10marks.

L1. # CHP. 5: EXEMPTION FROM GST.

exemption → goods - Not in syllabus
→ services → CA-INTER

list of services Exempted from tax

[A] CHARITABLE ENTITY

1. Entity
Reg U/S 12AA/12AB → 
CHARITABLE HOSPITAL → PUBLICE
of Income tax At, 1961 ← CONSIDERATION → Exempt.

• meaning of charitable Activity (PEER) mandatory ← (only for Reg person U/S 12AA/12AB) IT Act 1961

(i) P - Public Health
→ ★CARE & COUNSELING of terminally
- ill person
- HIV/AIDS Affected
- Addicted to Narcotics / Alcohol

→ ★Awareness of preventive health
(i) Preventive health
(ii) family planning
(iii) HIV Prevention

(ii) E - Education & Skill development provided to
(a) Abandoned / orphan / Homeless children.
(b) physically / mentally abused
(c) Prisoners
(d) Person Age > 65yrs (+) rural resident

(iii) E1 - Enviornment preservation.
- Forest / water bodies / wild life etc

(iv) R - Religion / spirituality / Yoga
- Advancement

2. Services by way of conduct of Religious ceremony

marriage → Pandit JI ki service → Exempt

Guru Gobind → Katha | Keertan | Satsang → services → Exempt

3 Renting of percincts of Religious place (Mandir | Masjid etc) owned or managed by person Reg U/S 12AA | 10(23)

	Exempt	Taxable
• Room charges	upto ₹999 / day	₹1000/d or more
Mandap • Hall / Pandal open area	upto ₹9999 / day	₹10K or more / day
• Shops	upto ₹9999 / month	₹10K or more / month

4 Religious Pilgrimage (Dharmik Yatra) by

Exempt
- KUMAON Mandal Vikas Nigam Ltd → Kailash Mansarovar (CHINA)
- HAJJ committee or state Hajj com → Hajj Yatra (Saudi Arabia)

provided by any other Organization → taxable

5. Train & coaching

Art → Singing / dancing / painting / theatre / literature etc.

Art, culture → provided by
- Individual → Exempt
- Other person → taxable

Sports → provided by
- Charitable entity Reg U/S 12AA / AB → exempt
- other person → taxable

eg XYZ charitable entity → Runs singing classes → taxable
→ Runs cricket Academy → exempt

eg vine → run painting class → Exempt
→ run sports academy → taxable

[B] Health care services

1) Services by veterinary clinic → Health care → Animals / Birds.

2) Health care services by → Clinical establishment (Hospital)
→ Authorised medical practioner (Doctor)
→ Para-medics (Nurses)

3) Transportation of patients in Ambulance. [except for animal]

Meaning of Health care services.

① • Diagonsis
• treatment
• care

→ FOR → Illness / Injury
→ Deformity / Abnormality
→ pregnancy

— In any recognised system of medicine

Recognised system of medicine in India
• Allopathy / Ayurveda
• Homeopathy
• Naturopathy
• Unani / sidha
• YOGA
• Ayurveda.

REIKI - Not a recognised system of medicine.

② Include → Transportation of patient to or from clinicial establishment.

③ Exclude → Cosmetic & plastic surgery / Hair transplant

But Required to treat Restore → Anatomy or function due to defect / Abnormality / Injury Trauma — Exempt

④ IVF Pregnancy Technique → Health care service → Exempt

⑤ Renting of Rooms in hospital

ICU - Intensive care Unit
CCU - Critical care Unit
ICCU - Intensive cardiac care unit
NICU - Neo-Natal Intensive care unit
↓
Always Exempt

Other rooms
↓
upto ₹ 5000/ day
Yes → fully exempt
No → fully taxable

Pvt Room In hospital → Charge 5000/day → exempt fully
→ Charge 5100/day → fully taxable

⑥ food services by clinical establishment (hospital canteen)

provided to → In Patient (Admitted to hospitals) (PART of Health care service → Exempt
→ others (Not admitted / visitors) → taxable

⑦ Services provided by doctors/ senior doctor / consultant/ to hospital

- As an employee
  - ↓ Not a supply as per schedule III
  - ↓ NO ~~No~~ GST levied
- Other than EE
  - ⇓ Services by doctors/consultant to hospital shall deemed as Health care service
  - Exempt from GST

⑧ Hospital → let out shops.
→ Advertisement services to pharma companies } taxable

[C] Education services.

