Gulf buyers and charges Indian exhibitors a nominal fee. Even though the organiser and the exhibitors are Indian, since the exhibition itself is held outside India, the organiser's service to the exhibitors is exempt. Above exemption will not apply if ExpoIndia Ltd. organizes an exhibition in Mumbai.
52A	Tour operator service, which is performed partly in India and partly outside India, supplied by a tour operator to a foreign tourist, to the extent of the value of the tour operator service which is performed outside India.

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	However, value of the tour operator service performed outside India shall be such proportion of the total consideration charged for the entire tour which is equal to the proportion which the number of days for which the tour is performed outside India has to the total number of days comprising the tour, or 50% of the total consideration charged for the entire tour, whichever is less. Further, in making the above calculations, any duration of time equal to or exceeding 12 hours shall be considered as one full day and any duration of time less than 12 hours shall be taken as half a day. Explanation. - **"Foreign tourist"** means a person not normally resident in India, who enters India for a stay of not more than 6 months for legitimate non-immigrant purposes. **(75)** A tour operator provides a tour operator service to a foreign tourist as follows: - (a) 3 days in India, 2 days in Nepal; Consideration charged for the entire tour: ₹ 1,00,000/- Exemption: ₹ 40,000/- (=₹1,00,000/- x 2/5) or, ₹ 50,000/- (= 50% of ₹ 1,00,000/-) whichever is less, i.e., ₹ 40,000/-(i.e., Taxable value: ₹ 60,000/-); (b) 2 days in India, 3 nights in Nepal; Consideration charged for the entire tour: ₹ 1,00, 000/- Exemption: ₹ 60,000 (=₹ 1,00,000/- x 3/5) or, ₹ 50,000/- (= 50% of ₹ 1,00,000/-) whichever is less, i.e., ₹ 50,000/-(i.e., Taxable value: ₹ 50,000/-); (c) 2.5 days in India, 3 days in Nepal; Consideration charged for the entire tour: ₹ 1,00,000/- Exemption: ₹ 54,545 (=₹ 1,00,000/- x 3/5.5) or, ₹ 50,000/- (= 50% of ₹ 1,00,000/-) whichever is less, i.e., ₹ 50,000/-(i.e., Taxable value: ₹ 50,000/-).
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. **(76)** A cold-storage unit in Nashik receives raw green bananas from a farmer, artificially ripens them using ethylene gas, waxes them for shine and packs them into retail-ready poly-

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	bags labelled "Farm Fresh Bananas" before dispatch to a supermarket chain. Said services are exempt.
58	Services provided by the **National Centre for Cold Chain Development** (NCCD) under the Ministry of Agriculture, Cooperation and Farmer's Welfare by way of **cold chain knowledge dissemination**. **(77)** NCCD conducts a nationwide training workshop for state agriculture departments on maintaining the cold chain for perishable mangoes during transport and charges a nominal registration fee from participating officials. Said services are exempt under this Entry.
59	Services by a **foreign diplomatic mission** located in India. **(78)** The Embassy of France in India issues a tourist visa to an Indian citizen and collects visa processing charges. Such services provided by the foreign diplomatic mission are exempt from GST.
61A	Services by way of granting National Permit to a goods carriage to operate through-out India/ contiguous States[77]. **(79)** A transporter, Bharat Roadlines, applies to the Regional Transport Officer for a National Permit for its truck fleet, enabling the trucks to ply across Uttar Pradesh and Uttarakhand without needing separate State permits. The fee charged by the RTO for granting this permit is exempt.
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,

[77] *Contiguous States means states that share a common border with each other, i.e., neighbouring or adjoining states.*

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	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.*
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.

GST on payment of honorarium to the Guest Anchors



Circular No. 177/09/2022 GST dated 03.08.2022 clarifies the applicability of GST on honorarium paid to Guest Anchors. Sansad TV and other TV channels invite guest anchors to participate in their shows and pay remuneration to them in the form of honorarium.

It is clarified that supply of all goods & services are taxable unless exempt or declared as 'neither a supply of goods nor a supply of service'. **Services provided by the guest anchors in lieu of honorarium attract GST liability.**

However, guest anchors whose aggregate turnover in a financial year does not exceed ₹ 20 lakh (₹ 10 lakh in case of specified Special Category States) shall not be liable to take registration and pay GST.

Above services have been exempted from both CGST/SGST/UTGST and IGST[78]. Apart from these services, list of services exempt from IGST by *Notification No. 9/2017 IT (R) dated 28.06.2017 as amended* also include following services:

[78] *by virtue of Notification No. 12/2017 CT (R) dated 28.06.2017 as amended (for CGST) and Notification No. 9/2017 IT (R) dated 28.06.2017 as amended (for IGST)*

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S.No.	Description of services
1	Services received from a provider of service located in a non-taxable territory by – (a) the Central Government, State Government, Union territory, a local authority, a governmental authority or an individual in relation to any purpose other than commerce, industry or any other business or profession; (b) an entity registered under section 12AA/12AB of the Income-tax Act, 1961 for the purposes of providing charitable activities; or (ba) way of supply of online educational journals or periodicals to an educational institution other than an institution providing services by way of- (i) pre-school education and education up to higher secondary school or equivalent; or (ii) education as a part of an approved vocational education course; (c) a person located in a non-taxable territory. However, the exemption shall not apply to online information and database access or retrieval services received by persons specified in entry (a) or entry (b).
2	Import of services by an establishment of a foreign company in India, which is an airline company, from a related person or from any of its other establishments outside India, when made without consideration. Explanation: Foreign company shall have the same meaning as assigned to it in sub-section (42) of section 2 of Companies Act, 2013. **Conditions to be fulfilled:** (i) GST at applicable rates is paid by the establishment of the foreign airline company in India on transport of goods and passengers as may be applicable. (ii) Ministry of Civil Aviation certifies that the establishment of the foreign company in India is that of an airline company which has

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	been designated by the foreign government under the applicable bilateral air services agreement with India. (iii) Ministry of Civil Aviation certifies that on a reciprocal basis, designated Indian airlines are not subject to levy of similar taxes by whatever name called for the same services appearing under the entry, by the Government of the country designating the foreign airline company.
3	Services provided by a tour operator to a foreign tourist in relation to a tour conducted wholly outside India.
4	**Services supplied by an establishment of a person in India to any establishment of that person outside India**, which are treated as establishments of distinct persons [in accordance with Explanation 1 in section 8 of the IGST Act] provided the place of supply of the service is outside India [in accordance with section 13 of IGST Act].
5	**Import of services by United Nations or a specified international organisation for official use** of the United Nations or the specified international organisation. Specified international organisation means an international organisation declared by the Central Government in pursuance of section 3 of the United Nations (Privileges and Immunities Act) 1947, to which the provisions of the Schedule to the said Act apply.
6	**Import of services by Foreign diplomatic mission or consular post in India**, or diplomatic agents or career consular officers posted therein shall be exempt from IGST, subject to the conditions, - (i) that the foreign diplomatic mission or consular post in India, or diplomatic agents or career consular officers posted therein, are entitled to exemption from integrated tax, as stipulated in the certificate issued by the Protocol Division of the Ministry of External Affairs, based on the principle of reciprocity; (ii) that the services imported are for official purpose of the said foreign diplomatic mission or consular post; or for personal use

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	of the said diplomatic agent or career consular officer or members of his or her family. (iii) that in case the Protocol Division of the Ministry of External Affairs, after having issued a certificate to any foreign diplomatic mission or consular post in India, decides to withdraw the same subsequently, it shall communicate the withdrawal of such certificate to the foreign diplomatic mission or consular post; (iv) that the exemption from the whole of the integrated tax granted to the foreign diplomatic mission or consular post in India for official purpose or for the personal use or use of their family members shall not be available from the date of withdrawal of such certificate.
7	Services **provided by an intermediary** when location of both supplier and recipient of goods is outside the taxable territory. **Conditions to be fulfilled:** Following documents shall be maintained for a minimum duration of 5 years: (1) Copy of Bill of Lading (2) Copy of executed contract between Supplier/Seller and Receiver/Buyer of goods (3) Copy of commission debit note raised by an intermediary service provider in taxable territory from service recipient located in non-taxable territory (4) Copy of certificate of origin issued by service recipient located in non-taxable territory (5) Declaration letter from an intermediary service provider in taxable territory on company letter head confirming that commission debit note raised relates to contract when both supplier and receiver of goods are outside the taxable territory.

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Clarification on doubts related to scope of "Intermediary"

Circular No. 159/15/2021 GST dated 21.09.2021 has clarified the doubts related to the intermediary services. The circular clarifies that the concept of intermediary services requires following basic prerequisites:

(i) Minimum of three parties: By definition, an intermediary is someone who arranges or facilitates the supplies of goods or services or securities between two or more persons.

It is thus a natural corollary that the arrangement requires a minimum of three parties, two of them transacting in the supply of goods or services or securities (the main supply) and one arranging or facilitating (the ancillary supply) the said main supply. An activity between only two parties can, therefore, NOT be considered as an intermediary service.

An intermediary essentially "arranges or facilitates" another supply (the "main supply") between two or more other persons and, does not himself provide the main supply.

