

# Chapter 5 – Exemptions From GST

## Introduction

- Under GST, essential goods/services, i.e., public consumption products/services have been exempted.
- Items such as unbranded atta/maida/besan, unpacked food grains, milk, eggs, curd, lassi and fresh vegetables are among the items exempted from GST.
- Further, essential services like health care services, education services, etc. have also been exempted.
- Exempt Supply is a 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

## Power to Grant Exemption

- Section 11 of the CGST Act has given the power to grant exemption.
- Similarly, Section 6 of the IGST Act has given the power to grant exemption.
- Similarly, State GST laws also contain certain identical provisions regarding granting of exemption.
- The Central Government or the State Government grants exemption from GST on recommendations of the Council.
- This exemption is granted by way of a notification.
- Sometimes, the government may issue explanation regarding a certain notification.
  - If the clarificatory explanation is issued within a year from the date of notification, the explanation is deemed to be effective from the date of issue of the notification. (Retrospective Effect)
  - If the clarificatory explanation is issued after a year from the date of notification, the explanation is deemed to be effective from the date of the explanation. (Prospective Effect)
- There could be multiple entries in a notification.
- Sometimes, the government issues explanation regarding a certain entry in the notification.
  - If the clarificatory explanation is issued within a year from the date of adding the entry, the explanation is deemed to be effective from the date of the entry (not from the date of issue of notification). (Retrospective Effect)
  - If the clarificatory explanation is issued after a year from the date of adding the entry, the explanation is deemed to be effective from the date of the explanation. (Prospective Effect)

## Manner of Providing Exemption

- Under GST, there are the following three things – a supply, a supplier, and a recipient.
- Therefore, exemption under GST can be provided in the following ways:
  - Exemption to Specified Activities or Transactions (Supply), e.g., renting of residential dwelling
  - Exemption to Specified Suppliers, e.g., services supplied by RBI
  - Exemption to Specified Recipients, e.g., services received by Government

- Exemption to Specified Suppliers and Specified Recipients, e.g., services supplied by Insurance Regulatory and Development Authority to Insurers.

## Goods Exempt from 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.
- If you wish, you may go through the complete list of goods exempted from GST on CBIC website – [www.cbic.gov.in](http://www.cbic.gov.in) for knowledge purposes.
- It's not in our syllabus.

## Services Exempt from Tax

- Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017 has exempted various services wholly from CGST, unless otherwise specified.
- Let's discuss each of these services.

## Charitable Activities



Services by an entity registered u/s 12AA or 12AB of the Income Tax Act, 1961, by way of “charitable activities” are exempt.

## Meaning of Charitable Activities

The term ‘charitable activities’ mean activities relating to:

1. 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;
- 2. ADVANCEMENT OF RELIGION, spirituality or yoga;
- 3. 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;
- 4. PRESERVATION OF ENVIRONMENT including watershed, forests & wildlife.

Thus, only those services provided by a charitable and religious trusts [registered under section 12AA 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.

Religion, spirituality and yoga are exempt

## Other Aspects

Service	Taxability
1. Grant of advertising rights to a person on the premises of the charitable/religious trust or on publications of the trust	Taxable
2. Granting admission to events, functions, celebrations, shows against admission tickets or fee etc.	Taxable
3. Advancement of any other object of general public utility	Taxable
4. Advancement of religion, spirituality, yoga, meditation camp	Exempt
5. Residential programmes or camps where the fee charged includes cost of lodging and boarding, where the primary and predominant activity, objective and purpose of such residential programmes or camps is advancement of religion, spirituality or yoga.	Exempt
6. Merely providing accommodation or serving food and drinks against consideration in any form including donation	Taxable
7. Activities of holding fitness camps or classes such as those in aerobics, dance, music, etc.	Taxable
8. Services provided by a clinical establishment, an authorised medical practitioner, or paramedics of a charitable trust	Exempt
9. Services provided TO charitable or religious trusts	Taxable
10. Service of display of name or placing of name plates of the donor in the premises of charitable organisations receiving donations or gifts from individual donors – if the same is not aimed at giving publicity to the donor in such manner that it would be an advertising or promotion of his business	Exempt
11. Service of display of name or placing of name plates of the donor in the premises of charitable organisations receiving donations or gifts from individual donors – if the same is aimed at giving publicity to the donor in such manner that it would be an advertising or promotion of his business	Taxable

## Recreational Training or Coaching

Services by way of training or coaching in:

1. Recreational activities relating to arts or culture, by an individual, or

2. Sports by charitable entities registered under section 12AA or 12 AB of the Income Tax Act, are exempt from tax. **relating to Arts and Culture and sports are exempt**

Service	Taxability
1. Training or coaching in recreational activities relating to arts or culture by Individual	Exempt
2. Training or coaching in recreational activities in areas other than arts or culture by Individual	Taxable
3. Service of sports activities provided by charitable entity registered under section 12AA or 12AB	Exempt
4. Service other than of sports activities provided by charitable entity registered under section 12AA or 12AB	Taxable
5. Training or coaching related to all forms or arts, culture, or sports, such as, dance, music, painting, sculpture making, literary activities, theatre, sports, etc.	Exempt

## Import of Services

Services received from a provider of service located in a non-taxable territory by an entity registered under Section 12AA or 12AB of the Income Tax Act, 1961 for the purposes of providing charitable activities are exempt. However, exemption shall not apply to OIDAR services and import sea freight.

## Services by Old Age Home

Services by an old age home run by an entity registered under section 12AA or 12 AB of the 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 are exempt.

### Question 1

MTCT, an entity registered under section 12AB of the Income-Tax Act, 1961, has furnished you the following details with respect to the activities undertaken by it. You are required to compute its GST liability from the information given below:

Particulars	₹
Fees charged for yoga camp conducted by the trust	6,00,000
Amount received for advancement of educational programmes relating to abandoned, orphaned or homeless children	10,50,000
Amount received for renting of commercial property owned by the trust	35,00,000
E Payment made for the services received from a service provided located in England, for the purposes of providing 'charitable activities'	10,00,000
Amount received for activities relating to preservation of forests and wildlife	12,35,000
Receipts of old age home meant for residents of 60 years or more [consideration per month per member is ₹5,000 (inclusive of boarding lodging and maintenance)]	10,00,000

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

### Solution

#### Computation of GST Liability of MTCT

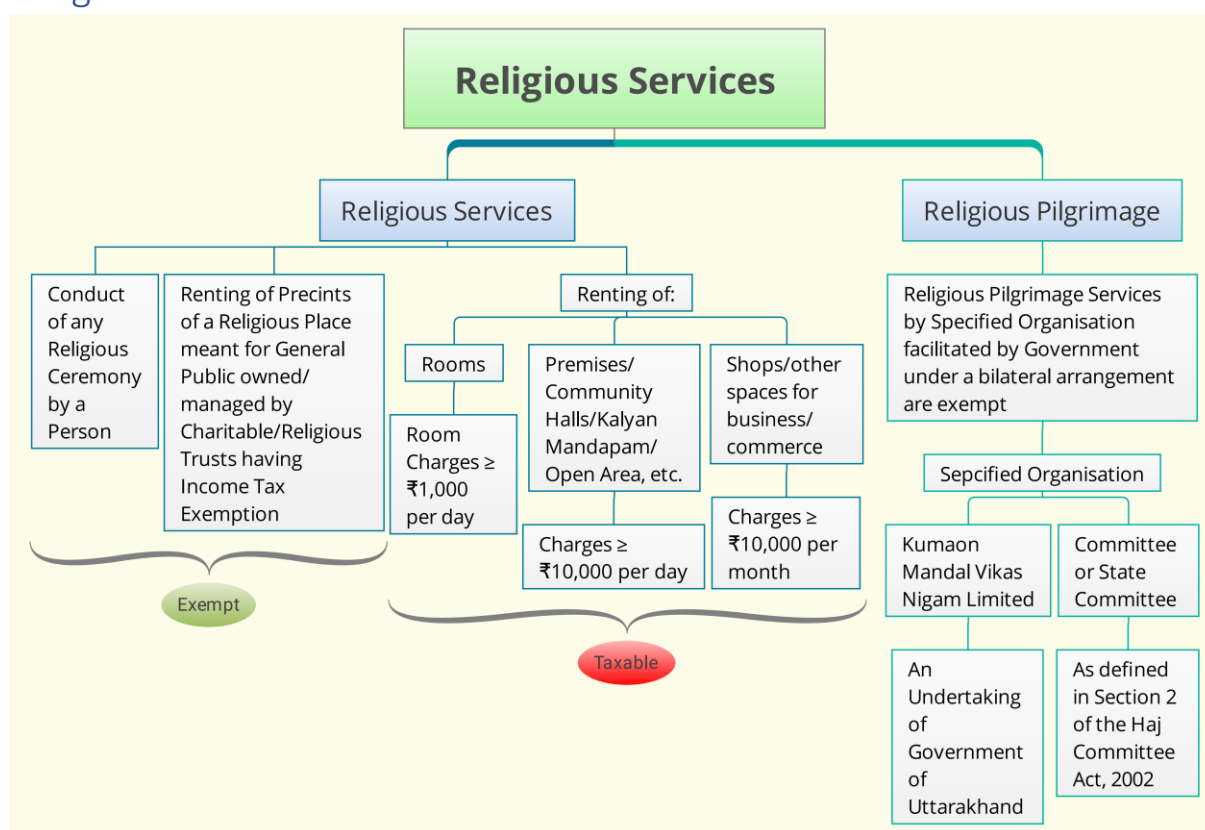
Particulars	₹
Fees charged for yoga camp conducted by the trust (Note 1)	
Amount received for advancement of educational programmes relating to abandoned, orphaned or homeless children (Note 1)	

Amount received for renting of commercial property owned by the trust (Note 2)	
Payment made for the services received from a service provided located in England, for the purposes of providing 'charitable activities' (Note 3)	
Amount received for activities relating to preservation of forests and wildlife (Note 1)	
Receipts of old age home meant for residents of 60 years or more (Note 4)	
Value of Taxable Supply	
<b>Calculation of GST Liability</b>	
GST @ 18% on ₹35,00,000	
GST under Reverse Charge on Import of Services (Note 3)	
Total GST Liability	

**Notes:**

- Services provided by a charitable entity registered u/s 12AB of the Income Tax Act, 1961 by way of charitable activities are exempt from GST. The definition of the term 'Charitable Activities', inter alia, means activities relating to:
  - advancement of yoga
  - advancement of educational programmes relating to abandoned, orphaned, or homeless children
  - preservation of environment including watershed, forests, and wildlife.
- Renting of commercial property owned by trust is taxable under GST.
- Import of Services by a Charitable Institution for charitable activities are exempt from GST. Normally, tax is paid on reverse charge by the importer of services; however, since in this case, this supply is exempt, no tax is required to be paid under Reverse Charge.
- Services by a charitable institution by way of providing old age homes where the resident is aged 60 years or more and the rent (including boarding, lodging, and maintenance) per month per person does not exceed ₹25,000 is exempt from GST.

## Religious Services



### Question 2

VHP, an entity registered as religious trust u/s 12AB of the Income-tax Act, 1961, has furnished you the following details with respect to the activities undertaken by it. You are required to compute its value of taxable supply from the information given below:

Particulars	₹
Renting of rooms where charges are ₹500 per day	6,00,000
Renting of room where charges are ₹1,500 per day	9,00,000
Renting of community halls where charges are ₹25,000 per day	10,00,000
Renting of kalyanmandapam where charges are ₹5,000 per day	7,50,000
Renting of shops for business where charges are ₹15,000 per month	7,50,000
Renting of shops for business where charges are ₹5,000 per month	5,50,000

### Solution

#### Computation of Value of Taxable Supply of VHP

Particulars	₹
Renting of rooms where charges are ₹500 per day	
Renting of room where charges are ₹1,500 per day	
Renting of community halls where charges are ₹25,000 per day	
Renting of kalyanmandapam where charges are ₹5,000 per day	
Renting of shops for business where charges are ₹15,000 per month	
Renting of shops for business where charges are ₹5,000 per month	
Value of Taxable Supply	

Note: Services by a person by way of renting precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust are exempt. However, this exemption doesn't apply to:

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

## Agricultural Services

Service	Taxability
1. Loading, unloading, packing, storage or warehousing of rice	Exempt
2. Warehousing of minor forest produce	Exempt
3. Services by way of storage/warehousing of cereals, pulses, fruits, nuts & vegetables, spices, copra, sugarcane, jaggery, raw vegetable fibres such as cotton, flax, jute etc., indigo, unmanufactured tobacco, betel leaves, tendu leaves, coffee & tea	Exempt
4. Fumigation in a warehouse of agricultural produce	Exempt
5. Artificial insemination of livestock (other than horses)	Exempt
6. 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.	Exempt
7. Services relating to cultivation of plants & rearing of animals [except horses], for food, fibre, fuel, raw material or other similar products or agricultural produce	Exempt
8. Agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing	Exempt
9. Supply of farm labour	Exempt
10. 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	Exempt
11. Renting or leasing of agro machinery or vacant land with/without a structure incidental to its use	Exempt
12. Leasing of vacant land with a green house or a storage shed meant for agricultural produce	Exempt
13. Loading, unloading, packing, storage or warehousing of agricultural produce;	Exempt
14. Agricultural extension services (i.e., transmitting latest technical know-how to farmers and enhancing farmers' knowledge about crop techniques to help them increase productivity)	Exempt
15. Services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale/purchase of agricultural produce	Exempt
16. Services mentioned from points 7 to 15 for Rubber, Green Tea, or Coffee	Exempt
17. Breeding of Fish (Pisciculture)	Exempt
18. Rearing of Silkworms (Sericulture)	Exempt
19. Cultivation of Ornamental Flowers (Floriculture), Horticulture, Forestry, etc.	Exempt
20. Cleaning of Wheat carried outside farm	Exempt
21. Services by Agricultural Produce Marketing Committees (APMC) or Boards by provision of facilities like sheds, water, light, electricity, grading facilities, etc.	Exempt