Meaning of Educational institute.

(i) Pre school education & education upto HSC or equivalent.

(ii) Education for obtaining qualification recognized by any law (college/ university / ICAI/ICSI/ MBBS etc)

Note – Recognized by foregin country law – not covered (taxable)

(iii) Education as part of vocational education course. (skill development)

- courses by ITI → Industrial training institute, ITC → Industrial training centre } Approved by NCVT / SCVT for designated trade
- ⊛ Designated trade → Trade / occupation/sub → Approved by CG.

(iv) central / State Boards including National Testing Agency - Examconduct.

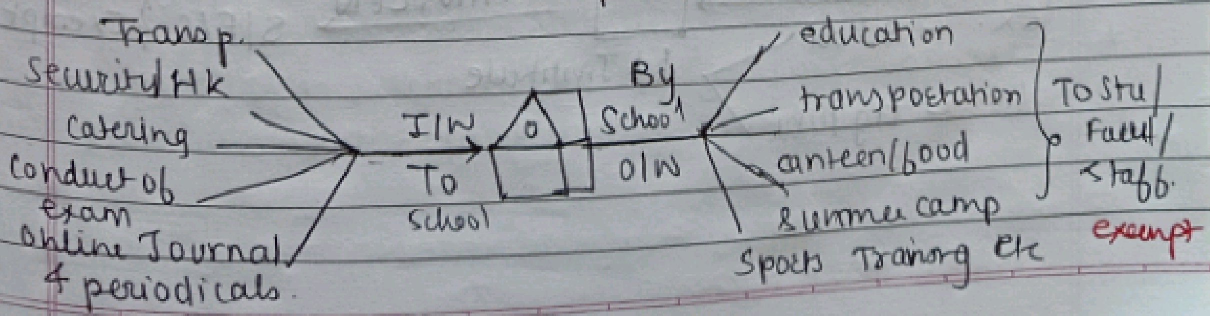
(A) SERVICES PROVIDED BY EDUCATIONAL INSTITUTE

To student / faculty / staff ↓ Exempt

conducting entrance Exam Against Entrance fees. ↓ exempt

B. Services provided To Educational Institute.

SERVICE	Pre-school School	College / University
Transportation of faculty, Staff student	Exempt	taxable.
catering Including Mid-day meal	Exempt	taxable
Security, cleaning & Housekeeping service preformed within educational institute.	Exempt	taxable.
Service related to - Admission to or conduct of examination by such institute (examcentre)	Exempt	Exempt
online education Journal & periodicals	Taxable	Exempt



Notes:-

1. Educational Institute → HOSTEL FACILITY → STUDENTS - Exempt

2. Course in a college → Dual Qualification

Exempt ↓ taxable

One is $\boxed{\text{Recog. by law}}$ & other is $\boxed{\text{not Recog.}}$ by law.

↓

Mixed supply i.e. taxable

3. Inward → Central / State Board NTA → outward

- online testing service
- Printing of Admit card / Que paper
- Result publish

↓

exempt

- conduct of exam Against fees → Exempt
- Other services → taxable like Accreditation Against fees

4. Food in a Mess / canteen

Run by Ed. Institute ↓ Exempt

Outsourced to 3rd party ↓ Ed. Institute

- Pre school / school ↓ Exempt
- Other Ed. Institute ↓ taxable

CANTEEN → Ed. Institute → CANTEEN → S/F/S } Exempt

Ex. - school
taxable - clg / uni

5. Fees charged from employers / companies participating in company recruitment → Taxable

6. Ed. Institute $\xrightarrow{\text{MIGRATION CERTIFICATE}}$ Student
$\xleftarrow{\text{fees charge}}$
↓
Exempt.

7. Anganwadi (Pre-school) → Mid-day meal services to/by Anganwadi
↓
Exempt

8 IIM provide
- long duration program (Duration ≥ 1yr) } → Degree/Diploma → exempt
- short duration program (Duration < 1yr) } → participation certificate → taxable

[D] Agriculture service

Meaning of Agriculture

It Includes:-
- cultivation of plants/crops
- Rearing of all life forms of animal except rearing of horses.