(ii) Two distinct supplies: As discussed above, there are two distinct supplies in case of provision of intermediary services:

(1) Main supply, between the two principals, which can be a supply of goods or services or securities;

(2) Ancillary supply, which is the service of facilitating or arranging the main supply between the two principals.

This ancillary supply is the supply of intermediary service and is clearly identifiable and distinguished from the main supply.

A person involved in supply of main supply on principal-to-principal basis to another person cannot be considered as supplier of intermediary service.

(iii) Intermediary service provider to have the character of an agent, broker/any other similar person: The definition of "intermediary" itself

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provides that "intermediary service provider means a broker, an agent or any other person, by whatever name called….".

This part of the definition is not inclusive but uses the expression "means" and does not expand the definition by any known expression of expansion such as "and includes".

The use of the expression **"arranges or facilitates"** suggests a subsidiary role for the intermediary. It must arrange or facilitate some other supply, which is the main supply, and does not himself provides the main supply. Thus, the **role of intermediary is only supportive**.

(iv) Does not include a person who supplies such goods or services or both or securities on his own account: The definition of intermediary services specifically mentions that intermediary "does not include a person who supplies such goods or services or both or securities on his own account".

Use of word **"such"** in the definition with reference to supply of goods or services **refers to the main supply** of goods or services or both, or securities, between two or more persons, which are arranged or facilitated by the intermediary.

It implies that in cases wherein the person supplies the main supply, either fully or partly, on principal-to-principal basis, the said supply cannot be covered under the scope of "intermediary".

(v) Sub-contracting for a service is not an intermediary service: The supplier of main service may outsource the supply of the main service, either fully or partly, to one or more sub-contractors.

Such sub-contractor provides the main supply, either fully or a part thereof, and does not merely arrange or facilitate the main supply between the principal supplier and his customers, and therefore, clearly **is not an intermediary**.



(80) 'A' and 'B' have entered into a contract as per which 'A' needs to provide a service of, say, annual maintenance of tools and

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machinery to 'B'. 'A' subcontracts a part or whole of it to 'C'. Accordingly, 'C' provides the service of annual maintenance to 'A' as part of such sub-contract, by providing annual maintenance of tools and machinery to the customer of 'A', i.e. to 'B' on behalf of 'A'.

Though 'C' is dealing with the customer of 'A', but 'C' is providing the main supply of annual maintenance service to 'A' on his own account, i.e. on principal to principal basis.

In this case, 'A' is providing supply of annual maintenance service to 'B', whereas 'C' is supplying the same service to 'A'. Thus, **supply of service by 'C' will not be considered as an intermediary.**

Applying the abovementioned guiding principles, the issue of intermediary services is clarified through the following examples:



(81) 'A' is a manufacturer and supplier of a machine. 'C' helps 'A' in selling the machine by identifying client 'B' who wants to purchase this machine and helps in finalizing the contract of supply of machine by 'A' to 'B'. 'C' charges 'A' for his services of locating 'B' and helping in finalizing the sale of machine between 'A' and 'B', for which 'C' invoices 'A' and is paid by 'A' for the same. While 'A' and 'B' are involved in the main supply of the machinery, 'C', is facilitating the supply of machine between 'A' and 'B'. In this arrangement, 'C' is providing the ancillary supply of arranging or facilitating the 'main supply' of machinery between 'A' and 'B' and therefore, 'C' is an intermediary and is providing intermediary service to 'A'.

(82) 'A' is a software company which develops software for the clients as per their requirement. 'A' has a contract with 'B' for providing some customized software for its business operations. 'A' outsources the task of design and development of a particular module of the software to 'C', for which "C' may have to interact with 'B', to know their specific requirements. In this case, 'C' is providing main supply of service of design and development of software to 'A', and thus, 'C' is not an intermediary in this case.

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(83) An insurance company 'P', located outside India, requires to process insurance claims of its clients in respect of the insurance service being provided by 'P' to the clients. For processing insurance claims, 'P' decides to outsource this work to some other firm. For this purpose, he approaches 'Q', located in India, for arranging insurance claims processing service from other service providers in India. 'Q' contacts 'R', who is in business of providing such insurance claims processing service, and arranges supply of insurance claims processing service by 'R' to 'P'. 'Q' charges P a commission or service charge of 1% of the contract value of insurance claims processing service provided by 'R' to 'P'. In such a case, main supply of insurance claims processing service is between 'P' and 'R', while 'Q' is merely arranging or facilitating the supply of services between 'P' and 'R', and not himself providing the main supply of services. Accordingly, in this case, 'Q' acts as an intermediary as per definition of section 2(13).

(84) 'A' is a manufacturer and supplier of computers based in USA and supplies its goods all over the world. As a part of this supply, 'A' is also required to provide customer care service to its customers to address their queries and complains related to the said supply of computers. 'A' decides to outsource the task of providing customer care services to a BPO firm, 'B'. 'B' provides customer care service to 'A' by interacting with the customers of 'A' and addressing / processing their queries / complains. 'B' charges 'A' for this service. 'B' is involved in supply of main service 'customer care service' to 'A', and therefore, 'B' is not an intermediary.

The examples given above are only indicative and not exhaustive. **Whether or not a specific service would fall under intermediary services within the meaning of section 2(13), would depend upon the facts of the specific case. While examining the facts of the case and the terms of contract, the basic characteristics of intermediary services, as discussed in preceding paras, should be kept in consideration.**

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OTHER EXEMPTIONS

S.No.	Description of services
1	**Intra-State supplies received by a TDS deductor from any unregistered supplier exempt from CGST** Intra-State supplies of goods or services or both received by a deductor under section 51, from any unregistered supplier, is exempt from the whole of the central tax leviable thereon under section 9(4), **subject to the condition** that the deductor is not liable to be registered otherwise than under section 24(vi) ***[Notification No. 9/2017 CT (R) dated 28.06.2017].***
2	**Services imported by unit/developer in SEZ exempt from IGST** All services imported by a unit/developer in the Special Economic Zone (SEZ) for authorised operations are exempt from the whole of the integrated tax leviable thereon under section 3(7) of the Customs Tariff Act, 1975 read with section 5 of the IGST Act, 2017 ***[Notification No. 18/2017 IT (R) dated 05.07.2017].***
3	**Central Government's share of profit petroleum exempted from CGST** Intra-State supply of services by way of grant of license or lease to explore or mine petroleum crude or natural gas or both, has been exempted from so much of CGST as is leviable on the consideration paid to the Central Government in the form of Central Government's share of profit petroleum as defined in the contract entered into by the Central Government in this behalf.  ***[Notification No. 5/2018 CT (R) dated 25.01.2018]*** Parallel exemption from IGST has been extended to inter-State supply of such services vide ***Notification No. 5/2018 IT (R) dated 25.01.2018.***

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4	**IGST exempted to the extent it is paid on the consideration attributable to royalty and license fee included in transaction value under rule 10(1)(c) of Customs Valuation (Determination of value of imported Goods) Rules, 2007** IGST leviable on import of services in relation to temporary transfer or permitting the use or enjoyment of any intellectual property right has been exempted to the extent of the aggregate of the duties of customs leviable under section 3(7) of the Customs Tariff Act, 1975, on the consideration declared under section 14(1) of the Customs Act, 1962 towards royalties and license fees included in the transaction value as specified under rule 10(1)(c) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 on which the appropriate duties of customs have been paid ***[Notification No. 6/2018 IT (R) dated 25.01.2018].***

5. POWER NOT TO RECOVER GOODS AND SERVICES TAX NOT LEVIED OR SHORT-LEVIED AS A RESULT OF GENERAL PRACTICE

STATUTORY PROVISIONS

Section 11A	**Power not to recover Goods and Services Tax not levied or short-levied as a result of general practice.**		
	Particulars		
	Notwithstanding anything contained in this Act, if the Government is satisfied that-		
	(a)	a practice was, or is, generally prevalent regarding levy of central tax (including non-levy thereof) on any supply of goods or services or both; and	
	(b)	such supplies were, or are, liable to,-	
		(i)	central tax, in cases where according to the said practice, central tax was not, or is not being, levied, or
		(ii)	a higher amount of central tax than what was, or is being, levied, in accordance with the said practice,

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	the Government may, on the recommendation of the Council, by notification in the Official Gazette, direct that the whole of the central tax payable on such supplies, or, as the case may be, the central tax in excess of that payable on such supplies, but for the said practice, shall not be required to be paid in respect of the supplies on which the central tax was not, or is not being levied, or was, or is being, short-levied, in accordance with the said practice.



ANALYSIS

Regularization of non-levy/short levy of GST on account of generally followed practice

The Government is empowered to issue a retrospective exemption from GST under specific circumstances. If the Government is satisfied that there was, or is, a generally followed practice where GST was not levied or levied at a lower rate on certain goods or services—despite such supplies being actually liable to GST or a higher rate of GST—then, on the recommendation of the GST Council, the Government may issue a notification in the Official Gazette.

This notification can state that the GST which was not paid or short-paid due to the prevalent practice shall not be required to be paid.

This provision aims to provide relief to taxpayers who have followed industry practice in good faith, based on commonly accepted practices, even if those practices were not legally accurate.