22. Services by Agricultural Produce Marketing Committees (APMC) or Boards by taking measures for prevention of sale or purchase of agricultural product below the minimum support price	Exempt
23. Seed testing, soil testing, animal feed testing, testing of samples from plants or animals for pets and disease-causing microbes	Exempt
24. Services in relation to whole grain pulses, such as whole gram, rajma, etc.	Exempt
25. Pre-conditioning, pre-cooling, ripening, waxing, retail packing, labeling of fruits and vegetables which do not change or alter the essential characteristics of the said fruits and vegetables	Exempt
26. Services by National Centre for Cold Chain Development by way of cold chain knowledge dissemination	Exempt

Service	Taxability
1. Loading, unloading, packing, storage or warehousing of black tea, green tea, coffee	Taxable
2. Processing of Sugarcane into Jaggery	Taxable
3. Milling of paddy into rice	Taxable
4. Processes carried for making the agricultural produce saleable in retail market, e.g., grinding, sterilizing, extraction packaging in retail packs of agricultural products	Taxable
5. Services for converting potato into potato chips	Taxable
6. Services for converting tomato into tomato ketchup	Taxable
7. Services by Agricultural Produce Marketing Committees (APMC) or Boards not directly related to agriculture, such as renting of shops and other property	Taxable
8. Services in relation to de-husked or split pulses	Taxable

### Question 3

“Agro Care Limited” registered under GST furnishes the following details with respect to the activities undertaken by them in the month of March, 2022:

Particulars	₹
Receipts from supply of farm labour	85,000
Charges for seed testing	65,000
Charges for soil testing of farm land	35,000
Charges for warehousing of potato chips	85,000
Commission received on sale of wheat	75,000
Charges for training of farmers on use of new pesticides and fertilizers developed through scientific research	10,000
e Renting of vacant land to a stud farm FARM for breeding of livestock	1,85,000
Leasing of vacant land to a cattle farm	83,500
Charges for warehousing of rice	1,50,000
Charges for warehousing of cotton fabrics	2,00,000
Retail packing and labelling of fruits and vegetables	5,00,000
Charges for warehousing of minor forest produce	8,00,000
Charges for warehousing of spices	2,20,000
Charges for fumigation in a warehouse of agricultural produce	2,50,000

Compute the value of taxable supply of ‘Agro Care Limited’ for the month of March, 2022 if all the above amounts are exclusive of GST.



## Solution

Computation of Value of Taxable Supply	
Particulars	₹
Receipts from supply of farm labour	
Charges for seed testing	
Charges for soil testing of farm land	
Charges for warehousing of potato chips	
Commission received on sale of wheat	
Charges for training of farmers on use of new pesticides and fertilizers developed through scientific research	
Renting of vacant land to a stud farm	
Leasing of vacant land to a cattle farm	
Charges for warehousing of rice	
Charges for warehousing of cotton fabrics	
Retail packing and labelling of fruits and vegetables	
Charges for warehousing of minor forest produce	
Charges for warehousing of spices	
Charges for fumigation in a warehouse of agricultural produce	
Value of Taxable Supply	

## Question 4

Goutum Das is engaged in providing following services. With the help of information given below, determine which of the services provided by Goutum Das are exempt from GST:

1. Packaging of the onions purchased from village farmers into small packets of ₹1 kg each, in Goutum Das warehouse, so that the same can be sold in a nearby city mall.
2. Warehousing of jaggery and tea.
3. Renting of warehouse for storage of agricultural produce

## Solution

1. Processes/operations carried out at an agricultural farm on the agricultural produce which do not alter the essential characteristics of agricultural produce, but make it marketable only for the primary market are exempt. In the given case, though the packaging of onions does not alter their essential characteristics, it makes them marketable for retail market and not for the primary market, and further, such packaging is being done at the warehouse of Goutum Das and not an agricultural farm. Hence, said services are not exempt.
2. Warehousing of agricultural produce is exempt. Jaggery and Tea are not agricultural produce. Therefore, the said services are taxable.
3. Services of loading, unloading, packing, storage or warehousing of agricultural produce are exempt. Thus, warehousing of agricultural produce is exempt. However, in the given case, services being provided are not warehousing services but renting of immovable property services. Such services are not exempt.

## Question 5 – January, 2021 – 6 Marks

Green Agro Services, a registered person provides the following information relating to its activities during the month of February, 2022:

Gross Receipts from	₹
Services relating to rearing of sheep	6,00,000
Services by way of artificial insemination of horses	4,00,000
Processing of sugarcane into jaggery	8,00,000
Milling of paddy into rice	7,50,000
Services by way of fumigation in a warehouse of agricultural produce	1,80,000

All the above receipts are exclusive of GST.

Compute the value of taxable supplies under GST laws for the month of February, 2022.

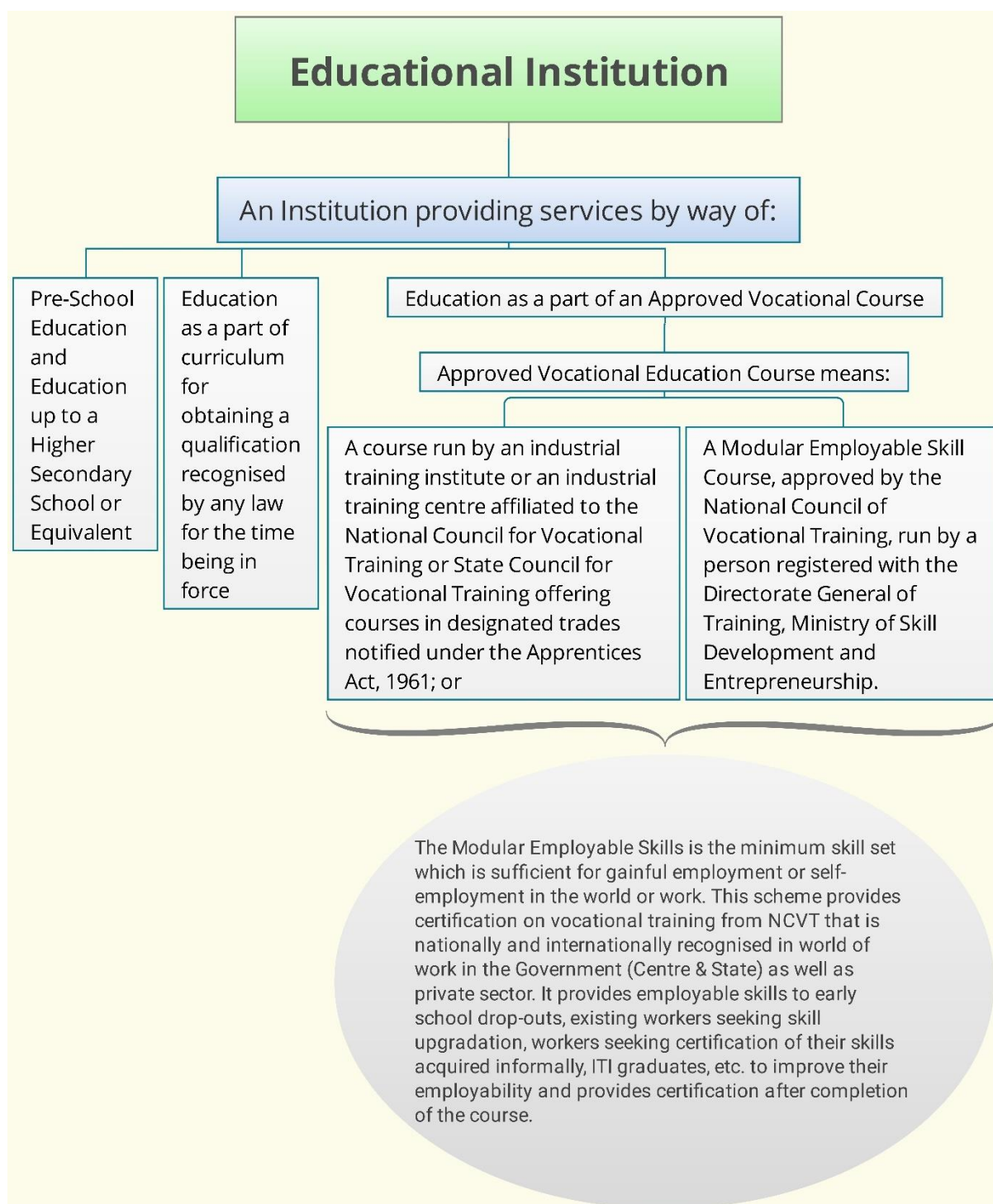
### Solution

Computation of Value of Taxable Supplies	
Particulars	₹
Services relating to rearing of sheep (Note 1)	
Services by way of artificial insemination of horses (Note 2)	
Processing of sugarcane into jaggery (Note 3)	
Milling of paddy into rice (Note 4)	
Services by way of fumigation in a warehouse of agricultural produce (Note 5)	
Value of Taxable Supplies	

Notes:

1. Services related to rearing of all life forms of animals, except horses, for food, etc. are exempt.
2. Services of artificial insemination of animals are exempt, except horses. Therefore, artificial insemination of horses is taxable.
3. Processes which alter the essential characteristics of agricultural produce are not exempt and processing of sugarcane into jaggery alters the essential characteristics of sugarcane.
4. Processes which are carried out after the cultivation is over are not considered as intermediate production processes in relation to cultivation of plants. Milling of paddy into rice is one such process. Also, it changes the essential characteristics of rice.
5. Services by way of fumigation in a warehouse of agricultural produce are taxable under GST.

## Educational Services



Service	Taxability
1. Services provided BY an Educational Institution:	
a. to its students, faculty and staff	Exempt
b. by way of conduct of entrance examination against consideration in form of entrance fee	Exempt
2. Services provided TO an Educational Institution (providing services by way of pre-school education & education up to higher secondary school or equivalent) by way of:	
a. transportation of students, faculty and staff	Exempt

b. catering, including any mid-day meals scheme sponsored by the Central Government (CG), State Government (SG) or Union Territory (UT)	Exempt
c. security/cleaning/house-keeping services performed in such EI	Exempt
3. Services provided TO an Educational Institution by way of:	
a. services relating to admission to, or conduct of examination by, such EI	Exempt
b. 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.) (This exemption is not applicable to an institution providing services by way of: <ul style="list-style-type: none"> <li>pre-school education and education upto higher secondary school or equivalent; or</li> <li>education as a part of an approved vocational educational course.)</li> </ul>	Exempt
4. Education up to higher secondary school	Exempt
5. Renting of residential dwelling (boarding)	Exempt
6. Modular Employable Skill Course	Exempt
7. Services provided by international schools giving certifications like IB (equivalent to education upto higher secondary school)	Exempt
8. Supply of Food to Anganwadi	Exempt
9. Services by Industrial Training Institutes (ITIs) in respect of designated trades notified under Apprenticeship Act, 1961 (either Private or Government)	Exempt
10. Training courses by the Maritime Training Institutes	Exempt
11. Services by National Board of Examination by way of conduct of examination (including any entrance examination)	Exempt
12. Educational institutions providing non-recognized qualification with recognized qualification courses:	
a. Artificial Bundling	Taxable (Highest Rate)
b. Natural Bundling	Exempt
13. College Hostel Mess	
a. Catering Services provided by Educational Institutions	Exempt
b. Catering Services provided by third person in Hostel Mess	Taxable
14. Services provided by Indian Institute of Management IIM	
a. All long duration programs (one year or more) conferring degree/diploma as recommended by Board of Governors as per the power vested in them under the IIM Act, 2017 including one-year Post Graduate Programs for Executives	Exempt
b. All short duration executive development programs or need based specially designed programs (less than one year) which are not a qualification recognized by law	Taxable
15. Education as part of a curriculum for obtaining a qualification recognized by an Indian law	Exempt
16. Education as part of a curriculum for obtaining a qualification recognized by a foreign law	Taxable
17. Short stay by different persons in furnished flats	Taxable
18. Private tuitions	Taxable

19. Fees received from prospective employers for <b>campus interview</b>	Taxable
20. <b>Placement services</b> provided to Educational Institutions	Taxable
21. <b>Institutes</b> preparing students for <b>Board Exams as well as for Competitive Exams</b>	Taxable
22. <b>Postal Coaching</b> provided by Educational Institutions	Taxable
23. <b>Foreign Courses</b> conducted by Private Institutes	Taxable
24. <b>Personality Development</b> Institutes	Taxable
25. <b>Renting of immovable property to higher secondary school</b>	Taxable
26. <b>Renting of immovable property to Commercial coaching centre</b>	Taxable
27. <b>Outdoor catering services</b> provided to educational institutions running approved vocational courses	Taxable
28. House-keeping and cleaning services <b>in college</b> providing recognised graduation degree	Taxable
29. Placement services provided to an Educational Institute	Taxable
30. <b>Development of course content services</b> provided to an Educational Institute	Taxable
31. <b>Training of Staff of Higher Secondary School</b>	Taxable
32. Subscription of online educational journals/periodicals	Taxable
33. Housekeeping services to coaching institutes	Taxable
34. Fee charged for <b>issuance of eligibility certificate</b> for admission or for issuance of <b>migration certificate</b> by educational institutions (Important amendment for May, 2023)	Exempt

#### Question 6 – December, 2021 – 6 Marks

AB Ltd., a registered company of Chennai, Tamil Nadu has provided following services for the month of October, 2022:

Particulars	₹
Services of transportation of students, faculty and staff from home to college and back to Commerce College, (a private college) providing degree courses in BBA, MBA, B.Com, M.Com	2,50,000
Online monthly magazine containing question bank and latest updates in law to students of PQR Law College offering degree courses in LLB and LLM	1,00,000
Housekeeping services to T Coaching Institute	50,000
Security services to N Higher Secondary School	3,25,000
Services of providing breakfast, lunch and dinner to students of ABC Medical College offering degree courses recognized by law in medical field	5,80,000

All the above amounts are exclusive of GST.