} for food / fiber / fuel / Raw material or other similar product

following services are exempt:-

1 Agricultures operations directly to production of any agricultural produce like → cultivation / Harvesting / threshing / plant protection / Testing.

2 Supply of farm labour.

3. Process carried out at Agricultural farm which donot Alter essential character but makes it marketable for primary market
eg → cutting, Trimming, cleaning, sorting, bulk packaging etc

4 Renting / leasing of → Agro-Machine.
→ Vacant land

5 loading / unloading / packing / storage / warehousing of Agriculture produce

6. Agriculture extension services (farmer education / training)

7. services by
Agricultural produce Marketing committee (APMC) / commission Agent } → For sale / purchase of Agricultural produce

8 Intermidiate prod. process as Job work in relation to Agriculture.

9 Services by way of loading / unloading / packing / storage or warehousing of rice.

10 Services by way of warehousing of minor forest produce

11. services by way of storage / warehousing of Agricultural produce rice, cereals, pulses fruits & Vegetables.

12 Services by way of Artificial insemination of livestock (other than horses)

[E] PASSENGER TRANSPORTATION SERVICE < AIR / Water / Road.

A By Road

- Rikshaw - Exempt
- Metered taxi - exempt
- Radio Taxi - ~~Taxable~~ taxable (COLA / UBER)
- Bus
  - AC Bus → taxable
  - NON-AC
    - Stage carriage → Exempt
    - Contract carriage (Booking) for the purpose of hire / tourism
      - Yes → taxable
      - No → Exempt

- STAGE CARRIAGE → PRe determine routes & stoppages.

- HIRE - Taken on Rent, for certain period & manner of usage decided by person who has taken on Rent.

Analysis.

1) Stage carriage < AC - taxable / NON AC - Exempt.

2) Contract carriage < AC → Taxable
   NonAC - HIRED / TOURISM } taxable
   Other purpose. → Exempt
   eg. School books non AC bus for PICNIC

NON AC cabs Hired → RELIENCE
↓
EE Trans - facility
↓ Route fixed - Running days / Hours of Running } By Relience

Note. Hiring of Non AC contract carriage by firm/companies for transportation of EE's

- Transportation takes place @ pre-determined route & pre determined schedule.
  - Exempt
- Contract carriage is hired for period of time & manner of usage decided by firm/co.
  - It is renting of motor vehicle
    - Taxable

2 By Rail

- • AC-coach • First class → Taxable
- Non AC coach → Exempt
- • metro • monorail • tramway → Exempt

C By waterways. (River/Sea/lakes/etc)

- Inland waterways → Exempt
- Vessel (Ship/YACHT/Boat)etc
  - Predominantly for tourism → taxable
  - Public transport → exempt.

The expression public transport means transport should be
• should be open to public • it can be public/private
only exclusion is - predominantly ships used for tourism. (Shikara, cruise) etc.

D By AIRWAYS.

- Passanger embark/terminate in economay class in the State of BATMAN-MMS (Bagdogra, -WB, Assam, Tripura, Mizoram, Manipur, Arunach. prad, Nagaland Meghalaya & Sikkim) → Exempt
- Otherwise → taxable

[F]# Goods Transpoetation Services.

1 Transpoetation of goods by

- By Road.
  - Through GTA → Taxable
  - Through courier → taxable
  - Others eg. Rikshaw/loader etc. → exempt
- Inland waterway → exempt

* GTA → Transp of goods by Road ⊕ consignment Note → Risk of goods → Transpoeter.

2 Transpoetation of specified goods through GTA/RAil/vessel → exempt

specified goods → RANDOM

R - Relief material for victims of natural or manmade disastes like flood/famine/earthquake/war, etc.

A - Agricultural produce - (Fruit / vegetable, etc)

N - Newspaper / Magazine → Reg with Registrar of Newspaper

D - Defence / Military equipment.