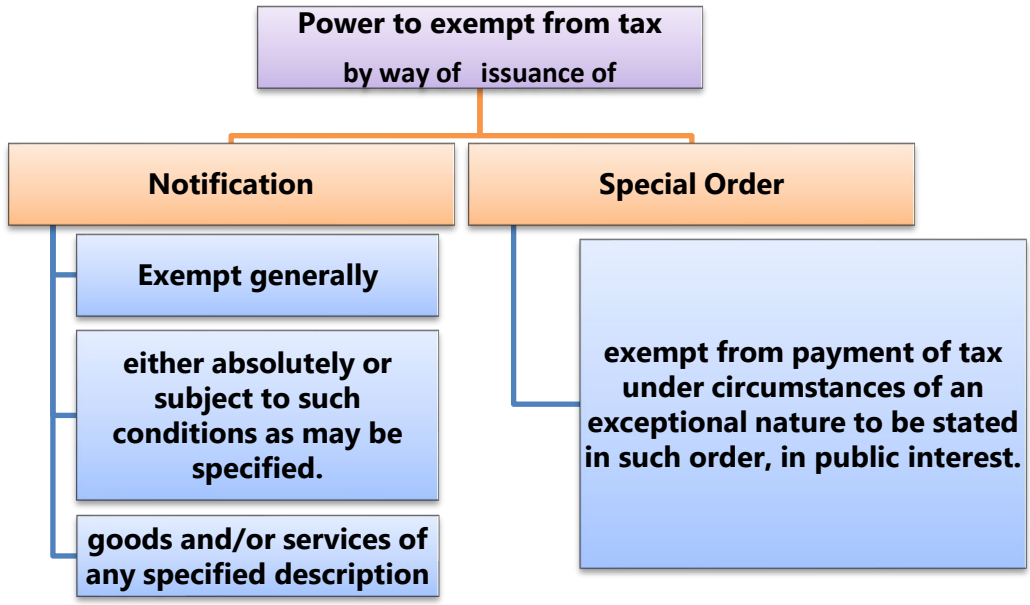
Similar provisions granting power to exempt IGST have been provided under section 6A of the IGST Act.

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.

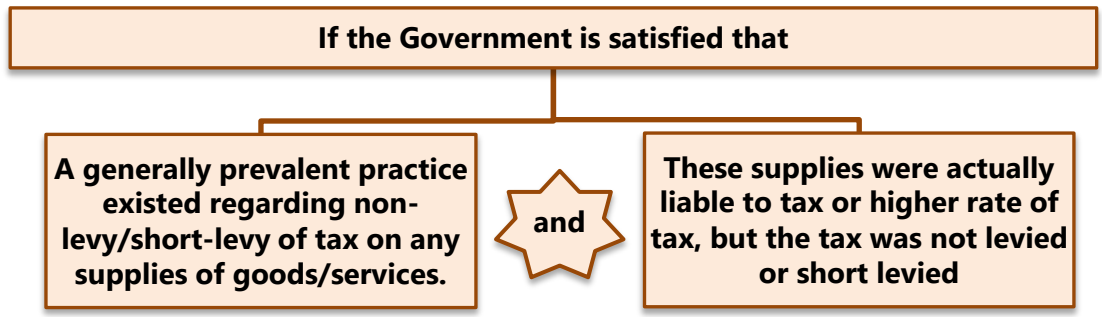
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LET US RECAPITULATE

1. **Power to exempt from tax [Section 11 of the CGST Act/ section 6 of IGST Act]**



2. **Power not to recover GST not levied or short-levied as a result of general practice. [Section 11A of the CGST Act/ Section 6A of IGST Act]**



The Government may issue a notification stating that the full/differential amount of tax that would otherwise be payable shall not be recovered for such supplies.

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3. List of services exempt from GST

	Exempt Services
Services related to charitable and religious activities	**Charitable activities** BY an **entity registered under section 12AA/12AB** of Income-tax Act.
	Services by a person by way of- (a) conduct of any religious ceremony; (b) renting of precincts of a religious place meant for general public, owned/managed by institutions/entities/trusts, registered under section 12AA/12AB/10(23C)(v) of the Income tax Act or body/authority covered under section 10(23BBA) of the said Act, except where- (i) charges for **renting of rooms ≥ ₹ 1,000** per day; (ii) charges for **renting of premises**, community halls, kalyanmandapam, open area, etc. are **≥ ₹ 10,000** per day; (iii) charges for **renting of shops/**spaces for business/commerce are **≥ ₹ 10,000** per month.
	Services by a specified organisation [KMVN/Haj Committee] **in respect of a religious pilgrimage** [Haj and Kailash Mansarover Yatra].
	Training/coaching in (a) recreational activities relating to arts/culture, **by an individual** or (b) sports by **charitable entities** registered under section 12AA or 12AB of the Income-tax Act.
Agriculture related services	Loading, unloading, packing, storage or warehousing of rice.
	Warehousing of minor forest produce.
	Services by way of storage/ warehousing of cereals, pulses,

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	fruits & vegetables.
	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.
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

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	Services provided TO an EI, by way of,- (i) transportation of students, faculty and staff; (ii) catering, including any mid-day meals scheme sponsored by the Central Government (CG), State Government (SG) or Union Territory (UT); (iii) security/cleaning/housekeeping services performed in such EI;	These exemptions are only applicable to an institution providing services by way of pre-school education & education up to higher secondary school or equivalent.
	(iv) services relating to admission to, or conduct of examination by, such EI;	
	(v) 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.	
	Services of affiliation provided by a Central or State Educational Board or Council or any other similar body, by whatever name called, to a school established, owned or controlled by the Central Government, State Government, Union Territory, local authority, Governmental authority or Government entity.	
Health care services	• **Health care services** BY a clinical establishment/ authorized medical practitioner/ para-medics However, nothing in this entry shall apply to the services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU)] having room charges exceeding ₹ 5000 per day to a person receiving health care services.	

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	• **Transportation of a patient in an ambulance** BY any person other than specified above.
	Service BY a veterinary clinic in relation to **Health care of animals/birds**
Services provided by Government	Services by Governmental Authority (GA) by way of **any activity in relation to any function entrusted to a Municipality /Panchayat** under article **243W/ 243G** of Constitution
	Services by the CG/SG/UT/Local Authority (LA) excluding following services— (a) services by **Department of Posts** and the Ministry of Railways (Indian Railways); (b) services in relation to an **aircraft/a vessel,** inside/outside precincts of a port/airport; (c) **transport of goods/passengers**; or (d) any service, other than 'specified services' above, **provided to business entities**. **(a) to (c) hereinafter referred as ' specified services'**
	Services by the Department of Posts by way of post card, inland letter, book post and ordinary post (envelopes weighing less than 10 grams).
	Services provided by CG/SG/UT/LA to a business entity (BE) with an aggregate turnover of up to such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act, 2017. This exemption is not applicable to **specified services** and **renting of immovable property service.**
	Services provided by CG/SG/UT/LA **to another** CG/SG/UT/LA. This exemption is not applicable to **specified services.**
	Services provided by CG/SG/UT/LA **where consideration for such services does not exceed ₹ 5,000**. This exemption is not applicable to **specified services**.**

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	In case of **continuous supply of service*, the exemption shall apply only where the consideration charged for such service does not exceed **₹ 5,000 in a FY.**
	Supply of service by a Government Entity (GE) to CG/SG/UT/LA/any person specified by CG/SG/UT/LA against consideration received from CG/SG/UT/LA, in the form of grants.
	Services by an old age home run by CG/SG/an entity registered under section 12AA/12AB of Income-tax Act to its residents (aged ≥60 years) against consideration upto ₹ 25,000 per month per member, provided that the consideration charged is inclusive of charges for boarding, lodging and maintenance.
	Services provided by Ministry of Railways (Indian Railways) to individuals by way of – (a) sale of platform tickets (b) facility of retiring rooms/waiting rooms; (c) cloak room services; (d) battery operated car services
	Services provided by one zone/division under Ministry of Railways (Indian Railways) to another zone(s)/division(s) under Ministry of Railways (Indian Railways).
	Services provided by SPVs to Ministry of Railways (Indian Railways) by way of allowing it to use the infrastructure built and owned by them during the concession period against consideration and services of maintenance supplied by Ministry of Railways (Indian Railways) to SPVs in relation to the said infrastructure built and owned by the SPVs during the concession period against consideration.
	Services supplied by CG/SG/UT to their undertakings or PSUs by way of guaranteeing the loans taken by such undertakings or PSUs from the banking companies and financial institutions.