Compute the taxable supplies of AB Ltd. for the month of October 2022 with necessary explanations.

#### Solution

##### Computation of Value of Taxable Supplies of AB Ltd.

Particulars	₹
Services of transportation of students, faculty, and staff from home to college and back to Commerce College (Note 1)	
Online monthly magazine containing question bank and latest updates in law to students of PQR Law College (Note 2)	
Housekeeping services to T Coaching Institute (Note 3)	
Security services to N Higher Secondary School (Note 4)	

Services of providing breakfast, lunch and dinner to students of ABC Medical College (Note 5)	
Value of Taxable Supplies	

Notes:

1. Transportation services provided to an educational institution are exempt only if such institution provides pre-school education or education up to higher secondary school or equivalent. Therefore, such supplies are not exempt.
2. Services of supply of online educational journals provided to an educational institution providing qualification recognized by law are exempt.
3. Housekeeping services to coaching institutes are not exempt.
4. Security services provided to an educational institution providing education up to higher secondary school are exempt.
5. Catering services provided to an educational institution are exempt only if such institution provides pre-school education or education up to higher secondary school or equivalent. Therefore, such supplies are not exempt.

### Question 7

Fortune Ltd. (a registered taxable person) provides the following information relating to their services for the month of November, 2021:

Particulars	₹
Gross Receipts from:	
Running a Boarding School (including receipts for providing residential dwelling services ₹12,00,000)	28,00,000
Conducting private tuitions	16,00,000
Education services for obtaining a qualification recognized by law of a foreign country	8,00,000
Conducting modular employable skill course, approved by National Council of vocational training	10,00,000
Fees from prospective employers for campus interview	6,00,000
Renting of furnished flats for temporary stay to different persons	6,80,000

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

### Solution

#### Computation of Value of Taxable Supplies of Fortune Ltd. and GST Liability

Particulars	₹
Running a Boarding School (including residential dwelling services) (Note 1)	-
Conducting private tuitions (Note 2)	16,00,000
Education services for obtaining a qualification recognized by law of a foreign country (Note 3)	8,00,000
Conducting modular employable skill course, approved by National Council of vocational training (Note 4)	-
Fees from prospective employers for campus interview (Note 5)	6,00,000
Renting of furnished flats for temporary stay to different persons (Note 6)	6,80,000
Value of Taxable Supplies	36,80,000
GST @ 18%	6,62,400

Notes:



1. Running a boarding school is not taxable since education up to higher secondary school is exempt and renting of residential dwelling is also exempt.
2. Private tuitions are not exempt as they do not lead to grant of a qualification recognised by law.
3. Education as part of a curriculum for obtaining a qualification recognized by only an Indian law and not a foreign law is exempt.
4. Modular Employable Skill Course is an approved vocational education course and is exempt.
5. Fees received from prospective employers for campus interview is not covered in exemption.
6. Short stay by different persons in furnished flats is not renting of residential dwelling and thus, not exempt.

### Question 8

Indian Institute of Management furnishes you the following information of its receipts for the month ending April, 2021:

Particulars	₹
Gross Receipts from:	
Students pursuing 2 year full time Post Graduate Programmes in Management	2,50,00,000
Students pursuing fellow programme in management	50,00,000
Participants pursuing short duration (3 months) executive development programme. (Participation certificates are awarded to participants after completion of programme)	25,00,000

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

### Solution

#### Computation of Value of Taxable Supplies and GST Liability

Particulars	₹
Receipts from students pursuing 2 year full time Post Graduate Programmes in Management (Note 1)	-
Receipts from students pursuing fellow programme in management (Note 1)	-
Participants pursuing short duration (3 months) executive development programme	25,00,000
Value of Taxable Supplies (Note 3)	25,00,000
GST @ 18%	4,50,000

Notes:

1. All long duration programs (one year or more) conferring degree/diploma as recommended by Board of Governors as per the power vested in them under the IIM Act, 2017 including one-year Post Graduate Programs for Executives are exempt.
2. All short duration executive development programs or need based specially designed programs (less than one year) which are not a qualification recognized by law are taxable.

### Question 9

XYZ Ltd. is engaged in providing various services to educational institutions and furnishes you with the following information for the month of April, 2021. You are required to determine the value of taxable supply and GST payable thereon if all charges are exclusive of GST. The rate of GST is 18%.

Particulars	₹
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Renting of immovable property to higher secondary school	12,00,000
Renting of immovable property to Commercial coaching centre	2,00,000
Transportation services provided to students of higher secondary school	5,00,000
Outdoor catering services provided to educational institutions running approved vocational courses	5,00,000
Security services provided to pre-nursery school	1,25,000
House-keeping and cleaning services in college providing recognised graduation degree	5,12,500
Conduct of examination of ICAI	10,00,000
Placement services provided to ICSI	12,00,000
Development of course content of ICMA institute	2,00,000
Training of Staff of Higher Secondary School	1,50,000
Receipts by way of subscription of online educational journals/periodicals (₹5,00,000 is from educational institutions who provide degree recognised by any law and balance ₹2,50,000 from Higher Secondary school)	7,50,000

### Solution

Computation of Value of Taxable Supplies and GST Liability	
Particulars	₹
Renting of immovable property to higher secondary school (Taxable)	12,00,000
Renting of immovable property to Commercial coaching centre (Taxable)	2,00,000
Transportation services provided to students of higher secondary school (Exempt)	-
Outdoor catering services provided to educational institutions running approved vocational courses (Taxable)	5,00,000
Security services provided to pre-nursery school (Exempt)	-
House keeping and cleaning services in college providing recognised graduation degree (Taxable)	5,12,500
Conduct of examination of ICAI (Exempt)	-
Placement services provided to ICSI (Taxable)	12,00,000
Development of course content of ICMA institute (Taxable)	2,00,000
Training of Staff of Higher Secondary School (Taxable)	1,50,000
Receipts by way of subscription of online educational journals/periodicals (Taxable)	2,50,000
Value of Taxable Supplies	42,12,500
GST @ 18%	7,58,250

### Question 10 – RTP November, 2020

Multiservices Private Ltd., registered in Punjab, is engaged in supplying a variety of services. Its turnover was ₹35 lakh in the preceding financial year. It has provided the following information for the month of April:

Particulars	₹
Fee for the coaching provided to students for competitive exams. The coaching centre is run by Multiservices Private Ltd. in Punjab (Intra-State transaction)	6,24,000
Receipts for services provided in relation to conduct of examination in Pureit University, Delhi (providing education recognized by Indian law), being an inter-state transaction	19,200
Amount received for transportation of students and faculty from their residence to Lotus Public School – a higher secondary school – and back (Intra-state transaction)	24,000
Amount received for providing the security and housekeeping services in Dhaani Public School – a pre-school (Intra-state transaction)	36,000

Note: Rates of CGST, SGST and IGST are 9%, 9%, and 18% respectively. All the amounts given above are exclusive of taxes. Compute the total GST liability of Multiservices Private Ltd. for the month of April.

### Solution

#### Computation of Net GST Liability of Multiservices Private Ltd. for the Month of April

Particulars	Value of Supply	CGST @ 9%	SGST @ 9%	IGST @ 18%
Fee for the coaching provided to students for competitive exams (Note 1)	6,24,000	56,160	56,160	-
Services towards conduct of examination in Pureit University, Delhi (Note 2)	19,200	-	-	-
Services of transportation of students and faculty from their residence to Lotus Public School and back (Note 3)	24,000	-	-	-
Security and housekeeping services in Dhaani Public School (Note 4)	36,000	-	-	-
Total GST Liability		56,160	56,160	

Notes:

1. Coaching centre run by Multiservices Private Ltd. is not an educational institution since competitive exam coaching does not lead to grant of a qualification recognized by law. Therefore, fee received for coaching provided at such coaching centre is taxable.
2. Since Pureit University provides qualification recognized by law, it is an educational institution and services provided to an educational institution, in relation to conduct of examination by such institution are exempt from GST.
3. Since Lotus Public School provides education up to higher secondary school, it is an educational institution and services of transportation of students, faculty and staff provided to an educational institution are exempt.
4. Since Dhaani Public School provides pre-school education, it is an educational institution. Security and housekeeping services provided within the premises of an educational institution are exempt.

### Health Care Services

Particulars	Taxability
1. Health care services by a clinical establishment, an authorized medical practitioner, or para-medics (This exemption is not available to the services provided by clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo Natal Intensive Care Unit (NICU)] having room charges exceeding ₹5,000 per day to a person receiving health care services)	Exempt
2. Palliative care for terminally ill patients at patients' home (Palliative care is given to improve the quality of life of patients who have a serious or life-threatening disease, but the goal of such care is not to cure the disease)	Exempt
3. <del>Services provided by cord blood bank unit of the nursing home by way of preservation of stem cells</del>	Exempt
4. Ambulance services to transport critically ill patients from various locations to nursing home	Exempt
5. Naturopathy treatments. Such treatment is a recognized system of medicine in terms of section 2(h) of the Clinical Establishments Act, 2010	Exempt

6. Plastic surgery to restore anatomy of a child affected due to an accident	Exempt
7. Mortuary Services	Exempt
8. Food supplied by the hospital canteen to the in-patients as advised by the doctor/nutritionists	Exempt
9. Treatment or Disposal of Bio-medical waste by operators of the common bio-medical waste treatment facility	Exempt
10. Health care of animals/birds by a veterinary clinic	Exempt
11. Rehabilitation, Therapy or Counselling by rehabilitation professionals recognized under the Rehabilitation Council of India Act, 1992	Exempt
12. Rent on rooms provided to in-patients	Exempt
13. Consultation fees paid by hospitals to senior doctors/consultants/technicians	Exempt
14. Hair transplant services	Taxable
15. 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. Is GST applicable on such money retained by the hospitals?	Exempt
16. Pranic healing treatments. Such treatment is not a recognized system of medicine in terms of Section 2(h) of the Clinical Establishments Act, 2010	Taxable
17. Supplies of food by a hospital to patients (not admitted) or their attendants or visitors	Taxable
18. Services in form of Assisted Reproductive Technology (ART)/In vitro fertilization (IVF)	Exempt

#### Question 11 – MTP May, 2020

Balaji Hospital, a clinical establishment located in Tirupati, is specialized in cardiac treatment. The hospital has its own canteen – Healthy Foods. The canteen serves the food and drink to the in-patients as advised by the doctors/nutritionists of the hospital. Apart from this, other patients (who are not admitted) or attendants or visitors of the in-patients also take food and drink from the canteen. Examine whether supply of food and drink/catering services to the in-patients and other patients (who are not admitted) or attendants or visitors of the in-patients is exempt from GST.

#### Solution

Services by way of health care services provided by a clinical establishment, an authorized medical practitioner or para-medics are exempt from GST. In this regard, CBIC has clarified that food supplied by the hospital canteen to the in-patients as advised by the doctor/nutritionists is a part of composite supply of healthcare services and is not separately taxable. Thus, it is exempt from GST. However, other supplies of food by a hospital to patients (not admitted) or their attendants or visitors are taxable. In view of the same, GST is exempt on the food supplied by Healthy Foods to the in-patients as advised by doctors/nutritionists while other supplies of food by it to patients (not admitted) or attendants/visitors of the in-patients is taxable.

#### Question 12

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

Particulars	₹ in lakhs
Palliative care for terminally ill patients at patients' home (Palliative care is given to improve the quality of life of patients who have a serious or life-threatening disease, but the goal of such care is not to cure the disease)	30
Renting of rooms of nursing home for providing health care services (Room rent is ₹7,500 per day)	75
Renting of rooms of nursing home for providing health care services (Room rent is ₹5,000 per day)	50
Receipts from patients admitted in Intensive Care Unit (Rental charges is ₹10,000 per day)	85
Services provided by cord blood bank unit of the nursing home by way of preservation of stem cells	24
Hair transplant services	100
Ambulance services to transport critically ill patients from various locations to nursing home	12
Naturopathy treatments. Such treatment is a recognized system of medicine in terms of section 2(h) of the Clinical Establishments Act, 2010	80
Plastic surgery to restore anatomy of a child affected due to an accident	30
Pranic healing treatments. Such treatment is not a recognized system of medicine in terms of Section 2(h) of the Clinical Establishments Act, 2010	120
Mortuary Services	10

Note: All the amounts given above are exclusive of GST. Rate of GST is 18%.

#### Solution

##### Computation of Value of Taxable Supply and GST Liability

Particulars	₹ in lakhs
Palliative care for terminally ill patients at patients' home (Note 1)	
Renting of rooms of nursing home for providing health care services (Room rent is ₹7,500 per day) (Note 2)	
Renting of rooms of nursing home for providing health care services (Room rent is ₹5,000 per day) (Note 2)	
Receipts from patients admitted in Intensive care unit (Rental charges is ₹10,000 per day) (Note 2)	
Services provided by cord blood bank by way of preservation of stem cells (Note 3)	
Hair transplant services (Note 4)	
Ambulance services to transport critically ill patients from various locations to nursing home (Note 5)	
Naturopathy treatments (Note 6)	
Plastic surgery to restore anatomy of a child affected due to an accident (Note 7)	
Pranic healing treatments (Note 8)	
Mortuary Services (Note 9)	
Value of Taxable Supply	
GST Payable @ 18%	

Notes:

1. Health care services provided by, inter alia, a clinical establishment in any recognized system of medicines in India is exempt from GST. It is immaterial whether health care 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 at patients' home is eligible for exemption.

2. Exemption in respect of healthcare services shall not apply to the services provided by clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo Natal Intensive Care Unit (NICU)] having room charges exceeding ₹5,000 per day to a person receiving health care services.
3. Services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation are liable to GST.
4. Hair transplant services are specifically excluded from the health care services, and thus are not eligible for exemption.
5. Ambulance services to transport critically ill patients from various locations to nursing home are eligible for exemption.
6. Since naturopathy is a recognized system of medicine in terms of Section 2(h) of the Clinical Establishments Act, 2010, it would be eligible for exemption.
7. Plastic surgery to restore anatomy of a child affected due to an accident will be eligible for exemption.
8. Since pranik healing treatment is not a recognized system of medicine in terms of Section 2(h) of the Clinical Establishments Act, 2010, it would not be eligible for exemption.
9. Mortuary services are covered under negative list under Schedule II of CGST Act, 2017. Hence, the same are not liable to GST.