O - organic Manure

M - Milk / salt / food grain (floor, pulses rice)

3. Services provided by GTA → to → Unregistered person. - Exempt
→ • Dept / establishment of CG / SG / UT / LA
• Local Authority.
• Govt Agencies → Reg u/s 51 to ded TDS
⇓
~~taxable~~ exempt

4 Transportation of minerals from mine to Railway siding or transportation within mining Area.
↓
Vehicle alongwith driver is hired by mine orperator (Adani)
↓
It is not a transportation of goods but Renting of motor vehicle
↓
Therefore No exemption shall be allowed.

[6] # Banking & financial services

Money lend / Adv / Deposit

1) lender ⟷ Borrower

↓

Any person.

Interest / Discount

↓

exempt

CREDIT CARDS

Bank / NBFC's ⟷ card holder

Int charged on credit card.

↓

taxable.

Note: Any charges by whatever name called (documentation charge, file charge, processing charge etc) recovered over & above interest on loan) → Taxable

2 BANK 1 (ICICI) → foreign currency → Foreign currency dealer - 1

Foreign currency dealer - 1 ⇅ foreign currency ⇅ Foreign currency dealer - 2

Foreign currency dealer - 2 → foreign currency → Bank 2 (KOTAK)

Bank 2 (KOTAK) ⇅ foreign currency ⇅ BANK 1 (ICICI)

Exempt

Bank —foreign currency→ Mr. Ram (Exporter)

For. curr. dealer —foreign currency→ Mr. Shyam (Importer)

⇓

Taxable

3 BANK — A/C – PRADHAN MANTRI JAN DHAN YOJANA → A/c holder
SERVICES.
↓
Exempt

↓
Basic savings deposit A/c

4 services of processing of Transaction through debit/credit card or other payment card.

- upto ₹2000 → exempt
- exceding ₹2000 → taxable

* POS Mach
  PAYTM → Acquiring bank
  SBI
  HDFC

Trans upto ₹2000 → paytm charge 1% ie ₹20.
↓
NOGST

5 Interest charged by security broker for delayed payment of commission / Margin money by client → Exempt

6 Insurance co ← BF/BC
Service provide

- In urban area → taxable (FCM)
- In Rural area → Exempt

7 Bank ← services — BC/BF ← services — Agent

BC/BF ↓
- Urban → taxable
- Rural → Exempt

Agent ↓
* rural exempt
* urban RCM

[H] Performance by an Artist.

MUSIC | DANCE | THEATRE

Folk / classical

consideration Received

Upto ₹1.5L → exempt

Exceed ₹1.5L → Fully taxable

Others. eg. Western Music. TV performance → Always Taxable

exempt → However above Service provided as Brand Ambassador → taxable (PROMOTE BRAND)

[I] Admission to property

- Dance performance
- Ballet
- Drama
- Concert
- Musical performance
- Award function
- Sport event
- Circus
- Planetarium
- Theoretical perf

→ exempt upto consideration paid upto ₹500 per person

- ZOO
- Tiger reserve
- National park
- Wildlife sanctury
- Museum

→ Always exempt.

Mr. J
- → Music concert → Entry ticket → ₹400/- → Exempt; ₹600/- → taxable
- → Museum → Entry ticket → ₹900/- → Exempt
- → Theme park → Entry ticket → ₹400/- → Taxable
- → SEMINAR conduct by PW → Entry ticket → ₹100/- → Taxable

[J] Services by way of giving on hire

(a) Heera thakur (SP) $\xrightarrow{\text{Hire motor vehicle (Buses)}}$ State transport undertaking (SR)

capacity > 12 passenger

- yes → exempt
- NO → taxable

(b) Heera thakur $\xrightarrow{\text{EV-Vehicle (Buses)}}$ Kanpur LA

capacity > 12 passenger

- yes → exempt
- NO → taxable

(c) Tara singh $\xrightarrow{\text{goods transportation Vehicle}}$ GTA

always Exempt

(D) Heera $\xrightarrow{\text{MV Hire}}$ Tara $\xrightarrow{\text{Transportation Student/faculty/staff}}$ DPS School (PRE to HSC)

(Exempt) (Exempt)

(e) Heera $\xrightarrow{\text{MV Hire}}$ Tara $\xrightarrow{\text{Trans. St/fac/staff}}$ College/university

(Taxable) (Taxable)

Analysis.