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	Services provided by CG/SG/UT/LA by way of- (a) registration required under any law for the time being in force; (b) testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, including fire license, required under any law for the time being in force.
	Services provided by CG/SG/UT/LA **by way of issuance of passport, visa, driving license, birth certificate or death certificate**.
	Services provided by CG/SG/UT/LA **by way of tolerating non-performance of a contract for which consideration in the form of fines or liquidated damages is payable** to CG/SG/UT/LA under such contract.
	Services provided by CG/SG/UT/LA by way of **assignment of right to use natural resources to an individual farmer for cultivation of plants & rearing of all life forms of animals** [except horses], for food, fibre, fuel, raw material or other similar products.
	Services provided by CG/SG/UT 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.
	Services supplied by a SG to Excess Royalty Collection Contractor (ERCC) by way of assigning the right to collect royalty on behalf of SG on the mineral dispatched by the mining lease holders subject to specified conditions.
	Services provided by rehabilitation professionals recognised under the RCI Act, 1992 by way of rehabilitation, therapy or counselling and such other activity as covered by the said Act at medical establishments, educational institutions, rehabilitation centers established by CG/SG/UT/an entity registered under section 12AA/12AB of the Income-tax Act, 1961.

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Construction services	**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/Pradhan Mantri Awas Yojana**.
	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/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 that the constructed flats are sold before issuance of completion certificate and tax is paid on them. 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.
Services of transport of passengers (with/ without accompanied belongings)	Such services provided by – (a) **air in economy class, 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;** (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.**

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	However, nothing contained in items (b) and (c) above shall apply to services supplied through an ECO, and notified under section 9(5) of the CGST Act.
	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). However, nothing contained in item (e) above shall apply to services supplied through an ECO, and notified under section 9(5) of the CGST Act.
Goods transportation services	Services by way of transportation of goods- (a) by road except the services of— (i) a goods transportation agency (GTA); (ii) a courier agency; (b) by inland waterways. ***Explanation. - Nothing contained in this entry shall apply to:*** ***(i) local delivery services provided by an Electronic Commerce Operator; or*** ***(ii) local delivery services provided through an Electronic Commerce Operator.***

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	Exempt transportation of goods by **rail/ vessel/ by GTA in a goods carriage** • Agricultural produce • milk, salt and food grain including flours, pulses and rice • organic manure • newspaper or magazines registered with the Registrar of Newspapers • Defence/ military equipments • relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap
	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.

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Banking and financial	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 upto ₹ 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.
Services of Life insurance business	Such services by way of annuity under the **National Pension System** by Pension Fund Regulatory and Development Authority of India (PFRDAI) under PFRDA Act, 2013.
	Such services 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 CG.
	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.

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	Such services by the **Naval Group Insurance Fund** to the personnel of Coast Guard under the Group Insurance Schemes of CG.
	Such services under following schemes- (A) (a) Janashree Bima Yojana; (b) Aam Aadmi Bima Yojana; (c) Life micro-insurance product** as approved by the Insurance Regulatory and Development Authority (IRDA), having maximum amount of cover of **₹ 2,00,000**; (d) Varishtha Pension Bima Yojana; (e) Pradhan Mantri Jeevan Jyoti Bima Yojana; (f) Pradhan Mantri Jan Dhan Yogana; (g) Pradhan Mantri Vaya Vandana Yojana.
Insurance business	Such services under following schemes – (a) Hut Insurance Scheme; (b) Cattle Insurance under Swarnajaynti Gram Swarozgar Yojna[79]; (c) Scheme for Insurance of Tribals; (d) Janata Personal Accident Policy and Gramin Accident Policy; (e) Group Personal Accident Policy for Self-Employed Women; (B) (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;

[79] *earlier known as Integrated Rural Development Programme*

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	(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 Bima Yojna; (q) Niramaya Health Insurance Scheme implemented by the Trust constituted under the provisions of the National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999. (r) Bangla Shasya Bima.
	Services provided to CG/SG/UT **under any insurance scheme** for which total premium is paid by CG/SG/UT. (C)
	Services by way of reinsurance of the insurance schemes specified in (A) or (B) or (C) above.
	Services of insurance provided by the Motor Vehicle Accident Fund against contributions made by insurers out of the premiums collected for third party insurance of motor vehicles.
	Services of life insurance business provided by an insurer to the insured, where the insured is not a group. ***Explanation: For the removal of doubts, it is hereby clarified that:*** ***a. This exemption shall apply to a contract of insurance where the insured is an individual, or an individual and family of the said individual.*** ***b. For the purposes of (a) above, family shall include all individuals insured as family in the contract of insurance.***

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	Services of health insurance business provided by an insurer to the insured, where the insured is not a group. ***Explanation: For the removal of doubts, it is hereby clarified that:*** ***a. This exemption shall apply to a contract of insurance where the insured is an individual, or an individual and family of the said individual.*** ***b. For the purposes of (a) above, family shall include all individuals insured as family in the contract of insurance.***
	Reinsurance of the insurance services specified above life insurance business (in serial numbers 36C) or health insurance business (in serial numbers 36D).
Services provided by specified bodies	Services by the **Employees' State Insurance (ESI) Corporation** to persons governed under the ESI Act, 1948.
	Services provided by the **EPFO** to the persons governed under the Employees Provident Funds (EPF) & Miscellaneous Provisions Act, 1952.
	Services by **CMPFO** to persons governed by Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948.
	Services by **NPS Trust** to its members against consideration in the form of administrative fee.
Pension schemes	Services by way of collection of contribution under: • Atal Pension Yojana • any pension scheme of SG
Business facilitator/correspondent	Services by the following persons in respective capacities – (a) business facilitator/business correspondent to a Banking Co. 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

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	mentioned in entry (a); or (c) business facilitator/business correspondent to an insurance company in rural area.
Services provided to Government	Following services provided to the CG/SG/UT/LA 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.
	Services provided to a Governmental Authority by way of— (a) water supply; (b) public health; (c) sanitation conservancy; (d) solid waste management; and (e) slum improvement and upgradation.
	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 75% or more of the total expenditure is borne by CG/SG/UT administration.
Leasing services	Upfront amount payable in respect of service by way of granting of long term lease of 30 years, or more of industrial plots/plots for development of infrastructure for financial business, provided by the State Government Industrial Development Corporations or Undertakings or by any other entity having ***20%*** or more ownership of CG/SG/UT to the

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<table>
<tr><td></td><td colspan="2">industrial units/developers in any industrial/financial business area subject to specified conditions.</td></tr>
<tr><td rowspan="4">Legal services</td><td>Service provided by</td><td>To</td></tr>
<tr><td rowspan="2">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</td><td>any person other than BE</td></tr>
<tr><td>BE with an aggregate turnover up to such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act

CG/SG/UT/LA/GA/GE</td></tr>
<tr><td colspan="2">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</td></tr>
<tr><td>Sponsorship of sports events</td><td colspan="2">Sponsorship of sporting events organised -
(a) by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, State, zone or Country;
(b) by Association of Indian Universities, Inter-University Sports Board, School Games Federation of India, All India Sports Council for the Deaf, Paralympic Committee of India or Special Olympics Bharat;
(c) by the Central Civil Services Cultural and Sports Board;
(d) as part of national games, by the Indian Olympic Association; or
(e) under the Panchayat Yuva Kreeda Aur Khel Abhiyaan Scheme.</td></tr>
<tr><td>Skill Development services</td><td colspan="2">Any services provided by –
(a) the National Skill Development Corporation (NSDC) set up by the GoI;</td></tr>
</table>

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	(b) the National Council for Vocational Education and Training (NCVET); (c) an Awarding Body recognized by the NCVET; (d) an Assessment Agency recognized by the NCVET; (e) a Training Body accredited with an Awarding Body that is recognized by NCVET, (f) a training partner approved by NSDC, in relation to- (i) the National Skill Development Programme or any other scheme implemented by the NSDC; or (ii) a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or (iii) any National Skill Qualification Framework aligned qualification or skill in respect of which NCVET has approved a qualification package
	Services of **assessing bodies empanelled centrally** by DGT, Ministry of Skill Development and Entrepreneurship by way of assessments under the SDI Scheme.
	Services provided by training providers (Project implementation agencies) under **DDUGKY** implemented by Ministry of Rural Development, GoI by way of offering skill or vocational training courses certified by the National Council for Vocational Education and Training (NCVET).
Performance by an artist	Services by an artist by way of a performance in folk or classical art forms of music/ dance/ theatre, if the consideration charged for such performance is not more than **₹ 1,50,000.** This exemption shall not apply to service provided by such artists as a brand ambassador.
Right to admission to various events	Services by way of admission to: (i) museum, national park, wildlife sanctuary, tiger reserve or zoo

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	(ii) protected monument declared under the Ancient Monuments and Archaeological Sites & Remains Act 1958/any of the State Acts, for the time being in force. (iii) following events/places where the consideration for right to admission is not more than ₹ 500 per person: (a) circus, dance, or theatrical performance including drama or ballet; (b) award function, concert, pageant, musical performance or any sporting event other than a recognised sporting event; (c) recognised sporting event; (d) planetarium.
Services by an unincorporated body or a non- profit entity registered under any law for the time being in force	Services by **unincorporated body/ non- profit entity to its own members** as reimbursement/share of contribution: (i) As a **trade union** (ii) for providing **exempt activity** (iii) **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- (i) activities relating to the welfare of industrial/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 membership fee upto **₹ 1,000/- per member per year**.
Other exempt services	**Transfer of a going concern**, as a whole or an independent part thereof.