## Services Provided BY Government

Service	Taxability
1. Services by Government Authority in relation to Municipality functions	Exempt
2. Services by Government Authority in relation to Panchayat functions	Exempt
3. Services by Department of Posts (Speed Post, Express Parcel Post, Life Insurance, Agency) to anyone other than Government	Taxable
4. Services in relation to aircraft or vessel inside or outside the precincts of a port or airport	Taxable
5. Transport of goods or passengers	Taxable
6. Any service other than the above three provided to business entities	Taxable
7. Services by Department of Posts (Basic Mail Services, i.e., postal services, post card, inland letter, book post and ordinary post (envelopes weighing less than 10 grams) to meet the universal postal obligations	Exempt
8. Services by way of ordinary post (envelopes weighing 10 grams or more), registered post, speed post, express parcel post, life insurance, and agency services provided to a person other than the Government or Union Territory (In respect of these services, the Department of Posts is liable to pay tax without application of reverse charge)	Taxable
9. Services by Department of Posts (Transfer of money through money orders, operation of savings accounts, issue of postal orders, pension payments and other services)	Exempt
10. Services by Department of Posts – Distribution of Mutual Funds, Bonds, Passport Applications, collection of telephone and electricity bills on commission basis	Taxable
11. Services by Police or Security Agencies of Government to private business entities	Taxable
12. General Insurance Policies provided by a State Government to employees of State Government/Police Personnel, employees of Electricity Department or students of colleges/private schools, etc.?	
a. If premium is paid by State Government	Exempt

b. If premium is paid by employees, students, etc.	Exempt
13. Services provided by Government/UT/Local Authority to a Business Entity (with aggregate turnover below the threshold limit for registration) (except services mentioned in points 3, 4, 5)	Exempt
14. When government provides services by way of renting of immovable property to business entity (even if the aggregate turnover of the entity is below the threshold limit for registration)	Taxable
15. Services provided by Government/Local Authority to another Government/Local Authority (except services mentioned in points 3, 4, 5)	Exempt
16. Services provided by Government/UT/Local Authority where consideration ≤ ₹5,000 (except services mentioned in points 3, 4, 5)	Exempt
17. Old Age Homes run by Government where residents are aged 60 years or more and consideration (including boarding, lodging, maintenance) is ≤ ₹25,000	Exempt
18. Services by the Department of Posts by way of post card, inland letter, book post and ordinary post (envelopes weighing less than 10 grams)	Exempt
19. Services by Government/UT/Local Authority to their undertakings or PSUs by way of guaranteeing the loans taken by them	Exempt
20. Services in relation to Registration required under any law	Exempt
21. Services by way of testing, calibration, safety check or certification relating to protection or safety of workers, consumers, or public at large, including fire license	Exempt
22. Services to individuals by way of issuance of passport, visa, driving license, birth certificate, death certificate	Exempt
23. Granting national permit to a goods carriage to operate throughout India/contiguous states	Exempt
24. Fines, liquidated damages collected for non-performance of contract	Exempt
25. Fines, penalties imposed for violation of statute, byelaws, rules or regulations	Exempt
26. Assignment of right to use natural resources to an individual farmer for agricultural purposes	
a. To an individual farmer for agricultural purposes	Exempt
b. To companies (including PSUs) for exploration of natural resources, for which consideration is received in the form of annual license fee, lease charges, royalty, etc.	Taxable
27. Services 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, where the consideration to these officers is "Merchant Overtime Charges"	Exempt
28. Services 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	Exempt

### Question 13

The Karnataka Cricket Association, Bangalore requests the Commissioner of Police, Bangalore to provide security in and around the Cricket Stadium for the purpose of conducting the cricket match. The commissioner of police arranges the required security for a consideration. It is liable to GST?

### Solution



In this case, services of providing security by the police personnel are not exempt. As the services are provided by the Government, Karnataka Cricket Association is liable to pay the tax on the amount of consideration paid under reverse charge mechanism.

#### Question 14

Public Works Department of Karnataka entered into an agreement with M/s ABC, a construction company for construction of office complex for certain amount of consideration. In the agreement dated 10-07-2021, it was agreed by both the parties that M/s ABC shall complete the construction work and handover the project on or before 31-12-2021. 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 handover the project by the specified date, i.e., on or before 31-12-2021. As per the contract, the department asked for damages/penalty from M/s ABC and threatened to go to the court if not paid. M/s ABC paid an amount of ₹10,000 to the department for non-performance of contract. Is GST liable on this transaction?

#### Solution

Services provided by the Central Government, State Government, Union Territory or Local Authority by way of tolerating non-performance of a contract for which consideration in the form of fines or liquidated damages is payable to the Central Government, State Government, Union Territory, or local authority under such contract are exempt.

Therefore, in the present case, the amount paid to the department is exempted from payment of tax.

#### Question 15

Lakhanpur Post Office provided the following services to persons other than Government for the month of March, 2022, all charges are exclusive of GST:

Particulars	₹
Services by way of post card	1,00,000
Services by way of ordinary post (envelopes weighing less than 10 grams)	2,50,000
Services by way of ordinary post (envelopes weighing exceeding 10 grams)	4,00,000
Services by way of registered post (envelopes weighing less than 10 grams)	5,50,000
Transfer of money through money orders	5,00,000
Operation of savings accounts	1,50,000
Rural postal life insurance services	2,00,000
Distribution of mutual funds, bonds and passport applications	5,00,000
Issuance of postal orders	3,00,000
Collection of telephone and electricity bills	1,00,000
Pension payment services	50,000
Speed post services	5,00,000
Express parcel post services	2,00,000

Compute the value of supply.

#### Solution

##### Computation of Value of Taxable Supply

Particulars	₹
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Post Card Services (Exempt)	
Services by way of ordinary post (envelopes weighing less than 10 grams) (Exempt)	
Services by way of ordinary post (envelopes weighing exceeding 10 grams)	
Services by way of registered post (envelopes weighing less than 10 grams)	
Transfer of money through money orders (Exempt)	
Operation of savings accounts (Exempt)	
Rural postal life insurance services (Taxable)	
Distribution of mutual funds, bonds and passport applications (Taxable)	
Issuance of postal orders (Exempt)	
Collection of telephone and electricity bills (Taxable)	
Pension payment services (Exempt)	
Speed post services (Taxable)	
Express parcel post services (Taxable)	
Value of Taxable Supply	

### Question 16 – May, 2022 – 5 Marks

“Under the GST law, taxes on taxable services supplied by the Central Government or the State Government to a business entity in India are payable by the recipient of services”.

State the exceptions of the above statement.

#### Solution

Tax on the following services supplied by the Central Government or State Government to a business entity in India is payable by the supplier of services:

1. Services by renting of immovable property provided to an unregistered business entity.
2. Services by the Department of Posts.
3. Services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport.
4. Services of transport of goods or passengers.

### Question 17

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

1. Government of Rajasthan has provided services to ABC Ltd. of Rajasthan in the month of November, 2022 for a consideration of ₹50,000. The turnover of ABC Ltd. in Financial Year 2019-20 was ₹18,00,000.
2. Government of Rajasthan has provided services to XYZ Ltd. in the month of November, 2022 for a consideration of ₹5,000. The turnover of XYZ Ltd. in Financial Year 2019-20 was ₹28,00,000.
3. Jaipur Municipal Corporation has awarded a contract for construction of road to PQR Ltd. It failed to perform the contract and paid liquidated damages amounting to ₹50,00,000 in accordance with the terms of contract.
4. XYZ Ltd. has applied for registration under Companies Act, 2013 to Registrar of companies Rajasthan and has paid registration fees of ₹13,85,510.

5. Delhi Government has charged ₹50,00,000 from Agro Care Ltd. for allocation of natural resources for agricultural purposes in the month of November, 2022.
6. XYZ Ltd. has paid to Customs department ₹50,000 on account of Merchant Overtime Charges for deputing officers after office hours or on holidays for inspection or container stuffing or such other duties in relation to import export cargo.
7. XYZ Ltd. has made an upfront payment of ₹80,00,000 to Bihar Government on account of assignment of right to use minerals in the State of Bihar.

### Solution

1. Services provided by the Central Government, State Government, Union territory or local authority to a business entity with an aggregate turnover of up to such amount in the preceding financial year as makes it eligible for exemption from registration under the CGST Act, 2017 are exempt. Since the aggregate turnover of ABC Ltd. in preceding financial year does not exceed ₹20 lakhs, it is exempt from obtaining registration. Hence, no GST shall be levied on services provided by Government of Rajasthan to ABC Ltd.
2. Services provided by Central Government, State Government, Union territory or a local authority where the consideration for such services does not exceed ₹5,000 are exempt. Hence, on said services no GST shall be levied.
3. Services provided by the Central Government, State Government, Union territory or local authority by way of tolerating non-performance of a contract for which consideration in the form of fines or liquidated damages is payable to the Central Government, State Government, Union territory or local authority under such contract are exempt. Hence, no GST shall be payable on liquidated damages of ₹50,00,000 paid by PQR Ltd. to Jaipur municipal corporation.
4. Services provided by the Central Government, State Government, Union territory or local authority by way of registration required under any law for the time being in force are exempt. Hence, no GST shall be levied on fees paid for incorporation by XYZ Ltd.
5. Services by way of allocation of natural resources to an individual farmer for the purposes of agriculture have been exempted. Such allocations/auctions to categories of persons other than individual farmers would be leviable to GST. Hence, Agro Care Ltd. will be liable to pay GST on ₹50,00,000 under reverse charge basis.
6. Services provided by the Central Government, State Government, Union territory by way of deputing officer after office hours or on holidays for inspection or container stuffing or such other duties in relation to import export cargo on payment of Merchant Overtime Charges are exempt from GST. Hence, no GST shall be levied on such charges.
7. XYZ Ltd. will be liable to pay GST on assignment of right to use minerals in the State of Bihar.

### Services Provided TO Government/Union Territory/Local Authority

Services	Taxability
1. Pure Services (excluding works contract service or other composite supplies involving supply of any goods) in relation to Panchayat Functions/Municipal Functions	Exempt
2. Supply by a Government Entity (See Note 2) to Government/UT/LA in the form of Grants	Exempt
3. By Fair Price Shops by way of sale of food grains, kerosene, sugar, edible oil, etc.	Exempt
4. Services provide under any insurance scheme for which total premium is paid by the Government	Exempt
5. By GST Network	Exempt

6. Services provided under any training programme for which 75% or more of the total expenditure is borne by the Government	Exempt
7. Services provided any institutions/NGOs under the central scheme of "Scholarships for students with Disabilities" where the total expenditure is borne by the Government	Exempt
8. Composite supplies involving supplies on any goods	
a. Value of goods $\leq$ 25% of value of supply	Exempt
b. Value of goods $>$ 25% of value of supply	Taxable
9. Sanitation and conservancy services supplied to Army and other Central and State Government departments	Taxable
10. Works Contract Services	Taxable

Notes:

1. A statutory body, corporation or an authority created by the Parliament, or a State Legislature is neither "Government" nor a "Local Authority".
2. Government Entity means a body set up by an Act of Parliament or State Legislature or by any Government, where 90% or more participation by way of equity or control is of the government.

#### Question 17

A business entity supplies manpower for cleanliness of roads, public places, architect services, consulting engineer services, advisory services to the government in relation to municipality functions. It is liable to GST?

#### Solution

Since these are pure services, i.e., without involvement of any goods, it is exempt from GST.

#### Question 18

A governmental authority awards the work of maintenance of streetlights in a Municipal area to an agency which involves replacement of defunct lights and other spares apart from maintenance. Is it liable to GST?

#### Solution

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 by an entity in relation to any function entrusted to a Panchayat or a Municipality are exempt. In the present case, the scope of service involves maintenance work and supply of goods, which falls under the works contract services. The exemption is provided to services which involve only supply of services and not for works contract services.

### Construction Services

Services	Taxability
1. 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	Exempt

pertaining to the beneficiary-led individual house construction or enhancement under the Housing for All (Urban) Mission or Pradhan Mantri Awas Yojna (Note 1)	
2. Services by Electricity Distribution Utilities for extending electricity distribution network upto the tube well of the farmer or agriculturalist for agricultural use	Exempt
3. Pure labour contract pertaining to a single residential unit (not being a part of a residential complex)	Exempt
4. Transfer of Development Rights of Floor Space Index for construction of <b>residential apartments</b> by a promoter in a project, intended for sale to a buyer, wholly or partly (except where the entire consideration is received after the issuance of completion certificate) (Note 2)	Exempt
5. Upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable in respect of services by way of granting long term lease of 30 years or more for construction of residential apartments (except where the entire consideration is received after the issuance of completion certificate) (Note 3)	Exempt

Notes:

1. Beneficiary-Led Construction (BLC) refers to the central government providing financial assistance up to ₹1.5 lakh to beneficiaries belonging to the Economically Weaker Sections (EWS) category (having annual income ≤ ₹3,00,000) for either construction of houses or upgradation of their existing houses.
2. TDR or FSI (including additional FSI) by promoter to builder:
  - a. Amount of Exemption = GST Payable on TDR or FSI (including additional FSI) or both for construction of the project × (Carpet area of the residential apartments in the project) ÷ (Total carpet area of the residential and commercial apartments in the project).
  - b. Conditions
    - i. Promoter is liable to pay GST on RCM basis on unsold flats.
    - ii. Maximum amount of tax payable
      1. In case of affordable residential apartments = 0.5%
      2. Others = 2.5%
    - iii. Time of Payment of tax: Date of completion or first occupation, whichever is earlier.
3. Long Term Lease
  - a. Amount of Exemption: GST payable on upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable for long term lease of land for construction of the project × (Carpet area of the residential apartments in the project) ÷ (Total carpet area of the residential and commercial apartments in the project)
  - b. Conditions
    - i. Promoter is liable to pay GST on RCM basis on unsold flats.
    - ii. Maximum amount of tax payable
      1. In case of affordable residential apartments = 0.5%
      2. Others = 2.5%
    - iii. Time of Payment of tax: Date of issue of completion certificate, or first occupation, whichever is earlier.