12 passenger → including driver - X

- Mr. J rent MV - capacity 12 passenger
  - TO STU - taxable
  - TO Mr. X - taxable
- Mr. J rent MV - capacity 14 passenger
  - TO STU - exempt
  - TO Mr. X - taxable
- Mr. J truck → capacity 10 tonne
  - → TO XYZ GTA - Exempt
  - → To Factory - taxable

(K) Tour operator Services (YATRA.COM, MAKE MY TRIP)

Tour operator In India → To Indian Tourist → always taxable

Tour operator In India → Foreign Tourist

Organizing Tour

- In India → taxable
- O/s India → exempt
- Partly in India & partly O/s India → lower of following exempt:-
  - $\frac{\text{No of days O/s India}}{\text{Total days}} \times \text{Package Amt}$
  - 50% of package Amt

Days rounding off → 12 hours or more → one full day
→ less than 12 hrs → Half day

[L] RWA Services (Resident welfare Association → Housing Society)

Gokuldham Society —services – Housekeeping / security→ members

members —maintaince charge→ Gokuldham Society

maintaince charge: upto ₹7500 pm / Member (Flat)

- Yes → exempt
- No → Taxable

RWA → service provider
→ Reg limit – ₹20L

I/W supply → RWA —O/W supply→ Members

ITC allow

RWA → Supplier

charge > 7500 pm → Taxable.

[M] Sports Service. (116)

PRCUT — Participation in sports event → Recognized Sports Body
Fees → Exempt

= participate sport event → Fees → taxable

Franchise Owner Eg RCB / Any other Person eg NGO

RPCUT P = player R = Referee C = coach U = umpire T = Team Manager
selector, commentator, curator → service → taxable always

Recognized Sports Body — Service eg. sponsorship → Recognized Sports Body
exempt

[N] LEGAL SERVICES.

1] Provided by Advocate / firm of advocate / senior advocate / Ar. Tr
to

- C/G/SG/UT/LA govt. entity, govt authority → Exempt
- Non Business Entity → Exempt
- Business entity — T.O of PFY exceed Reg limit
  - No → exempt
  - Yes → taxable (RCM)

2] legal services provided to → Advocate / firm of Advocate.
By

- Advocate / Advocate of firm → exempt
- Senior Advocate → [FCM] taxable
  - As per Bar Council.

- Other exempt service.

a) Any person $\xrightarrow[\text{going concern}]{\text{Business transfer as}}$ Any person

↓

exempt

b) Toll charges → Highway / Road / Bridge → exempt

Additional Toll charge → From overloaded / W/O fastag vehicle OR Non functional fastag } → Exempt

c) Independent Journalist / Press Trust of India / United News of India → News sell → Newspaper / News channel (Indian / foreign)

⇓

$\boxed{\text{exempt}}$

d) Services of Public libraries – exempt.

E event organizer — Any person — Business exhibition Organize

O/S India → exempt

within India → taxable

F) Right to Information – exempt

G) Foreign diplo/Consular /embasis → Service → exempt

H) Services by way of public conventions such as provision of facilities of bathroom, washrooms, lavotaries, urinals

I) Services by way of granting National permits to a goods carriage throughout India / contigous states.

ex.

1] Services provided by Govt (SP = Govt)

SG/CG/UT/LA

- Specified services → Always taxable irrespective of Recipient
- To CG/ST/UT/LA → exempt
- Non-Business entity → exempt
- To Business entity
  - PY.TO. > Reg limit
    - NO → exempt
    - Yes
      - Consideration upto ₹5000 → exempt
      - Consideration > ₹5000 → taxable (RCM)

Specified services = FCM Apply.
↳ PVT

P. Dept of post & Indian Railways
↓
- Post card / Inland letter
- Book post
- Ordinary post (envolope less than 10gm)

} Always exempt (PIBO)