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	Services associated with transit cargo to Nepal and Bhutan (landlocked countries).
	Services by way of renting of residential dwelling for use as residence except where the residential dwelling is rented to a registered person. Explanation 1 — For the purpose of exemption under this entry, this entry shall cover services by way of renting of residential dwelling to a registered person where, – (i) the registered person is proprietor of a proprietorship concern and rents the residential dwelling in his personal capacity for use as his own residence; and (ii) such renting is on his own account and not that of the proprietorship concern. Explanation 2.- Nothing contained in this entry shall apply to- (a) accommodation services for students in student residences; (b) accommodation services provided by Hostels, Camps, Paying Guest accommodations and the like.
	Supply of accommodation services having value of supply less than or equal to ₹ 20,000 per person per month provided that the accommodation service is supplied for a minimum continuous period of 90 days.
	Satellite launch services
	Services by way of transportation of goods by an aircraft from a place outside India upto the customs station of clearance in India.

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	Services by way of giving on hire – (a) to a state transport undertaking (STU), a motor vehicle meant to carry more than 12 passengers; (aa) to a local authority, an Electrically operated vehicle (EOV) meant to carry more than 12 passengers; or (b) to a GTA, a means of transportation of goods. (c) motor vehicle for transport of students, faculty and staff, to a person providing services of transportation of students, faculty and staff to an educational institution providing services by way of pre-school education and education upto higher secondary school or equivalent.
	Service by way of access to a road or a bridge on payment of toll charges.
	Transmission/distribution of electricity by an electricity transmission/ distribution utility.
	Supply of services by way of providing metering equipment on rent, testing for meters/transformers/capacitors etc., releasing electricity connection, shifting of meters/service lines, issuing duplicate bills etc., which are incidental or ancillary to the supply of transmission or distribution of electricity provided by electricity transmission or distribution utilities to their consumers.
	Services provided by an incubatee up to a total turnover of ₹ 50 lakh in a FY provided:- (a) total turnover had not exceeded ₹ 50 lakh during the preceding FY; and (b) a period of 3 years has not elapsed from the date of entering into an agreement as an incubatee.
	Research and development services against consideration received in the form of grants supplied by – (a) a Government Entity; or

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	(b) a research association, university, college or other institution, notified under clauses (ii) or (iii) of sub-section (1) of section 35 of the Income Tax Act, 1961. The condition to be fulfilled in this case is that the research association, university, college or other institution, notified under clauses (ii) or (iii) of sub-section (1) of section 35 of the Income Tax Act, 1961 is so notified at the time of supply of the research and development service.
	Taxable services, provided or to be provided, by a Technology Business Incubator/ Science and Technology Entrepreneurship Park (TBI/STEP) recognised by NSTEDB or bio- incubators recognised by BIRAC.
	Services by way of **collecting or providing news** by an independent journalist, PTI or United News of India.
	Services of **public libraries** by way of lending of books, publications or any other knowledge-enhancing content or material.
	Services by an organiser to any person in respect of a **business exhibition** held outside India.
	Tour operator service, which is performed partly in India and partly outside India, supplied by a tour operator to a foreign tourist, to the extent of the value of the tour operator service which is performed outside India. However, value of the tour operator service performed outside India shall be such proportion of the total consideration charged for the entire tour which is equal to the proportion which the number of days for which the tour is performed outside India has to the total number of days comprising the tour, or 50% of the total consideration charged for the entire tour, whichever is less. Further, in making the above calculations, any duration of time equal to or exceeding 12 hours shall be considered as one full

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	day and any duration of time less than 12 hours shall be taken as half a day.
	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.
	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**.
	Services by a **foreign diplomatic mission** located in India.
	Services by way of granting National Permit to a goods carriage to operate through-out India/ contiguous States.
	Services by way of **providing information under the RTI Act.**
	Services provided to a recognised sports body (RSB) by- (a) an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organised by a RSB; (b) another RSB.
	Services by way of **public conveniences** such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets.
Above services have been exempted from both CGST and IGST. Apart from these services, list of services exempt from IGST also include following services:	
	Services received from a provider of service located in a non-taxable territory by – (a) CG/SG/UT/LA/GA/ an individual **in relation to any purpose other than commerce, industry or any other business or profession**; (b) an entity registered under section 12AA/12AB of the Income-

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	tax Act, 1961 for the purposes of providing charitable activities; or (ba) way of supply of online educational journals or periodicals to an educational institution other than an institution providing services by way of- (i) pre-school education and education up to higher secondary school or equivalent; or (ii) education as a part of an approved vocational education course; (c) a person located in a non-taxable territory. However, the exemption shall not apply to OIDAR services received by persons specified in entry (a) or entry (b).
	Import of services by an establishment of a foreign company in India, which is an airline company, from a related person or from any of its other establishments outside India, when made without consideration subject to specified conditions.
	Services provided by a tour operator to a foreign tourist in relation to a tour conducted wholly outside India.
	Services supplied by an establishment of a person in India to any establishment of that person outside India, which are treated as establishments of distinct persons provided the place of supply of the service is outside India.
	Import of services by UN or a specified international organisation for official use of UN or the specified international organisation.
	Import of services by Foreign diplomatic mission or consular post in India, or diplomatic agents or career consular officers posted therein subject to specified conditions.
	Services provided by an intermediary when location of both supplier and recipient of goods is outside the taxable territory subject to specified conditions.

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TEST YOUR KNOWLEDGE

1. *Examine whether the following independent intra-State services are exempt from GST:*

   (a) *Legal services provided by BMC & Partners, Delhi, a partnership firm of advocates, to Vastukaar Enterprises, Delhi, providing architect services (with preceding financial year's aggregate turnover as ₹21 lakh).*

   (b) *Minimum balance charges collected by Dhanvarsha Bank from current account and savings account holders.*

2. *Shiva Medical Centre, a multi-speciality hospital, is a registered supplier in Mumbai. It hires senior doctors and consultants independently, without entering into any employer-employee agreement with them. These doctors and consultants provide consultancy to the in-patients (patients who are admitted to the hospital for treatment) without there being any contract with such patients. In return, they are paid the consultancy charges by Shiva Medical Centre.*

   However, the money actually charged by Shiva Medical Centre from the in-patients is higher than the consultancy charges paid to the hired doctors and consultants. The difference amount retained by the hospital, i.e. retention money, includes charges for providing ancillary services like nursing care, infrastructure facilities, paramedic care, emergency services, checking of temperature, weight, blood pressure, etc.

   The Department took a stand that senior doctors and consultants are providing services to Shiva Medical Centre and not to the patients. Hence, their services are not the health care services and must be subject to GST. Further, GST is applicable on the retention money kept by Shiva Medical Centre.

   You are required to examine whether the stand taken by the Department is correct.

3. *Vedanta Hospital, Gurgaon has its own restaurant in the basement of hospital premises - Annapurna Bhawan - which supplies food to its in-patients (patients admitted in the hospital) as per the advice of the doctor/nutritionist. Annapurna Bhawan also supplies food to other patients (who are not admitted)*

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or their attendants or visitors. The food is prepared by the employees of the hospital and nothing is outsourced to any third-party vendors. Vedanta Hospital is of the view that all services provided by a clinical establishment are exempt from GST and thus, it is not liable to pay any tax. You are required to test the correctness of the view taken by Vedanta Hospital.

4. *Indian Institutes of Management (IIM), Indore organizes a placement drive for the students studying in the campus. Many multinational companies register for the placement program and pay the registration fee of ₹ 1,00,000. IIM, Indore is of the view that such consideration received from multinational companies for participating in the placement program is exempt from GST. Explain whether the view taken by IIM, Indore is correct.*

5. *India Corporations Ltd., a Public Sector Undertaking (PSU), has taken loan from a banking company - Wellness Bank Ltd. The loan was guaranteed by the Central Government. India Corporations Ltd. defaulted in the repayment of such loan. Examine whether the services of guaranteeing of loan by the Central Government, in the given case, is liable to GST.*

6. *British High Commission, chief diplomatic mission of the United Kingdom, is located in India and is providing advisory services to the students willing to travel to UK for further studies. The mission has organized a seminar for such students and a registration fee of ₹ 5,000 per student has been charged from the students for the same. You are required to determine whether the advisory services provided by British High Commission are liable to GST.*

7. *Explain in brief whether the below mentioned independent cases of supply of services provided are exempt or taxable under GST law, providing very brief reasoning:*

   (i) Himalayan Wanderers Campsite, a registered entity under GST, has fixed up various tents in Shimla, for lodging purposes being offered to tourists and trekkers. The details of tents rented by Himalayan Wanderers Campsite, for a week's duration, on 8th December is as under:

No. of tents rented	*Amount of rent charged per tent per day*	*Nature of occupancy*
10	*₹ 600*	*Single*
15	*₹ 1000*	*Double*

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(ii) *Fables Infotech LLP, a limited liability partnership firm, having registered place of business in Hyderabad under GST, entered into a contract with Neeta Services for providing air-conditioned mini vans for 1 year for transportation of its female employees working in night shifts to be picked up from designated spots every day at 9.00 p.m. except weekends and dropped to the office. The same female employees were again picked up from office at 6.30 a.m. every morning except weekends and dropped back at the same spots from where they were picked up.*