## Passenger Transport Services

Service	Taxability
1. Transport of passengers with or without accompanied belongings by air <b>in economy class</b> , embarking from or terminating in an airport located in the state of <b>Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, or at Bagdogra</b> located in West Bengal	Exempt
2. Transport of passengers with or without accompanied belongings <b>by non-airconditioned contract carriage</b> for transportation of passengers	Exempt
3. <b>Non-AC Stage carriage</b>	Exempt
4. Services mentioned in <b>points 2 and 3 above</b> provided <b>through an e-commerce operator</b> , and notified u/s 9(5) of the CGST Act, 2017	Taxable
<b>5. Transportation taking place over pre-determined route on a pre-determined schedule in non-air-conditioned contract carriage</b> <b>Therefore, engagement of non-air-conditioned contract carriages by firms for transportation of their employees to and from work is exempt.</b>	<b>Exempt</b>
6. Services <b>provided to the Central Government</b> by way of transport of passengers with or without accompanied belongings, by air, embarking from or terminating at a regional connectivity scheme (RCS) airport, against consideration in the form of viability gap funding (See Note 1)	Exempt
7. <b>By railways (other than in first class or AC coach)</b> (only if not provided through e-commerce operator)	Exempt
8. <b>By metro, monorail or tramway</b> (only if not provided through e-commerce operator)	Exempt
9. <b>By inland waterways, including national waterways</b> (only if not provided through e-commerce operator)	Exempt
10. <b>By public transport (other than predominantly for tourism purpose)</b> in a vessel between places located in India (only if not provided through e-commerce operator)	Exempt
11. <b>By metered cabs or auto rikshaws (including e rikshaws)</b> (only if not provided through e-commerce operator)	Exempt
12. By Non-airconditioned contract carriage for transportation of passengers <b>through e-commerce operator</b>	Taxable
13. <b>By radio taxi</b>	Taxable
14. <b>For tourism, conducted tour, charter, or hire</b>	Taxable
15. Non-AC Stage carriage <b>through e-commerce operator</b>	Taxable
16. AC Stage carriage	Taxable
17. By railways in first class or AC coach (only if not provided through e-commerce operator)	Taxable
18. <b>By leisure or charter vessels or a cruise ship</b>	Taxable
19. <b>By ropeway, cable car, aerial tramway</b>	Taxable

### Notes:

1. There are a lot of under serviced air routes in India. UDAN (Ude Desh ka Aam Nagrik) is a regional airport development program of the Government of India and part of the Regional Connectivity Scheme (RCS) of upgrading under-serviced air routes. Its goal is to make air travel affordable and improve economic development in India. For this, the Government has tied up with a lot of private players. This is known as Public Private Partnership (PPP). The private sector takes care of the construction part, and the public sector provides for the money, called the viability gap funding.

- The value of any taxable service includes the taxes levied by any government on any passenger travelling by air, as only taxes levied under GST law are excluded. Hence, passenger taxes shall form part of taxable value of supply.

### Question 19

Compute value of taxable supply of transport of passengers by air from the following data relating to sums received exclusive of GST for the month ending 31-03-2023:

- Passengers embarking at Arunachal Pradesh: ₹55 lakh (out of the said sum ₹15 lakh relates to other than economy class)
- Passengers where journey terminated at Assam: ₹45 lakh (out of the said sum, ₹5 lakh relates to other than economy class)
- Amount charged from passengers for flights starting from Sydney to Delhi: ₹25 lakh (out of the said sum, ₹15 lakh relates to other than economy class).
- Amount charged from passengers for flights starting from Delhi to Sydney (economy class): ₹34 lakh (including passenger taxes levied by government and shown separately on ticket: ₹10 lakh)
- Amount charged from passengers for flights starting from Delhi to Sydney (business class): ₹10 lakh (including passenger taxes levied by government and shown separately on ticket: ₹3 lakh)

Compute the value of taxable supply and GST thereon if rate of GST is 12% in case of business class and 5% in other class.

### Solution

#### Computation of Taxable Value of Supply and GST Payable

Particulars	Taxable Value	Rate	GST
Passengers embarking at Arunachal Pradesh (Note 1)			
Passengers where journey terminated at Assam (Note 1)			
Amount charged from passengers for flights starting from Sydney to Delhi (Note 2)			
Amount charged from passengers for flights starting from Delhi to Sydney (Note 3)			
Amount charged from passengers for flights starting from Delhi to Sydney (business class) (Note 2)			
Total value of taxable supply and total GST payable			

Notes:

- Economy class is exempt from tax. Business Class is liable to GST.
- Place of embarkation is Sydney, viz. outside India; hence, place of supply of service is Sydney, viz. outside India, therefore, it is not chargeable to tax in India.
- Passenger taxes levied by Government even if shown separately on ticket shall form part of taxable value of supply as per provisions of section 15.

### Question 20

M/s PQR Ltd. is engaged in providing service of transportation of passengers by following modes in the month of November:

- Service of transportation of passengers by vessels in National Waterways: ₹30,00,000

2. Service of transportation of passenger by Air-conditioned stage carriage: ₹25,00,000
3. Service of transportation of passenger by non-air-conditioned stage carriage: ₹25,00,000
4. Service of transportation of passengers by contract carriage for tourism: ₹20,00,000
5. Service of transportation of passenger for Mumbai to Chennai port in a vessel and such service is not for tourism purpose: ₹10,00,000
6. Service of transportation of passenger in a metered cab: ₹35,00,000
7. Service of transportation of passengers in radio taxis: ₹10,00,000
8. Service of transportation of passengers in non-air-conditioned contract carriages: ₹10,00,000
9. Service of transportation of passengers in air-conditioned contract carriages: ₹15,00,000

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

### Solution

Computation of Value of Taxable Supply	
Particulars	₹
Service of transportation of passengers by vessels in National Waterways (national waterways are included in the definition of inland waterways)	
Service of transportation of passenger by Air-conditioned stage carriage	
Service of transportation of passenger by non-air-conditioned stage carriage	
Service of transportation of passengers by contract carriage for tourism	
Service of transportation of passenger for Mumbai to Chennai port in a vessel (being a public transport in a vessel sailing in India and not for tourism)	
Service of transportation of passenger in a metered cab	
Service of transportation of passengers in radio taxis	
Service of transportation of passengers in non-air-conditioned contract carriages	
Service of transportation of passengers in air-conditioned contract carriages	
Value of Taxable Supply	

### Goods Transportation Services

Service	Taxability
1. By road	Exempt
2. By a goods transport agency	Taxable
3. By a courier agency	Taxable
4. By inland waterways	Exempt
5. By Express Cargo Service (Door-to-door transportation of goods making special arrangements for speedy transportation and timely delivery of goods)	Taxable
6. By Angadia (It is kind of a courier service which undertakes delivery of documents, goods, or articles received from a customer to another person for a consideration)	Taxable
7. Transportation of goods by an aircraft from a place outside India upto the customs station of clearance in India	Exempt
8. Transportation of goods by an aircraft from customs station of clearance in India to a place outside India:	
a. Upto 30-09-2022	Exempt
b. After 30-09-2022	Taxable
9. Transportation of goods by a vessel from customs station of clearance in India to a place outside India:	
a. Upto 30-09-2022	Exempt
b. After 30-09-2022	Taxable



10. <b>Satellite launch services</b> supplied by Indian Space Research Organisation, Antrix Corporation Limited, or New Space India Limited	Exempt
11. Transportation of the following goods by rail or vessel: <ul style="list-style-type: none"> <li>a. <b>Relief materials</b> meant for victims of natural or man-made disasters, calamities, accidents, or mishap;</li> <li>b. <b>Defence or military equipment</b>;</li> <li>c. <b>Newspaper or magazines</b> registered with the Registrar of Newspapers;</li> <li>d. <del>Railway equipment or materials</del>;</li> <li>e. Agricultural produce;</li> <li>f. Milk, salt and food grain including flours, pulses, and rice; and</li> <li>g. Organic manure</li> </ul>	Exempt
12. Services provided by Goods Transport Agency by way of transport in a goods carriage of: (See Note) <ul style="list-style-type: none"> <li>a. Agricultural produce</li> <li>b. <del>Goods, where consideration charged for the transportation of goods on a consignment transported in a single carriage <math>\leq</math> ₹1,500</del></li> <li>c. <del>Goods, where consideration charged for transportation of all such goods for a single consignee <math>\leq</math> ₹750</del></li> <li>d. Milk, salt, and food grain including flour, pulses, and rice</li> <li>e. Organic manure</li> <li>f. Newspaper or magazines registered with the Registrar of Newspapers</li> <li>g. Relief materials meant for victims of natural or man-made disasters, calamities, accidents, or mishaps; or</li> <li>h. Defence or military equipment</li> </ul>	Exempt
13. <b>Individual truck/tempo operators</b> who do not issue any consignment note	Exempt
14. <b>Time sensitive transportation</b> of goods by road in a goods carriage <b>by a GTA</b> shall be classified as GTA and not under courier service, if: <ul style="list-style-type: none"> <li>a. The <b>entire transportation of goods is by road</b>; and</li> <li>b. The person transporting the goods <b>issues a consignment note</b>.</li> </ul>	Exempt
<b>15. Transport of minerals from mining pit head to railway siding, beneficiation plant, etc. by vehicles deployed with driver for a specific duration of time</b>	<b>Taxable</b>
16. Services provided by GTA to an unregistered person	Exempt
17. Services provided by GTA to Persons Registered only for TDS	Exempt
18. Transport of postal mails and postal bags	Taxable
19. Transport of household effects	Taxable
20. Transport of petroleum products	Taxable
21. Transport of tea	Taxable
22. Transport of sugar	Taxable
23. Transport of alcoholic beverages	Taxable
24. Transport of baled cotton	Taxable

Note: Goods transport agency

1. Goods transport agency means any person who:

- a. Provides service in relation to transport of goods by road; and
- b. Issues consignment note, by whatever name called.

Thus, it can be seen that issuance of a consignment note is the essential condition for a supplier of service to be considered as a GTA. If such a consignment note is not issued by the transporter, the service provided will not come within the ambit of GTA.

2. If a consignment note is issued, it indicates that the lien on the goods has been transferred (to the transporter) and the transporter becomes responsible for the goods till its safe delivery to

the consignee. It is only the services of such GTA, who assumes agency functions, that is being brought into the GST net.

3. Taxation in case of a GTA has already been discussed in Chapter 3 – Charge of GST.

### Question 21

Compute Value of taxable supply and GST liability for transport of goods by rail by Indian railway within India (all sums exclusive of all taxes) (the information relates to the month of November, 2021):

1. Transport of postal mails and postal bags: ₹55,00,000
2. Transport of household effects: ₹50,00,000
3. Transport of petroleum products: ₹25,00,000
4. Transport of relief materials to flood affected areas: ₹25,00,000
5. Transport of railway equipments: ₹25,00,000
6. Transport of newspapers and magazines registered with registrar of newspapers: ₹15,00,000
7. Transport of milk: ₹15,00,000
8. Transport of tea: ₹10,00,000
9. Transport of sugar: ₹25,00,000
10. Transport of alcoholic beverages: ₹7,00,000
11. Transport of defence and military equipment: ₹40,00,000
12. Transport of organic manure: ₹90,00,000
13. Transport of baled cotton: ₹25,00,000
14. Transport of other goods: ₹50,00,00,000

Applicable GST rate: 5%.

### Solution

Computation of Value of Taxable Supply and GST Liability	
Particulars	₹
Transport of postal mails and postal bags	
Transport of household effects	
Transport of petroleum products	
Transport of relief materials to flood affected areas	
Transport of railway equipments	
Transport of newspapers and magazines registered with registrar of newspapers	
Transport of milk	
Transport of tea	
Transport of sugar	
Transport of alcoholic beverages	
Transport of defence and military equipment	
Transport of organic manure	
Transport of baled cotton	
Transport of other goods	
Value of Taxable Supply	
GST @ 5%	

### Question 22

Calculate the value of taxable supply of XYZ Transport Company engaged in the business of transport of goods by road for the month of April, 2022. Give reasons for taxability or exemption of each item.

Suitable assumptions may be made wherever required. XYZ transport company avails ITC. GST is leviable @ 12%.

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

### Solution

#### Computation of Value of Taxable Supply and GST Liability

Particulars	₹
Total Freight Received	13,50,000
Less: Transportation of Fruits (Note 1)	1,25,000
Transportation of small consignments (Note 2)	-
Transportation of goods in small vehicles (Note 3)	-
Total Value of Taxable Supply	12,25,000
GST @ 12%	1,47,000

Notes:

1. Services provided by Goods Transport Agency by way of transport in a goods carriage of agricultural produce are exempt.
2. Services provided by Goods Transport Agency by way of transport in a goods carriage of goods, where consideration charged for transportation of all such goods for a single consignee ≤ ₹750 are liable to GST.
3. Services provided by Goods Transport Agency by way of transport in a goods carriage of goods, where consideration charged for the transportation of goods on a consignment transported in a single carriage ≤ ₹1,500 are liable to GST.

### Question 23

Calculate the value of taxable supply of XYZ Transport Company engaged in the business of transport of goods by road for the month of April, 2022. Give reasons for taxability or exemption of each item. Suitable assumptions may be made wherever required. XYZ transport company avails ITC. GST is leviable @ 12%.