V. Services related to vessel / Aircraft inside / outside parcinct of post or Air post

T. Transporatation of Goods / passenger except specifically exempt

2. Old Age home
Run by
~ CG/SG/UT/LA
~ Charitable entity As per sec 12AA/AB of IT Act

consideration upto ₹25000 pm per member including boarding, lodging & maintainence charge → Residen- + Age ≥ 60 yrs

- yes → exempt
- NO → taxable

3 Services provided by Govt / Local / Authority

Any Regul law | Passport | VISA | Driving liscence | Birth/death Certificat

4 CG/SG/UT/LA → Tolerating Non performance of contract → In consideration of Fine / liquidated damages. → exempt

5 CG/SG/LA/UT Right to use natural Resources. → Individual farmer
cultivation / Rearing of animals
except horses.
→ exempt

6 Services by govt Authority in relation → Muncipality / Punchayat } exempt

7 Services by Rehabilitation professionals by way of therapy / counselling at
~ medical establishement
~ Educational institute
~ Rehabilitation centre
} Established by CG/SG/UT/LA → Exempt

2 Services provided to Govt. (SR=Govt)

1. Pure Service (100% Labour) → Provide to (G/SG/UT/LA) → By way of Activities in relation to work entrusted with Panchayat/Municipality by constitution.

C/S – (S+G): Max 25% goods, Min 75% Service → Provide to (G/SG/UT/LA)

2 Services To Govt by
→ Fair price shop for Public distribution system → Raation @ lower price/nominal price.
→ Insurance CO → where premium paid by Govt
→ Training services → where 75% more expense is met by government

other services

[J] Renting of Building

- Commercial Building
  - let out for commercial purpose
    - Always taxable (FCM)
    - except (SP) URP / SR RP } (RCM)
- Residential Building
  - for commercial use
    - taxable (Both for RP & URP)
      - RCM RP
      - FCM URP
  - for residential use
    - To URP → exempt → FCM
    - To RP → taxable → RCM

Note: Renting of Building (comm/Resid)
(landlord) SP – URP }
(tenant) SR – URP } NO GST.

[K] Services provided by incubatee upto ₹50L shall be exempt if following 2 conditions are satisfied
(i) PFY T.O of incubatee → upto ₹50L
(ii) Agreement as incubatee → 3 yrs not lapsed.

Analysis.

year	TO of incubatee	Taxability
1	45L	entire 45L exempt as PFY T.O-0
2	65L	50L service exempt as PFY T.O. not exceeding ₹50L & balance 15L service → Taxable
3	48L	Entire 48L taxable as PFY T.O exceeding 50L.

[L] Services provided to Govt Authority by way of -
1) Health supply;
2) Public health;
3) Sanitation conservancy;
4) Solid waste management, and
5) Slum improvement & upgradation.

[M] TV channel (SR) —Fees / Honorarium / Any other sum→ Guest Anchor / speaker / expert (CSP)
TV channel (SR) ←SERVICE (opinion / Expert Advice)— Guest Anchor / speaker / expert (CSP)

taxable (FCM)
(i.e) Anchor / speaker / Expert liable to pay GST.

[N] Services by way of pure labour contracts of construction erection, commissioning, installation of original work pertaining to a single residential unit otherwise than as a part of residential complex.

Raju contractor → labour contract i.e goods not involve

- Repair of any Building → Not an original work - taxable
- → construction (original work of)
  - Single Resd. unit ↓ exempt
  - Residential complex (more than 1 Resid unit) (e Society) ↓ taxable

Note - works contract (G+S) - No exemption always taxable.

New exemption Introduced. (Imp)

1 clarifications.

GTA → Any person

Services of Transportation + Loading/unloading/Packing/unpacking → consideration is charges separately or not

↓

Composite supply - Main supply is transportation.

2 Central/State Board → Govt School → Exempt

Central/State Board → Pvt School → taxable.

↓ Affliation (Grants)

3. Services provided by hostell, camps, paying Guests accomodations and the like.

exemption if 2 cond satisfy <
① consideration upto ₹ 20000/pm/member
② stay continous → Minimum 90d

Note: Hostel Run by school/clg → Always exempt.
Put hostel → i.e Not run by education institute.
↓
exemption < Consid ₹20000/pm
Stay not less than 90d.