(iii) *HumTum Services Limited, registered under GST, provided catering services to Baljatan Anganwadi, an educational institute providing pre-school education amounting to ₹ 2,50,000 in the month of February.*

(iv) *50 women from different cities pursuing diploma in management courses, participated in the 'Leadership Program' designed especially for women for a duration of 9 months by IIM, Bangalore (a certificate as to their participation was awarded to each one of them after the completion of the programme).*

(v) *Mr. Ashok rented his residential flat to his friend Dr. Kishore, who is not registered under GST for use as his medical clinic at a monthly rent of ₹ 15000.*

8. *Determine whether GST is payable in respect of each of the following independent services provided by the registered persons:*

(1) *Fees of ₹ 10,000 charged from office staff for in-house personality development course conducted by Mungerilal College providing education as part of a curriculum for obtaining a qualification recognised by Indian law.*

(2) *Bus fees of ₹ 2,500 per month collected from students by Rosemary College providing education as part of a curriculum for obtaining a qualification recognised by Indian law.*

(3) *Housekeeping service provided by M/s. Clean Well to Himavarsha Montessori school, a play school, for cleaning its playground and classrooms for ₹ 25,000 per month.*

(4) *Info link supplied 'Tracing Alphabets', an online educational journal, to students of UKG class of Sydney Montessori School for ₹ 2,000.*

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9. *Sarva Sugam Charitable Trust, a trust registered under section 12AB of the Income – tax Act, 1961, provides the following information relating to supply of its services for the month of August:*

Particulars	***Amount (₹)***
Renting of residential dwelling for use as a residence to Mr. Soham, an unregistered person	*18,00,000*
Renting of rooms for devotees (Charges per day ₹750)	*6,00,000*
Renting of kalyanamandapam (Charges per day ₹15,000)	*12,00,000*
Renting of community halls and open space (Charges per day ₹ 7,500)	*10,75,000*
Renting of shops for business (Charges per month ₹9,500)	*4,75,000*
Renting of shops for business (Charges per month ₹12,000)	*7,50,000*

Compute the output GST liability of Sarva Sugam Charitable Trust for the month of August assuming that the above amounts are exclusive of GST and rate of GST, wherever applicable, is 18%.

Note: The rooms/ kalyanamandapam/ halls/ open space/ shops owned by the trust are located within the precincts of a religious place, meant for general public, owned by the trust.

10. *Mr. Nagarjun, a registered supplier of Chennai, has received the following amounts in respect of the activities undertaken by him during the month of September:*

S. No.	***Particulars***	***Amount (₹)***
(i)	*Amount charged for service provided to recognized sports body as selector of national team*	*50,000*
(ii)	*Commission received as an insurance agent from insurance company*	*65,000*

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(iii)	*Amount charged as business correspondent for the services provided to the urban branch of a nationalized bank with respect to savings bank accounts*	*15,000*
(iv)	*Service to foreign diplomatic mission located in India*	*28,000*
(v)	*Funeral services*	*30,000*

He received the services from an unregistered goods transport agency for his business activities and paid freight of ₹ 45,000.

Note: All the transactions stated above are inter-State transactions and also are exclusive of GST.

You are required to calculate gross GST liability (ignoring ITC provisions) of Mr. Nagarjun for the month of September assuming that the rate of GST, wherever applicable, is 18% except the GTA services where the applicable rate of GST is 5%. Working notes should form part of your answer.

11. *Vividh Pvt. Ltd. is a supplier of goods and services at Bangalore, registered in the State of Karnataka, having turnover of ₹ 200 lakh in the last financial year. It has furnished the following information for the month of June.*

Particulars	***Amount (₹) excluding GST***
Services provided by way of a labour contract for repairing a single residential unit otherwise than as a part of residential complex	*13,00,000*
Fee received from students of a competitive exam training academy run by Vividh Pvt. Ltd.	*5,40,000*
4 buses each with a seating capacity of 72 passengers given on hire to State Transport Undertaking	*6,00,000*
Rent paid to Local Municipal Corporation for premises taken on rent for competitive exam training academy	*2,50,000*
Goods transport services received from a registered GTA which has opted to pay tax itself @ 18%	*1,80,000*

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Compute gross GST liability including tax payable under reverse charge (ignoring ITC provisions) of Vividh Pvt. Ltd. for the month of June assuming that the above amounts are exclusive of GST and rate of GST, wherever applicable, is 18% unless otherwise mentioned.

12. *"Chanakya Academy" is registered under GST in the State of Uttar Pradesh. The Academy runs the following educational institutions:*

(i) 'Keshav Institute of Technology' (KIT), a private engineering college in Ghaziabad. KIT also runs distance learning post graduate engineering programmes. Exams for such programmes are conducted in select cities at centres appointed by the KIT. All the engineering courses including the distance learning post graduate engineering programme run by KIT are recognised by the law [The All India Council for Technical Education (AICTE)].

(ii) 'Little Millennium', a pre-school in Lucknow.

(iii) 'Bright Minds', a coaching institute in Kanpur. The Institute provides coaching for Institute of Banking Personnel Selection (IBPS) Probationary Officers Exam.

(iv) 'Spring Model' a higher secondary school affiliated to CBSE Board.

The Academy provides the following details relating to the expenses incurred by the various institutions run by it during the period April to September:

S. No.	Particulars	KIT	Little Millennium	Bright Minds	Spring Model
		(₹)	(₹)	(₹)	(₹)
(i)	Printing services availed for printing the question papers (paper and content are provided by the Institutions)	2,50,000		1,50,000	2,00,000

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(ii)	*Paper procured for printing the question papers*	*4,30,000*		*2,58,000*	*3,44,000*
(iii)	*Honorarium paid to paper setters and examiners (not on the rolls of the Institution)*	*5,00,000*			
(iv)	*Rent paid for exam centers (registered under GST) taken on rent like schools etc., for conducting examination*	*8,00,000*		*1,00,000*	
(v)	*Subscription for online educational journals [Little Millennium has taken the subscription for online periodicals on child development and experiential learning]*	*4,00,000*	*80,000*	*2,20,000*	*2,40,000*
(vi)	*Hire charges paid for buses used to transport students and faculty from their residence to the institutions and back*	*4,80,000*	*5,50,000*	*1,30,000*	*7,50,000*
(vii)	*Catering services availed for running a canteen in the campus for students*	*3,20,000*	*2,60,000*	*1,80,000*	*5,00,000*

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	(Catering services for KIT include a sum of ₹ 60,000 for catering at a student event organised in a banquet hall outside the campus)				
(viii)	*Security and housekeeping services availed for the institution(s) (Security and housekeeping services for Spring Model include a sum of ₹ 80,000 payable for security and housekeeping at the student event organised in a banquet hall outside the campus)*	*6,00,000*	*4,00,000*	*3,75,000*	*4,65,000*

With the help of the above details, determine the amount of GST payable, if any, (ignoring ITC provisions) on goods and services received during April to September by the various educational institutions run by the 'Chanakya Academy'; all the amounts given above are exclusive of taxes, wherever applicable.

Note: Rate of GST on goods is 5%, catering service is 5% and on other services is 18%.

13. *M/s A2Z, a proprietary firm registered under GST, is engaged in providing various services under one roof. The firm provides the following information pertaining to supplies made/input services availed by it during the month of March:*

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S. No.	Particulars	Amount (₹)
1.	Amount collected for loading, unloading, packing and warehousing of potato chips	15,000
2.	Fees paid for yoga camp conducted by a charitable trust registered under section 12AB of the Income-tax Act, 1961 for employees of the firm	20,000
3.	Interest received on fixed deposits with APNA Bank by the firm	30,000
4.	Professional services provided to foreign diplomatic mission located in India	50,000
5.	Recovery agent services provided to ABC Finance Ltd. - an NBFC located in Delhi	1,00,000
6.	Security services (by way of supply of security personnel) provided to XYZ Ltd. - a registered person under GST	80,000
7.	Receipts from running an educational institution (a Senior Secondary School) for services provided to its students	35,00,000
8.	Supply value including cost of fuel for provision of renting of motor vehicle for transportation of passengers' service to NPS Ltd.	88,000

Determine the gross GST liability (inclusive of liability for the supplies received also) of M/s A2Z for the month of March with necessary explanation for treatment of each item. Rate of tax for both inward and outward supply is CGST and SGST @ 9% each except for the service of renting a vehicle for transportation of passengers for which CGST and SGST @ 2.5% each is applicable. All the supplies are intra-State only. All amounts given hereunder are exclusive of GST.

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14. *A2X Services Limited, registered under GST, is engaged in providing various services to various educational institutions. The company provides the following information in respect of services provided during the month of April:*

S. No.	Description of services provided
(i)	Transportation of students & staff of 'Shiksha University', a Deemed University
(ii)	Catering services provided to 'Rank CBSE School'
(iii)	Security personnel services provided to 'Win CBSE School', for its annual sports day held at SAI Sports Complex owned by Government of India
(iv)	Supply of online periodical science journal to 'Merit CBSE School' for its higher secondary students
(v)	Services, in relation to placement of students, to 'SKILL', a Government recognized vocational training college

Comment on the taxability or otherwise of the above transactions under GST law. State the correct legal provisions for the same.