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

### Solution

### Computation of Value of Taxable Supply and GST Liability

Particulars		₹
Total Freight Received		25,00,000
Less: Received from Government (Note 1)	2,00,000	
Received from Unregistered Persons (Note 2)	50,000	
Transportation of goods in small vehicles (Note 3)	-	2,50,000
Total Value of Taxable Supply		22,50,000
GST @ 12%		2,70,000

Notes:

1. Services provided by a Goods Transport Agency to Persons Registered only for the purpose of tax deduction at source are exempt.
2. Services provided by GTA to an unregistered person are exempt.
3. Services provided by Goods Transport Agency by way of transport in a goods carriage of goods, where consideration charged for the transportation of goods on a consignment transported in a single carriage ≤ ₹1,500 are liable to GST.

### Banking and Financial Services

Services	Taxability
1. <del>Services BY Reserve Bank of India</del>	Exempt
2. Services TO Reserve Bank of India	Taxable
3. Services 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)	Exempt
4. Services of sale and purchase of foreign currency amongst banks or authorised dealers of foreign exchange or amongst banks and such dealers	Exempt
5. Fixed deposits or savings deposits or any other such deposits in a bank or a financial institution for which return is received by way of interest	Exempt
6. Providing a loan or overdraft facility or a credit limit facility in consideration for payment of interest	Exempt
7. Mortgages or loans with a collateral security to the extent that the consideration for advancing such loans or advances is represented by way of interest	Exempt
8. Corporate deposits to the extent that the consideration for advancing such loans or advances is represented by way of interest or discount	Exempt
9. Service charges or administrative charges or entry charges collected over and above interest on loan, advance or a deposit	Taxable
10. Service charges or service fees or documentation fees or broking charges for such like fees or charges are charged on a derivative/future contract/forward contract/invoice or cheque discounting	Taxable
11. Interest/delayed payment charges for delay in payment of brokerage amount/settlement obligations/margin trading facility	Exempt
12. Interest charged on outstanding credit card balances	Taxable
13. Services provided by a banking company to Basic Saving Bank Deposit (BSBD) account holders under Pradhan Matri Jan Dhan Yojna	Exempt
14. 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, charge card or other payment card service (Note)	Exempt
15. Services by an intermediary of financial services located in a multi services SEZ with International Financial Services Centre (IFSC) status to a customer located	Exempt

outside India for international financial services in currencies other than Indian Rupees (INR)	
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Note: When you go to a shop and make payment by your credit card, the shop keeper's bank receives the payment. Your bank is known as the issuing bank, i.e., the bank that issued you the credit card. The shop keeper's bank is known as the acquiring bank, i.e., the bank that acquires that payment from your bank account.

#### Question 24

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

1. Bank extended housing loan of ₹50,00,000 to Mr. A
2. Bank received ₹50,000 as loan processing fee from Mr. A
3. Bank received ₹6,00,000 as interest on loan from Mr. A

#### Solution

In accordance with the provisions of the CGST Act, 2017, the taxability of activities is as follows:

1. The same is a transaction in money, therefore, it is not regarded as service.
2. The loan processing fees received by bank will be liable for GST @ 18%. Hence, GST liability =  $18\% \times ₹50,000 = ₹9,000$
3. ₹6,00,000 received as interest on loan will not be liable to GST as the same is exempt.

E

#### Question 25 – May, 2019 – 6 Marks

M/s Apna Bank Limited, a Scheduled Commercial Bank has furnished the following details for the month of August, 2021:

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

Compute the value of taxable supply. Give reasons with suitable assumptions.

#### Solution

##### Computation of Value of Taxable Supply

Particulars	₹
Extended Housing Loan to its customers (Note 1)	
Processing fees collected from its customers on sanction of loan (Note 2)	
Commission collected from its customers on bank guarantee (Note 2)	
Interest income on credit card issued by the bank (Note 3)	
Interest received on housing loan extended by the bank (Note 4)	
Minimum balance charges collected from current account and saving account holder (Note 2)	
Total value of Taxable Supply	

Notes:

1. It is a transaction in money and does not come under the ambit of service.
2. Since it represents taxable consideration, the same will be liable to GST.
3. Credit card interest is specifically excluded from exemption; therefore, it is liable to GST.
4. Interest on loan is not liable to GST since it is exempt.

Consider all exempt

## Life Insurance Services

Service	Taxability
1. Services of life insurance business provided by way of annuity under the National Pension System regulated by the Pension Fund Regulatory and Development Authority of India under the Pension Fund Regulatory and Development Authority Act, 2013	Exempt
2. 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 Central Government	Exempt
3. 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	Exempt
4. Services of life insurance provided or agreed to be provided by the Central Armed Police Forces (under Ministry of Home Affairs) Group Insurance Funds to their members under the Group Insurance Schemes of the concerned Central Armed Police Force	Exempt
5. Services of life insurance business provided under the following schemes: <ol style="list-style-type: none"> <li>a. Janashree Bima Yojana</li> <li>b. Aam Aadmi Bima Yojana</li> <li>c. Life micro-insurance product as approved by the Insurance Regulatory and Development Authority, having maximum amount of cover of ₹2,00,000</li> <li>d. Varishtha Pension Bima Yojana</li> <li>e. Pradhan Mantri Jeevan Jyoti Bima Yojana</li> <li>f. Pradhan Mantri Jan Dhan Yojana</li> <li>g. Pradhan Mantri Vaya Vandan Yojana</li> </ol>	Exempt

## Services Provided by Specified Bodies

Service	Taxability
1. Services by the <b>Employees' State Insurance Corporation</b> to persons governed under the Employees' State Insurance Act, 1948	Exempt
2. Services provided by the <b>Employees Provident Fund Organisation</b> to the persons governed under the Employees Provident Funds and the Miscellaneous Provisions Act, 1952	Exempt
3. Services by <b>Coal Mines Provident Fund Organisation</b> to persons governed by the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948	Exempt
4. Services by <b>National Pension Scheme (NPS)</b> Trust to its members against consideration in the form of administrative fee	Exempt
5. <del>Services provided by the Insurance Regulatory and Development Authority of India to insurers under the Insurance Regulatory and Development Authority of India Act, 1999</del>	<del>Exempt</del>
6. <del>Services provided by the Securities and Exchange Board of India set up under the Securities and Exchange board of India Act, 1992 by way of protecting the</del>	<del>Exempt</del>

interests of investors in securities and to promote the development of, and to regulate, the securities market	
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## General Insurance Services

1. Services of general insurance business provided under the following schemes are exempt:
  - a. Hut Insurance Scheme
  - b. Cattle Insurance under Swarnajayanti Gram Swarozgar Yojana (earlier known as Integrated Rural Development Programme)
  - c. Scheme for Insurance of Tribals
  - d. Janata Personal Accident Policy and Gramin Accident Policy
  - e. Group Personal Accident Policy for Self-Employed Women
  - f. Agricultural Pumpset and Failed Well Insurance
  - g. Premia collected on export credit insurance
  - h. Restructured Weather Based Crop Insurance Schemes (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 Yojana
  - 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
2. Services by way of reinsurance are exempt.

## Pension Schemes

1. Services by way of collection of contribution under the Atal Pension Yojana are exempt.
2. Services by way of collection of contribution under any pension scheme of the State Governments are exempt.

Note: In the pension schemes, the subscribers need to contribute certain amount at regular intervals. This contribution gets collected in the Pension Accounts.

## Business Facilitator/Correspondent

Services	Taxability
1. Services by a business facilitator or a business correspondent (See Note) to a banking company with respect to accounts <b>in its rural area branch</b>	Exempt
2. Services by any person as an intermediary <b>to a business facilitator or a business correspondent</b> with respect to services mentioned above	Exempt
3. Services by a business facilitator or a business correspondent to an insurance company <b>in a rural area</b>	Exempt

Note: In many rural areas, there are either no banks or the number of banks is very less. 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). These 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.

## Leasing Services

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 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 is exempt.

Clarifications:

1. Even if the upfront amount is paid in instalments, the exemption shall be available.
2. **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 are therefore exempt from tax.**

## Legal Services

Services	Taxability
1. Services provided by an Arbitral Tribunal to: <ol style="list-style-type: none"> <li>a. Any person other than a business entity; or</li> <li>b. A business entity not liable to get registered; or</li> <li>c. The Central Government, State Government, Union Territory, Local Authority, Governmental Authority or Government Entity</li> </ol>	Exempt
2. Services provided by a partnership firm of advocates or an individual as an advocate, <b>other than senior advocate</b> , by way of legal services to: <ol style="list-style-type: none"> <li>a. An advocate or partnership firm of advocates providing legal services</li> <li>b. Any person other than a business entity; or</li> <li>c. A business entity not liable to get registered; or</li> <li>d. The Central Government, State Government, Union Territory, Local Authority, Governmental Authority or Government Entity</li> </ol>	Exempt
3. Services provided <b>by a senior advocate</b> by way of legal services to: <ol style="list-style-type: none"> <li>a. Any person other than a business entity; or</li> <li>b. A business entity not liable to get registered; or</li> <li>c. The Central Government, State Government, Union Territory, Local Authority, Governmental Authority or Government Entity</li> </ol>	Exempt

Notes:

1. We've already discussed that GST on services provided by an individual advocate (including a senior advocate) or a firm of advocates by way of legal services, directly or indirectly to any business entity located in the taxable territory is to be paid by such business entity on reverse charge basis.
2. Similarly, GST on services supplied by an arbitral tribunal to a business entity has to be paid by such business entity on reverse charge basis.
3. Also, in case of legal services including representational services provided by an advocate including a senior advocate to a business entity, GST is required to be paid by the recipient of the service under reverse charge mechanism, i.e., the business entity.

## Question 26

Mr. Abhishek, an advocate, has rendered the following services in the month of October, 2021:

1. Representing Mr. Archit in his divorce case before High Court
2. Representing Mr. Aniket, an architect by profession, in relation to his GST liability [Turnover of Mr. Aniket in the financial year 2020-21 was ₹25 lakh]
3. Legal consultancy given to Sunil Associates, a partnership firm of advocates [Turnover of services of Sunil Associates in the financial year 2020-21 was ₹28 lakh]

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

1. An advocate other than a senior advocate
2. A senior advocate in terms of Section 16 of the Advocates Act, 1961.

### Solution

#### When Mr. Abhishek is an Advocate Other Than a Senior Advocate

1. Service of representing Mr. Archit in his divorce case will be exempt as Mr. Archit is not a business entity.
2. Since the turnover of Mr. Aniket, a business entity, is more than ₹20 lakhs in the preceding financial year, he is liable to get registered. Services by an individual advocate to a business entity liable to be registered are liable to GST.
3. Legal consultancy provided by an advocate to partnership firm of advocates is exempt from GST.

#### When Mr. Abhishek is a Senior Advocate

1. Service of representing Mr. Archit in his divorce case will be exempt as Mr. Archit is not a business entity.
2. Since the turnover of Mr. Aniket, a business entity, is more than ₹20 lakhs in the preceding financial year, he is liable to get registered. Services by an individual advocate to a business entity liable to be registered are liable to GST.
3. Services provided by a Senior Advocate to a partnership firm of advocates is not specifically exempt. Also, the turnover of this firm of advocates exceeds ₹20 lakhs in the preceding financial year, therefore, this firm is liable to get registered. Hence, services provided by a senior advocate to such firm of advocates will be liable to GST.

## Sponsorship of Sports

Services by way of sponsorship of sporting events organised by the following are exempt:

1. National sports federation, or its affiliated federations, where the participating teams or individuals represent any district, state, zone, or country
2. 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;
3. Central Civil Services Cultural and Sports Board
4. Indian Olympic Association, as part of national games
5. Under Panchayat Yuva Kreedha Aur Khel Abhiyaan Scheme

All Exempt

## Skill Development Services

Services	Taxability
1. Services provided by: <ol style="list-style-type: none"> <li>The National Skill Development Corporation set up by the Government of India;</li> <li>A Sector Skill Council approved by the National Skill Development Corporation;</li> <li>An assessment agency approved by the Sector Skill Council or the National Skill Development Corporation;</li> <li>A training partner approved by the National Skill Development Corporation or the Sector Skill Council</li> </ol> in relation to: <ol style="list-style-type: none"> <li>The National Skill Development Programme implemented by the National Skill Development Corporation; or</li> <li>A Vocational Skill Development Course under the National Skill Certification and Monetary Reward Scheme; or</li> <li>Any other Scheme implemented by the National Skill Development Corporation</li> </ol>	Exempt
2. 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.	Exempt
3. Services provided by training providers (Project implementation agencies) under Deen Dayal Upadhyaya Grameen Kaushalya Yojana implemented by the Ministry of Rural Development, Government of India by way of offering skill or vocational training courses certified by the National Council for Vocational Training	Exempt

## Performance By Artist

Service	Taxability
1. Services by an artist by way of performance in folk or classical art forms of music, dance, or theatre, if the consideration charged for such performance $\leq$ ₹1,50,000	Exempt
2. Services by way of training or coaching in recreational activities relating to arts, culture, or sports	Exempt
3. Services by an artist as a brand ambassador by way of performance in folk or classical art forms of music, dance, or theatre, even if the consideration charged for such performance $\leq$ ₹1,50,000	Taxable
4. Services by an artist by way of performance of western music or dance, modern theatres, performance of actors in films or television serials	Taxable
5. Activities of artists in still art forms, such as painting, sculpture making, etc.	Taxable

Note: 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.

### Question 27

Mr. Rajkumar, a performing artist, provides the following information relating to December, 2022. Receipts from:

Particulars	₹
Performing classical dance	98,000

Performing in television serial	2,80,000
Services as brand ambassador	12,00,000
Coaching in recreational activities relating to arts	2,10,000
Activities in sculpture making	3,10,000
Performing western dance	90,000

Determine the value of taxable supply and GST payable by Mr. Rajkumar for December, 2022. GST @ 18% has been charged separately, wherever applicable.

### Solution

#### Computation of Value of Taxable Supply and GST Liability

Particulars	₹
Performing classical dance (Note 1)	
Performing in television serial (Note 2)	
Services as brand ambassador (Note 1)	
Coaching in recreational activities relating to arts (Note 3)	
Activities in sculpture making (Note 4)	
Performing western dance (Note 2)	
Total Value of Taxable Supply	
GST @ 18%	

Notes:

1. Services by an artist by way of performance in folk or classical art forms of music, dance, or theatre, if the consideration charged for such performance  $\leq ₹1,50,000$  are exempt. However, if such services are provided by an artist as a brand ambassador, the exemption is not available.
2. Services by an artist by way of performance of western music or dance, modern theatres, performance of actors in films or television serials are taxable.
3. Services by way of training or coaching in recreational activities relating to arts, culture, or sports are exempt.
4. Activities of artists in still art forms, such as painting, sculpture making, etc. are taxable.

### Question 28 – July, 2021 – 5 Marks

XYZ Pvt. Ltd. manufactures beauty soap with the brand name "Forever Beauty". XYZ Pvt. Ltd. has organised a concert to promote its brand. Ms. Alia, its brand ambassador, who is a leading film actress, has given a classical dance performance in the said concert. The proceeds of the concert are ₹1,25,000.

1. Explain with relevant provisions of GST, whether Ms. Alia will be required to pay any GST.
2. What will be the answer if the proceeds of the concert are donated to a charitable organisation?

### Solution

1. Services by an artist by way of a performance in classical art forms of, inter alia, dance, are exempt from GST, if the consideration charged for such performance is not more than ₹1,50,000. However, such exemption is not available in respect of service provided by such artist as a brand ambassador. Since Ms. Alia is the brand ambassador of 'Forever Beauty' soap manufactured by XYZ Pvt. Ltd., the services rendered by her by way of a classical dance performance in the concert organized by XYZ Pvt. Ltd. to promote its brand will not be eligible for the above-mentioned exemption and thus, be liable to GST.

2. Even if the proceeds of the concert will be donated to a charitable organization, she will be liable to GST.

## Right to Admission to Various Events

Services	Taxability
1. Services by way of admission to a museum, national park, wildlife sanctuary, tiger reserve or zoo	Exempt
2. Services by way of admission to a protected monument so declared under the Ancient Monuments and Archaeological Sites and Remains Act, 1958 or any of the State Acts, for the time being in force	Exempt
3. Services by way of right to admission to: <ol style="list-style-type: none"> <li>Circus, dance, or theatrical performance including drama or ballet;</li> <li>Award function, concert, pageant, musical performance or any sporting event other than a recognized sporting event;</li> <li>Recognized sporting event;</li> <li>Planetarium,</li> </ol> Where the consideration for right to admission to the events or places mentioned above is $\leq$ ₹500 per person	Exempt
4. Entry to casinos	Taxable
5. Services of Betting/Gambling provided by casinos	Taxable
6. Elephant/Camel joy ride	Taxable

## Services by Unincorporated Body or Non-Profit Entity

Services	Taxability
1. Services by an unincorporated body or a non-profit entity registered under any law for the time being in force, to its own members by way of reimbursement of charges or share of contribution: <ol style="list-style-type: none"> <li>As a trade union</li> <li>For the provision of carrying out any activity which is exempt from the levy of Goods and Service Tax; or</li> <li>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</li> </ol>	Exempt
2. Services provided by a Housing Society to its members	Taxable
3. Services by an RWA (having turnover $\leq$ ₹20 lakh in the preceding financial year) to its members for consideration (maintenance charges) upto ₹7,500 per month per member	Exempt
4. Services by an RWA (having turnover $\leq$ ₹20 lakh in the preceding financial year) to its members for consideration (maintenance charges) more than ₹7,500 per month per member	Exempt
5. Services by an RWA (having turnover more than ₹20 lakh in the preceding financial year) to its members for consideration (maintenance charges) upto ₹7,500 per month per member	Exempt
6. Services by an RWA (having turnover more than ₹20 lakh in the preceding financial year) to its members for consideration (maintenance charges) more than ₹7,500 per month per member	Taxable
7. Services provided by an unincorporated body or a non-profit entity registered under any law for the time being in force, engaged in: <ol style="list-style-type: none"> <li>Activities relating to the welfare of industrial or agricultural labour or farmers; or</li> </ol>	Exempt

b. 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 ₹1,000 per member per year.	
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Notes:

1. RWAs are entitled to take ITC of GST paid by them on capital goods (generators, water pumps, lawn furniture, etc.), goods (taps, pipes, other sanitary/hardware fillings etc.) and input services such as repair and maintenance services.
2. If a person owns two or more residential apartments in a housing society or a residential complex, he shall be treated to be a member of the RWA for each residential apartment owned by him separately. The ceiling of ₹7,500 per month per member shall be applied separately for each residential apartment owned by him. For example, if a person owns two residential apartments in a residential complex and pays ₹15,000 per month as maintenance charges towards maintenance of each apartment to RWA (₹7,500 per month in respect of each residential apartment), the exemption from GST shall be available to each apartment.
3. If the maintenance charges exceed ₹7,500 per month per member, then the entire consideration is liable to GST, and not just the difference.

### E Question 29

The Resident Welfare Association (RWA) of Blue Heaven Housing Society in Delhi provides the following information with respect to the various amounts received by it in the month of November, 2022:

Particulars	₹
Monthly subscription collected from member families (₹10,000 each from 100 families)	10,00,000
Electricity charges levied by State Electricity Board on the members of RWA (The same was collected from members and remitted to the Board on behalf of members)	3,50,000
Electricity charges levied by State Electricity Board on the RWA in respect of electricity consumed for common use of lifts and lights in common area (Bill was raised in the name of RWA. RWA collected the said charges by apportioning them equally among 100 families and then, remitted the same to the Board)	4,32,400
Proceeds from sale of entry tickets to a musical performance conducted by the RWA in the park of Blue Heaven Housing Society (Where the consideration for admission is not more than ₹500 per person)	40,000
Other services to non-members	2,92,000

Compute the value of taxable supply and GST liability of RWA of Blue Heaven Housing Society for the month of November, 2022. It does not avail threshold exemption.

Notes:

1. All the above amounts are exclusive of GST.
2. Wherever applicable, the time of supply falls in the month of November, 2022
3. Rate of GST = 18%

### Solution

Computation of Value of Taxable Supply and GST Liability	
Particulars	₹
Monthly subscription collected from member families (Note 1)	10,00,000
Electricity charges levied by State Electricity Board on the members of RWA (Note 2)	-

Electricity charges levied by State Electricity Board on the RWA in respect of electricity consumed for common use of lifts and lights in common area (Note 3)	4,32,400
Sale of entry tickets to a musical performance conducted by the RWA (Note 4)	-
Other services to non-members	2,92,000
Value of Taxable Supply	17,24,400
GST @ 18%	3,10,392

Notes:

1. If per month per member contribution of any or some members of an RWA exceeds ₹7,500, entire contribution of such members whose per month contribution exceeds ₹7,500 would be ineligible for the exemption. GST would then be leviable on the aggregate amount of monthly contribution of such members.
2. Services provided by an RWA in the name of its members, acting as a "pure agent" of its members, are excluded from the value of taxable supply available for the purposes of exemption.
3. In the case of electricity bills issued in the name of RWA, in respect of electricity consumed for common use of lifts and lights in common area, etc., the exclusion from the value of taxable supply would not be available, since there is no agent involved in these transactions.
4. Entry to entertainment events where the consideration for admission is not more than ₹500 per person is exempt.

### Question 30 – January, 2021 – 4 Marks

Satya Sai Residents Welfare Association, a registered person under GST has 30 members each paying ₹8,000 as maintenance charges per month for sourcing of goods and services from third persons for common use of its members.

The Association purchased a water pump for ₹59,000 (inclusive of GST of ₹9,000) and availed input services for ₹23,600 (inclusive of GST of ₹3,600) for common use of its members during February 2022.

Compute the total GST payable, if any, by Satya Sai Residents Welfare Association, for February 2022.

GST rate is 18%.

All transactions are intra-State. There is no opening ITC and all conditions for ITC are fulfilled.

### Solution

Computation of GST Payable	
Particulars	₹
Maintenance Charges Received (₹8,000 × 30) (Note 1)	2,40,000
GST Payable @ 18%	43,200
Less: Input Tax Credit (Note 2)	
GST Paid on Water Pump	9,000
GST Paid on Input Services	3,600
Net GST Payable	30,600

Notes:

1. Services by RWA to its members for sourcing of goods or services from a third person for the common use of its members in a housing society are exempt provided the share of contribution per month per member is upto ₹7,500. Otherwise, entire amount is taxable.



2. Residents Welfare Association is entitled to take ITC of GST paid by them on capital goods, goods, and input 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. Thus, Satya Sai Residents Welfare Association can avail ITC of GST paid on water pump purchased and input services availed.

## Other Exempt Services

Services	Taxability
1. Services by way of transfer of a going concern, as a whole or an independent part thereof	Exempt
2. Supply of services associated with transit cargo to Nepal and Bhutan (landlocked countries) (See Note 1) <b>It is also clarified that 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 exemption.</b>	Exempt
3. Services by way of renting of residential dwelling for use as residence, <b>except where the residential dwelling is rented to a registered person</b>	Exempt
4. <b>Services by way of renting of residential dwelling to a registered person, for use as a residence</b> <b>Note: This is taxable under RCM.</b>	Taxable
5. <del>Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having value of supply of a unit of accommodation ≤ ₹1,000 per day</del>	Exempt
6. Services by way of giving on hire: <ol style="list-style-type: none"> <li>a. To a state transport undertaking, a motor vehicle meant to carry more than 12 passengers, or</li> <li>b. To a local authority, an Electrically operated vehicle meant to carry more than 12 passengers, or</li> <li>c. To a goods transport agency, a means of transportation of goods, or</li> <li>d. 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</li> </ol>	Exempt
7. <b>Services</b> by way of access to a road or a bridge on payment of <b>toll charges</b>	Exempt
8. <b>Overloading charges at toll plazas</b>	Exempt
9. <b>Additional toll fees collected in the form of higher toll charges from vehicles not having fastag</b>	Exempt
10. <b>Commission on toll receipts</b>	Taxable
11. Service by way of <b>access to a road or a bridge on payment of annuity</b>	Exempt
12. Service by way of <b>construction of road where considerations are received in deferred payment</b> (annuity)	Taxable
13. <b>Transmission or distribution of electricity</b> by an electricity transmission or distribution utility	Exempt
14. Services by an electricity transmission or distribution utility such as: <ol style="list-style-type: none"> <li>a. Application fee for releasing connection of electricity</li> <li>b. Rental charges against metering equipment</li> <li>c. Testing fee for meters, transformers, capacitors, etc.</li> <li>d. Labour charges from customers for shifting of meters or shifting of service lines</li> <li>e. Charges for duplicate bill</li> </ol>	Taxable

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15. Services provided by an incubatee up to a total turnover of ₹50,00,000 in a financial year subject to the following conditions: a. The total turnover had not exceeded ₹50 lakh during the preceding financial year; and b. A period of 3 years has not elapsed from the date of entering into an agreement as an incubatee (See Note 2)	Exempt
<del>16. Services by way of licensing, registration and analysis or testing of food samples supplied by the Food Safety and Standards Authority of India (FSSAI) to Food Business Operators</del>	<del>Exempt</del>
17. Taxable services, provided or to be provided, by a <b>Technology Business Incubator or a Science and Technology Entrepreneurship Park</b> recognised by the National Science and Technology Entrepreneurship Development Board (NSTEDB) of the Department of Science and Technology, Government of India or bio-incubators recognised by the Biotechnology Industry Research Assistance Council, under the Department of Biotechnology, Government of India	Exempt
18. Services by way of <b>collecting or providing news by an independent journalist</b> , Press Trust of India or United News of India	Exempt
19. Services of <b>public libraries</b> by way of lending of books, publications or any other knowledge-enhancing content or material	Exempt
20. Services by an organiser to any person in respect of <b>a business exhibition held outside India</b>	Exempt
<del>21. 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. Value of services performed outside India: Value of tour operator service performed outside India shall be lower of the following: a. Total consideration charged for the entire tour × Number of days for which the tour is performed outside India ÷ Total number of days comprising the tour, or b. 50% of the total consideration charged for the entire tour 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. "Foreign Tourist" means a person not normally resident in India, who enters India for a stay of not more than six months for legitimate non-immigrant purposes.</del>	<del>Exempt</del>
<del>22. Services by way of slaughtering of animals</del>	<del>Exempt</del>
23. Services by a <b>foreign diplomatic mission</b> located in India	Exempt
24. Services by way of <b>providing information under the Right to Information Act, 2005</b>	Exempt
25. Services provided to a recognised sports body by: a. An individual <b>as a player, referee, umpire, coach or team manager</b> for participation in a sporting event organised by a recognised sports body b. Another recognised sports body	Exempt
26. Services in relation to sports by individuals such as <b>selectors, commentators, curators, technical experts</b>	Taxable
27. Services provided by and to <b>Federation Internationale de Football Association (FIFA)</b> and its subsidiaries directly or indirectly related to any of the events under FIFA U-17 Women's World Cup 2020 to be hosted in India whenever rescheduled.	Exempt

28. Services provided by and to Asian Football Confederation (AFC) and its subsidiaries directly or indirectly related to any of the events under AFC Women's Asia Cup 2022 to be hosted in India	Exempt
29. Services by way of right to admission to the events organised under FIFA U-17 Women's World Cup 2020, whenever rescheduled	Exempt
30. Services by way of right to admission to the events organised under AFC Women's Asia Cup 2022	Exempt
31. Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets	Exempt

Notes:

1. A landlocked country is a country that does not have territory connected to an ocean.
2. Incubatee means an entrepreneur located within the premises of a Technology Business Incubator or Science and Technology Entrepreneurship Park recognised by the National Science and Technology Entrepreneurship Development Board (NSTEDB) of the Department of Science and Technology, Government of India and who has entered into an agreement with the Technology Business Incubator or the Science and Technology Entrepreneurship Park to enable himself to develop and produce hi-tech and innovative products.