ANSWERS

1. (a) Services provided by a partnership firm of advocates or an individual as an advocate other than a senior advocate, by way of legal services to a business entity with an aggregate turnover up to such amount in the preceding financial year as makes it eligible for exemption from registration under the CGST Act, 2017, are exempt from GST vide *Notification No. 12/2017 CT (R) dated 28.06.2017* (hereinafter referred to as exemption notification).

Since in the given case, services are being provided by the partnership firm of advocates - BMC & Partners to a business entity - Vastukaar Enterprises whose aggregate turnover in the preceding FY exceeded

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₹ 20 lakh i.e. the threshold limit for registration applicable to a service provider in Delhi, said services are not exempt from GST.

(b) 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) are exempt from GST vide exemption notification.

However, 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 are liable to GST.

In view of the above, minimum balance charges collected by Dhanvarsha Bank from current account and savings account holders are not exempt and are liable to GST.

2. No, the stand taken by the Department is not correct.

Services by way of health care services by a clinical establishment, an authorised medical practitioner or para-medics are exempt from GST vide exemption notification.

Health care services have been defined to mean any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India 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.

Circular No. 32/06/2018 GST dated 12.02.2018 has clarified that the entire amount charged by the hospitals 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 from GST. In view of the same, GST is not applicable on the retention money kept by Shiva Medical Centre.

The circular also clarifies that services provided by senior doctors/ consultants/ technicians hired by the hospitals, whether employees or not,

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are also healthcare services exempt from GST. Hence, services provided by the senior doctors and consultants hired by Shiva Medical Centre, being healthcare services, are also exempt from GST.

3. Services by way of health care services by a clinical establishment, an authorised medical practitioner or para-medics are exempt from GST vide exemption notification. *Circular No. 32/06/2018 GST dated 12.02.2018* 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. This is because the provision of food to in-patients is a composite supply where the healthcare service is the principal supply as per section 2(90) of the CGST Act, 2017, and the supply of food is naturally bundled and supplied in conjunction with the healthcare service in the ordinary course of business. 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 not applicable on the food supplied by Annapurna Bhawan to in-patients as advised by doctors/nutritionists while other supplies of food by it to patients (not admitted) or their attendants/visitors are taxable.

4. Indian Institutes of Management Act, 2017 (IIM Act, 2017) empowers IIMs to (i) grant degrees, diplomas, and other academic distinctions or titles, (ii) specify the criteria and process for admission to courses or programmes of study, and (iii) specify the academic content of programmes. Resultantly, all the IIMs fall within the definition of 'educational institution' under the exemption notification as they provide education as a part of a curriculum for obtaining a qualification recognized by law for the time being in force.

Further, the services provided by an educational institution to its students[80], faculty and staff are exempt from GST vide exemption notification.

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[80] *As per Circular No. 82/01/2019 GST dated 01.01.2019, services provided by IIMs to their students who are enrolled for long duration programs (1 year or more) for which they are awarded diploma/ degree certificate duly recommended by Board of Governors as per the power vested in them under the IIM Act, 2017, under such long duration programs are exempt from GST.*

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However, in the given case, services have been provided by the educational institution (viz. IIM, Indore), to the multinational companies. Therefore, the same is not exempt from GST.

5. 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 are exempt from GST vide exemption notification.

In the present case, Central Government has guaranteed the loan taken by India Corporations Ltd. [a PSU], from Wellness Bank Ltd., [a banking company]. Consequently, services provided by the Central Government, in the form of guarantee of loan, are exempt from tax. The default by the borrower does not affect availability of exemption to the Government's supply of guarantee service.

6. Services by a foreign diplomatic mission located in India are exempt from GST vide exemption notification. Hence, in the given case, advisory services by British High Commission located in India to the students are exempt from GST.

7. **(i)** **Taxable:** Services provided by way of accommodation in campsites/tents are not covered by any specific exemption. Therefore, the lodging services provided by Himalayan Wanderers Campsite are liable to GST. The occupancy pattern (single/double occupancy) does not affect the availability of exemption.

(ii) **Taxable:** Neeta Services is providing passenger transportation services through air-conditioned mini vans under a contractual arrangement. Service of transport of passengers provided by Neeta Services are liable to GST since such services are being provided in a contract carriage which is air-conditioned.

(iii) **Exempt:** Since catering services provided to an educational institution providing pre-school education are exempt from GST, HumTum Services Limited is not liable to pay GST.

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(iv) **Taxable:** The Leadership Programme conducted by IIM Bangalore is a short-duration executive programme. Participation in such programme merely results in a certificate of participation and does not lead to a qualification recognised by law. Consequently, the programme is not covered by the GST exemption available to recognised educational courses and GST is payable.

(v) **Taxable:** Although the property is a residential dwelling, it has been rented for use as a medical clinic and not for residential purposes. Since the exemption applies only where a residential dwelling is rented for use as a residence, the exemption is not available and GST is payable.

8. **(1)** Services provided by an educational institution to its students, faculty and staff are exempt from GST vide 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 recognised by any law for the time being in force.

Mungerilal College qualifies as an educational institution since it provides education as a part of a curriculum leading to a qualification recognised by law. Services provided by it to its staff by way of conducting personality development course would be exempt from GST, it being an educational institution.

(2) Rosemary College qualifies as an educational institution since it provides education as a part of a curriculum leading to a qualification recognised by law. Accordingly, the transport services provided by Rosemary College to its students are exempt from GST.

(3) Services provided to an educational institution, by way of, *inter alia*, house-keeping services performed are exempt from GST vide exemption notification provided such services are performed in such educational institution. However, such exemption is available only when the said services are provided to an educational institution providing services by way of pre-school education and education up to higher secondary school or equivalent.

In view of the above discussion, house-keeping services provided to Himavarsha Montessori Play School, an educational institution providing pre-school education are exempt from GST since housekeeping services have been performed in such play school itself.

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(4) Services provided to an educational institution by way of supply of online educational journals or periodicals is exempt from GST vide exemption notification. However, such exemption is not available to an educational institution providing services by way of pre-school education and education up to higher secondary school or equivalent.

Therefore, supply of online journal to students of UKG class of Sydney Montessori School is not exempt from GST.

9. Renting of precincts of a religious place meant for general public, owned/managed by, *inter alia*, an entity registered as a charitable trust under section 12AA/12AB of the Income-tax Act are exempt from GST vide exemption notification. However, said exemption is not available if:

(i) charges for rented rooms are ₹ 1,000 per day or more;

(ii) charges for rented community halls, Kalyan mandapam, open area are ₹ 10,000 per day or more;

(iii) charges for rented shops are ₹ 10,000 per month or more.

Further, services by way of renting of residential dwelling for use as residence to an unregistered person are also exempt vide exemption notification.

Computation of output GST liability of Sarva Sugam Charitable Trust for August

Particulars	Value (₹)	GST @ 18% (₹)
Renting of residential dwelling for use as residence to an unregistered person [Exempt vide exemption notification]	18,00,000	Nil
Renting of rooms for devotees [Exempt since charges per day are below ₹1,000]	6,00,000	Nil
Renting of Kalyanamandapam [Taxable since charges per day exceed ₹10,000]	12,00,000	2,16,000
Renting of community halls and open spaces [Exempt since charges per day are below ₹ 10,000]	10,75,000	Nil
Renting of shops for business	4,75,000	Nil

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[Exempt since charges per month are below ₹10,000]		
Renting of shops for business [Taxable since charges per month exceed ₹ 10,000]	7,50,000	1,35,000
Total		**3,51,000**

10. Computation of gross GST liability of Mr. Nagarjun

Particulars	**Value (₹)**	**IGST (₹)**
Supplies on which Mr. Nagarjun is liable to pay GST under forward charge		
Amount charged for service provided to recognized sports body as selector of national team [Note 1]	50,000	9,000
Commission received as an insurance agent from insurance company [Note 2]	Nil	Nil
Amount charged as business correspondent for the services provided to the urban branch of a nationalised bank with respect to savings bank accounts [Note 3]	15,000	2,700
Services provided to foreign diplomatic mission located in India [Note 4]	28,000	5,040
Funeral services [Note 5]	Nil	Nil
Supplies on which Mr. Nagarjun is liable to pay GST under reverse charge		
Services received from GTA [Note 6]	45,000	2,250
IGST payable (Since all the transactions are inter-State transactions, IGST is payable on the same.)		**18,990**

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Notes:

(1) Services provided to a recognized sports body by an individual only 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 vide exemption notification. Since the service is supplied as a selector of team, the exemption is unavailable and therefore, liable to GST.

(2) Commission for providing insurance agent's services is liable to GST. However, the tax payable thereon is to be paid by the recipient of service i.e., insurance company, under reverse charge in terms of *Notification No. 13/2017 CT (R) dated 28.06.2017*[81]. Thus, Mr. Nagarjun will not be liable to pay GST on such commission.

(3) Services provided by business correspondent to a banking company with respect to accounts only in its rural area branch are exempt from GST vide exemption notification. Thus, such services provided in respect of urban area branch will be taxable.