### Question 31

M/s PQR Properties registered under GST as taxable person is engaged in the business of renting various immovable properties owned by it. During the month ending 31-03-2023, it collected a rent of ₹6,70,000. The said sum includes rent from:

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

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

### Solution

Computation of Value of Taxable Supply and GST Liability	
Particulars	₹
Total Rent Received	
Less: Vacant land used for agriculture (Exempt)	
Land used for Appu Circus (Taxable)	
Houses let to individuals being unregistered person	
Houses let to registered person for residential purposes (Taxable under RCM)	
Commercial Building let to M/s Elegant Hotel (Taxable)	
Vacant land, given on lease to M/s ABC Ltd. for construction of building at a later stage to be used for furtherance of business or commerce	

(Taxable)	
Premises let to a temple trust (Taxable)	
Premises let to a coaching centre (Taxable)	
Building let to a theatre (Taxable)	
Taxable Value of Supply	
GST @ 18%	

### Question 32

Compute taxable value of supply and GST from following sums received by M/s Road Maintenance Ltd. (exclusive of GST):

1. Toll receipts from Highway of Jaipur to Chomu: ₹8,000 lakhs
2. Commission earned on toll receipts: ₹75 lakhs

The rate of GST is 18%.

### Solution

Toll receipts are exempt from GST. However, commission thereon is liable to GST.

Taxable value of supply = ₹75,00,000. GST @ 18% =  $18\% \times ₹75,00,000 = ₹13,50,000$

### Question 33

A tour operator provides a tour operator service to a foreign tourist as follows:

1. 3 days in India, 2 days in Nepal; Consideration charged for the entire tour: ₹1,00,000
2. 2 days in India, 3 nights in Nepal; Consideration charged for the entire tour: ₹1,00,000
3. 2.5 days in India, 3 days in Nepal; Consideration charged for the entire tour: ₹1,00,000

Calculate the amount of taxable value in each of the above cases.

### Solution

1. Exemption: ₹40,000 ( $₹1,00,000 \times 2 \div 5$ ) or, ₹50,000 ( $50\% \times ₹1,00,000$ ) whichever is less, i.e., ₹40,000. Therefore, taxable value = ₹60,000.
2. Exemption: ₹60,000 ( $₹1,00,000 \times 3 \div 5$ ) or, ₹50,000 ( $50\% \times ₹1,00,000$ ) whichever is less, i.e., ₹50,000. Therefore, taxable value = ₹50,000.
3. Exemption: ₹54,545 ( $₹1,00,000 \times 3 \div 5.5$ ) or, ₹50,000 ( $50\% \times ₹1,00,000$ ) whichever is less, i.e., ₹50,000. Therefore, taxable value = ₹50,000.

### Question 34

Mr. X, a famous cricketer furnishes you with the following information of the various receipts for the month of September 2022. You are required to determine his GST liability if all the amounts are exclusive of GST.

1. Receipts from Sports Authority of India for participation in recognized sport: ₹50,00,000
2. Receipts from franchisee of Indian Premiere League (not a recognised sports body): ₹75,00,000
3. Receipts from acting as a brand ambassador for corporate client: ₹22,00,000

4. Receipts of sports training academy to coach young players: ₹15,00,000

Rate of GST = 18%.

### Solution

#### Computation of Value of Taxable Supply and GST Liability

Particulars	₹
Receipts from Sports Authority of India for participation in recognized sport (Exempt)	
Receipts from franchisee of Indian Premiere League (not a recognised sports body)	
Receipts from acting as a brand ambassador for corporate client	
Receipts of sports training academy to coach young players (Note)	
Value of Taxable Supply	
GST @ 18%	

Note: Sports training by charitable entities is exempt. Since sports training academy is not a charitable entity, it is taxable.

### Question 35

An individual acts as a referee in a football match organised by Sports Authority of India. He has also acted as a referee in another charity football match organised by a local sports club, in lieu of a lump sum payment. Discuss whether he is required to pay any GST.

### Solution

Services provided to recognised sports body by an individual, inter alia, as a referee in sporting event organised by recognised sports body is exempt from GST.

Since in the first case, the football match is organised by Sports Authority of India, which is a recognised sports body, services provided by the individual as a referee in such football match will be exempt.

However, when he acts as a referee in a charity football match organised by a local sports club, he would not be entitled to aforementioned exemption as a local sports club is not a recognised sports body and thus, GST will be payable in this case.

### Question 36

Educators Ltd., providing educational services, furnishes you with the following information for the various services provided by it. It has collected an aggregate sum of ₹25,00,000 during the month ended 30-09-2022 as under:

1. Receipts of 'Gyan Sagar' an industrial training institute (ITI) affiliated to the National Council for Vocational Training (NCVT): ₹1,20,000
2. Receipts of 'Edu Care' a vocational education provided affiliated to Sector Skill Council formed under National Skill Development Corporation (NSDC): ₹1,80,000
3. Receipts of 'Abhigyan Skill Centre' an industrial training centre (ITC) affiliated to the State Council for Vocational Training, Rajasthan: ₹2,00,000
4. Receipts of 'Mission', an institute, registered with Directorate General of Employment and Training (DGET), Union Ministry of Labour and Employment, running a Modular Employable Skill Course (MESK) approved by the National Council of Vocational Training: ₹1,00,000

5. Receipts of 'Scinart' a Commercial coaching institute providing commercial coaching in the field of arts and science: ₹80,000 (no certificate was issued on completion of training)
6. Receipts of 'Commerce Concepts', a commercial coaching institute providing coaching in the field of commerce: ₹1,20,000 (a certificate was awarded to each trainee after completion of the training)
7. Receipts of Gurukul school providing education upto higher secondary: ₹6,00,000
8. Receipts of 'Play Kids' school providing education upto primary level: ₹11,00,000 (such receipts includes receipts from renting of premises to commercial coaching centre: ₹3,00,000)

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

### Solution

Computation of Value of Taxable Supply and GST Liability	
Particulars	₹
Total Receipts	
Less:	
Receipts of 'Gyan Sagar' an industrial training institute (ITI) affiliated to the National Council for Vocational Training (Exempt)	0
Receipts of 'Edu Care' a vocational education provided affiliated to Sector Skill Council formed under National Skill Development Corporation (NSDC) (Exempt)	1,80,000
Receipts of 'Abhigyan Skill Centre' an industrial training centre (ITC) affiliated to the State Council for Vocational Training, Rajasthan (Exempt)	
Receipts of 'Mission', an institute, registered with Directorate General of Employment and Training (DGET), Union Ministry of Labour and Employment, running a Modular Employable Skill Course (MESOC) approved by the National Council of Vocational Training (Exempt)	
Receipts of 'Scinart' a Commercial coaching institute providing commercial coaching in the field of arts and science (no certificate was issued on completion of training) (Taxable)	
Receipts of 'Commerce Concepts', a commercial coaching institute providing coaching in the field of commerce (a certificate was awarded to each trainee after completion of the training) (Taxable)	
Receipts of Gurukul school providing education upto higher secondary (Exempt)	
Receipts of 'Play Kids' school providing education upto primary level (₹11,00,000 – ₹3,00,000)	
Value of Taxable Supply	
GST @ 18%	

### Question 37

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

Particulars	Gross Amount Charged (₹)
Fees charged for yoga camp conducted by a charitable trust	2,25,000
Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts	1,25,000

Amount charged by cord blood bank for preservation of stem cells	4,50,000
Amount charged for service provided by commentator to a recognized sports body	4,25,000

### Solution

#### Computation of Value of Taxable Supply

Particulars	₹
Fees charged for yoga camp conducted by a charitable trust (Note 1)	
Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts (Note 2)	
Amount charged by cord blood bank for preservation of stem cells (Note 3)	
Amount charged for service provided by commentator to a recognized sports body (Note 4)	
Value of Taxable Supply	

Notes:

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

### Question 38

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

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

### Solution

1. Exempt: Services by way of training or coaching in recreational activities relating to arts or culture are not liable to GST as it is specifically exempt.
2. Taxable: Service of a player to a franchisee which is not a recognized sports body is taxable.
3. Exempt: Pre-school education and education up to higher secondary school or equivalent is not liable to GST as it is specifically exempt.
4. Exempt: Services by a veterinary clinic in relation to health care of animals or birds is not liable to GST as it is specifically exempt.
5. Exempt: Services by way of public conveniences such as provision of facilities of washrooms are not liable to GST as they are specifically exempt.



**Question 39 – May, 2018 – 3 Marks**

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

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

**Solution**

1. Liable to GST: Yes, Teja & Co. will be liable to pay GST. Services provided by a tour operator to a foreign tourist in relation to a tour conducted wholly outside India are exempt. In this case, tour is conducted in Jammu & Kashmir and the IGST Act applies to the whole of India including Jammu and Kashmir, hence exemption will not operate.
2. Liable to GST: Services provided to a recognised sports body by an individual as a plyer, referee, umpire, coach or team manager for participation in a sporting event organised by a recognised sports body are exempt. Since multi brand retail company is not a recognised sports body hence exemption will not be available. Thus, the said services will be liable to GST.

**Question 40 – November, 2018 – 3 Marks**

Decide with reason whether the following independent services are exempt from CGST Act, 2017:

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

**Solution**

1. Exempt: Services provided by a goods transport agency, by way of transport of goods carriage of relief materials meant for victims of natural or man-made disasters, calamities, accidents, or mishap are exempt from tax.
2. Taxable: Services by an organiser to any person in respect of a business exhibition held outside India are exempt. Since the business exhibition is held in India, hence the said services shall be liable to GST.

**Question 41 – RTP November, 2018**

Examine whether GST is payable in the following independent supply of services:

1. Indiana Engineering College, a recognised educational institution, has conducted an entrance test examination for various courses run by it and charged entrance fees from the applicants.
2. Ramfal Lalaji, an agriculturalist, has stored sugarcane in warehouse. He has taken fumigation services in the said warehouse from Gupta Pest Control Co. for which he paid the consideration of ₹6,000.

### Solution

1. Exempt from GST: Services provided by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee are exempt from GST. Since, in the given case, services provided by Indiana Engineering College, an educational institution, are by way of conduct of entrance examination against entry fee, the same is exempt, and thus, GST is not payable in this case.
2. Liable to GST: Services by way of fumigation in a warehouse of agricultural produce are liable to GST.

### Question 42 – MTP May, 2018

Examine whether GST is payable in the following independent cases:

1. Ekta Charitable Trust, registered under section 10(23C)(v) of the Income-tax Act manages a temple in Rohini, Delhi. It has given on rent a Community Hall, located within temple premises, to public for celebration of Teej Mela. Rent charged is ₹9,500.
2. ST Ltd. has given on hire five trucks to Titu transporters of Delhi (a goods transport agency) for transporting goods in Central and West Delhi. The hiring charges for the trucks are ₹7,500 per truck per day.

### Solution

1. Exempt: Renting of community Hall by Ekta Charitable trust is exempt from GST, as rent is less than ₹10,000 per day. The exemption notification no. 12/2017 has exempted the said service wholly from GST.  
The said notification provides exemption to Services by a person, inter alia, by way of renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a trust or an institution under section 10(23C)(v) of the income tax act. However, this exemption does not apply where renting charges of premises, community halls, Kalyanmandapam and open area at ₹10,000 or more per day.
2. Exempt: GST is not payable in case of hiring of trucks to Titu transporters. The exemption notification number 12/2017 provides exemption to services by way of giving on hire, inter-alia to a goods transport agency a means of transportation of goods.

### Question 43 – RTP May, 2019

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

1. “Smart Kids” is a play school located in Delhi. Smart Kids has outsourced the catering services for supply of food and drink in the canteen of Playschool to BTV caterers, Delhi for consideration of ₹8,00,000 per annum.
2. Wellness Hospital, a clinical establishment located in Tirupati, is specialised in diabetic treatment. The hospital has its own canteen - tasty foods. The canteen serves the food and drink to the in-patients as advised by the doctors/nutritionist of the hospitals. Apart from this, other patients (who are not admitted) or attendants or visitors of the in-patients also take food and drink from the canteen.

### Solution

1. Exempt from GST: Services provided to an educational institution providing services by way of preschool education and education up to higher secondary school or equivalent, by way of catering is exempt from GST. Thus, in the given case, services provided by BTV caterers to Smart Kids are exempt from GST.
2. Exempt/Taxable: Services by way of healthcare services provided by a clinical establishment, an authorised medical practitioner or paramedics are exempt from GST.  
In this regard, CBIC has clarified that food supplied by the hospital canteen to the in-patients as advised by the doctors/nutritionists is a part of composite supply of healthcare services and is not separately taxable. Thus, it is exempt from GST. However, other supplies of food by a hospital to patients (not admitted) or their attendants or visitors or taxable.  
In view of the same, GST is exempt on the food supplied by Tasty Foods to the in-patients as advised by the doctors/nutritionists while other supplies of food by it to patients (not admitted) or attendants/visitors of the in-patients is taxable.

#### Question 44 – May, 2019 – 4 Marks

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

1. Gokul Residents' Welfare Association received ₹9,000 per month as contribution from each member for sourcing of goods and services from third persons for common use of its members.
2. Mr. Vikalp, a performing artist, has received ₹1,58,000 from performance of classical dance and ₹90,000 from acting in TV Serial during the month of June 2023.

#### Solution

1. 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 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 residential complex is exempt from tax.  
In this case, the monthly bill is ₹9,000 and the same is on account of services were common use of its members. Hence exemption of ₹7,500 shall not be available and GST will be payable on entire amount of ₹9,000.
2. The activities by 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, subject of GST.  
Further, all other activities by an artist and other art forms, e.g., western music or dance, Modern theatres, performance of actors in films of television series would be taxable. Similarly, activities of artists in still art forms, e.g., painting, sculpture, making etc are taxable. Thus, ₹1,58,000 received by Mr Vikalp from performing classical dance and ₹90,000 from acting in TV serial will be liable to GST.