(4) While services provided by a foreign diplomatic mission located in India are exempt from GST vide exemption notification, services provided to such mission are taxable.

(5) Funeral services being covered in Schedule III of CGST Act are not a supply and thus, are outside the ambit of GST.

(6) GST on services provided by a GTA to, *inter alia*, a registered person is payable by the recipient of service i.e., the registered person, under reverse charge in terms of *Notification No. 13/2017 CT (R) dated 28.06.2017* except where GTA is registered and has exercised the option to itself pay tax on said services[82]. Since in the given case, GTA is unregistered, it could not have exercised the option to pay tax and thus, GST is payable @ 5% under reverse charge mechanism by the recipient – Mr. Nagarjun.

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[81] *Provisions relating to reverse charge mechanism have already been discussed in detail in Chapter 2 – Charge of GST in this Module of the Study Material.*

[82] *Provisions relating to reverse charge mechanism have already been discussed in detail in Chapter 2 – Charge of GST in this Module of the Study Material.*

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11. Computation of gross GST liability of Vividh Pvt. Ltd.

Particulars	Value of supply (₹)	GST @ 18% (₹)
Services provided by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex [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 are exempt vide exemption notification. Labour contract for repairing, is thus, taxable. Even assuming the contract is a pure labour contract, repair services do not fall within the exempt category.	13,00,000	2,34,000
Fee received from students of competitive exam training academy [Fee received from students of competitive exam training academy is taxable as it is not an educational institution since competitive exam training does not lead to grant of a recognized qualification.]	5,40,000	97,200
Buses each with seating capacity of 72 passengers given on hire to State Transport Undertaking [Services by way of giving on hire to a state transport undertaking (STU), a motor vehicle meant to carry more than 12 passengers, are exempt from GST vide exemption notification.]	6,00,000	Nil
Services on which tax is payable under reverse charge:		

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Rent paid to Local Municipal Corporation [GST is payable under reverse charge in terms of *Notification No. 13/2017 CT (R) dated 28.06.2017* in case of renting of immovable property services supplied by a local authority to a registered person.]	2,50,000	45,000
GTA services availed [Since GTA has opted to pay tax @ 12%, tax is payable under forward charge by GTA only and not by Vividh Pvt. Ltd.]	1,80,000	Nil
Gross GST payable		**3,76,200**

12. Exemption notification exempts select services provided to an educational institution. Here, the **"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 recognised by any law for the time being in force;

(iii) education as a part of an approved vocational education course;

The select services which are exempt when provided to an educational institution are-

(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.

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However, the services mentioned in points (i), (ii) and (iii) are exempt only when the same are provided to an educational institution providing services by way of pre-school education and education up to higher secondary school or equivalent.

Also, the supply of online educational journals or periodicals is not exempt from GST when provided to-

(i) pre-school education and education up to higher secondary school or equivalent; or

(ii) education as a part of an approved vocational education course.

Further, services by way of giving on hire motor vehicle for transport of students, faculty and staff, to a person providing services of transportation of students, faculty and staff to an educational institution providing services by way of pre-school education and education upto higher secondary school or equivalent is exempt[83].

In the given case, all the engineering courses including the distance learning post graduate engineering programme run by KIT are recognised by the law [The All India Council for Technical Education (AICTE)]. Therefore, since KIT imparts education as a part of a curriculum for obtaining a qualification recognised by the Indian law, the same is an educational institution in terms of the exemption notification.

Similarly, Little Millennium and Spring Model, being a pre-school and a higher secondary school respectively are also educational institutions in terms of the exemption notification.

However, Bright Minds, being a coaching centre, training candidates to secure a banking job, is not an educational institution in terms of the exemption notification. Hence, none of the select services (mentioned above) will be exempt when provided to Bright Minds.

In the light of the foregoing provisions, the amount of GST payable on goods and services received by these educational institutions during April to September is computed as under:

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[83] *as per Entry 22 of Notification No. 12/2017 CT (R)*

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Particulars	KIT	Little Millennium	Bright Minds	Spring Model
	(₹)	(₹)	(₹)	(₹)
Printing services for printing the question papers [Services provided to educational institution in relation to conduct of examination are exempt.]	Exempt		27,000 [1,50,000 x 18%]	Exempt
Paper procured for printing the question papers [Supply of select services to educational institutions is exempt and not supply of goods to such educational institutions]	21,500 [4,30,000 x 5%]		12,900 [2,58,000 x 5%]	17,200 [3,44,000 x 5%]
Honorarium to paper setters and examiners [Services provided to educational institution in relation to conduct of examination are exempt.]	Exempt			
Rent for exam centres taken on	Exempt		18,000	

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rent like schools etc., for conducting examination	[Services provided to educational institution in relation to conduct of examination]		[1,00,000 x 18%]	
Subscription for online educational journals [Service provided to educational institution by way of supply of online educational journals or periodicals are exempt. However, 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.]	Exempt	14,400 [80,000 x 18%]	39,600 [2,20,000 x 18%]	43,200 [2,40,000 x 18%]
Hire charges for buses used to transport students and faculty [Exempt when provided to educational institutions.]	86,400 [4,80,000 x 18%]	Exempt	23,400 [1,30,000 x 18%]	Exempt

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Catering services for running a canteen in the campus for students [Catering service provided to pre-school and the higher secondary school is exempt irrespective of whether the same is provided within or outside the premises of the pre-school and the higher secondary school.]	16,000 [3,20,000 x 5%]	Exempt	9,000 [1,80,000 x 5%]	Exempt
Security and housekeeping services for the institution(s) [Security and housekeeping service provided to pre-school and the higher secondary school or equivalent for the student event organised in a banquet hall will be taxable as only the security and housekeeping service provided within the premises of the pre-school and the higher	1,08,000 [6,00,000 x 18%]	Exempt	67,500 [3,75,000 x 18%]	14,400 [80,000 x 18%]

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secondary school or equivalent are exempt.]				
Total GST payable on goods and services received	**2,31,900**	**14,400**	**1,97,400**	**74,800**

13. Computation of GST liability of M/s A2Z for the month of March:

S. No.	Particulars	CGST (₹)	SGST (₹)
1.	Loading, unloading, packing and warehousing of potato chips [Loading, unloading, packing and warehousing of agricultural produce is exempt. However, potato chips is not an agricultural produce.]	1,350 [15,000 × 9%]	1,350 [15,000 × 9%]
2.	Fees paid for yoga camp [Services provided by a charitable trust registered under section 12AB of the Income-tax Act by way of advancement of yoga are exempt.]	--	--
3.	Interest received on fixed deposits [Services of extending fixed deposits in so far as the consideration is represented by way of interest are exempt.]	--	--
4.	Professional services provided to foreign diplomatic mission located in India [Not specifically exempt.]	4,500 [50,000 × 9%]	4,500 [50,000 × 9%]
5.	Recovery agent services provided to ABC Finance Ltd., an NBFC [Since such services are being provided to an NBFC, tax on the same is payable	--	--

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	by recipient - ABC Finance Ltd. - under reverse charge (RCM).[84]]		
6.	Security services provided to XYZ Ltd., a registered person [Since such services are being provided by a non-body corporate to a registered person, tax on the same is payable by recipient - XYZ Ltd. - under reverse charge (RCM) [85].]	--	--
7.	Receipts from running an educational institution [Services provided by an educational institution to its students are exempt.]	--	--
8.	Renting of motor vehicle service [Since services of renting of motor vehicle including cost of fuel with tax payable @ 2.5% CGST/SGST is being provided by a non-body corporate to a body corporate, tax on the same is payable by recipient – NPS Ltd. – under RCM[86].]	--	--
	Gross GST liability	**5,850**	**5,850**

14.

S. No.	Particulars	Taxability
(i)	Transportation of students and staff of deemed university [Taxable, since transportation services provided to an educational institution are exempt only if such	Taxable

[84] Provisions relating to reverse charge mechanism have already been discussed in detail in Chapter 2 – Charge of GST.

[85] Provisions relating to reverse charge mechanism have already been discussed in detail in Chapter 2 – Charge of GST in this Module of the Study Material.

[86] Provisions relating to reverse charge mechanism have already been discussed in detail in Chapter 2 – Charge of GST in this Module of the Study Material.

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	institution provides pre-school education or education up to higher secondary school or equivalent.]	
(ii)	Catering services provided to "Rank CBSE School" [Catering services provided to an educational institution providing pre-school education or education up to higher secondary school or equivalent are exempt.]	Exempt
(iii)	Security services to "Win CBSE School" for its annual sports day held at SAI Sports complex [Security services provided to an educational institution providing pre-school education or education up to higher secondary school or equivalent are exempt provided such services are performed in the premises of such institution. However, in this case, security services are being provided outside the premises of the educational institution, and hence the same are taxable.]	Taxable
(iv)	Supply of online periodical science journal to school for its higher secondary students [Taxable since educational institutions providing service by way of pre-school education and education upto higher secondary school or equivalent are not eligible for exemption in respect of supply of online educational journals.]	Taxable
(v)	Services in relation to placement of students, to Government recognized vocational training college [Services relating to placement of students do not qualify as services relating to admission to, or conduct of examination by, the educational institution and therefore is taxable]	Taxable

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