CH 5 Exemptions from GST

exempt supply goods or services which attract nil rate of tax —includes→ Non-Taxable Supply

- Alcoholic liquor for human consumption
- Petroleum Crude
- High speed diesel
- motor spirit (Petrol)
- Natural Gas
- Aviation Turbine fuel.

Sec 11 & Sec 6
CGST Act IGST Act

11(1) GOV
In public interest by notification exempt either absolutely or subject to conditions

11(2) GOV
in public interest by special order exempt

11(3)
issue explanation of any noti. u/ss (1) & (2) to clarify scope & applicability.
[within 1 year and it shall have retrospective effect]

- List of services exempt from Tax

1. Services related to charitable and religious activities

Entry no.-1

Conditions for claiming exemption
→ entity registered u/s 12AA or 12AB of ITA 1961
→ carry out specified charitable activities

Charitable Activities

- Public Health
  - A care/counselling
    - terminally ill (severe P/m disability)
    - HIV/AID afflicted
    - drug addicts
    - not in mentally physically/mentally retarded
  - B bring awareness about HIV/AIDS & family planning
- Advancement of Religion, yoga, spirituality
- Advn educational & skill based training
  - To whom?
  - Prisoner
  - Orphan
  - P/m ~~abst~~ abused/traumatized
  - person 65+ year in rural area*
- Preservation & protection
  - watershe
  - forests
  - wild life

fee for yoga, religious or meditation programme or camp for advancement

* rural area notified by Government

Entry 13

a - services given for conducting religious ceremonies
⇓
EXEMPT

b - renting of religious premises by religious trust
⇓
registered under Income Tax Act

Rent of a room in precincts of religious place upto 999 per day - Exempt
1000 or more - Taxable

renting of premises, community hall, kalyan-mandapam or open area
upto 9999 per day - Exempt
10,000 or more - Taxable

renting of shops inside precincts
upto 9999 $\boxed{\text{per month}}$ - Exempt
10000 or more per month - Taxable

Entry 60

services by specified organisation* for religious pilgrimage facilitated by Gov of India
⇓
bilateral agreement are $\boxed{\text{exempt}}$

* Kumaon Mandal Vikas Nigam Ltd [KMVN]
Haj committee of india
in relation to pilgrimage to Kailash & Mecca

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Entry no. 80
services by way of training / coaching

recreational activities relating to arts or culture by an $\boxed{\text{individual}}$
⇓
EXEMPT

or

sports by charitable entities reg u/s 12AA or 12AB of ITA 1961
⇓
EXEMPT

2. Agriculture related services

Entry no. 24
services by way of loading, unloading, packing, storage or warehousing of rice. Exempt

Entry no. 24 A
services by way of warehousing of minor forest produce.

Entry no. 24B
services by way of storage / warehousing of cereals, pulses, fruits & vegetables

Entry no. 54

Agriculture

farming
Services related to agricultural land / commodities / farm labour / agro machinery, APMC, AES
⇓

rearing of animals for food, fibre & fuel except horses
Exempt

EXEMPT

does not involve processed food only agricultural produce.

notes

- essential characteristic should not be altered but may make it marketable for primary market.

Entry no. 55

intermediate production process as job work in relation to culti^{n} & rearing of all life forms except horses.

Exempt

milling of paddy to rice is not considered as job work as it alters the essential characteristic and is therefore 'TAXABLE'

Entry no. 55A

Services by way of ~~(breeding)~~ insemination of livestock (other than horses)

3. Educational Services

Entry no. 66

Services provided by educational institute

- its student, faculty & staff
- conduct of entrance exam against consideration
- services by / to educational institution

Output services

- conduct of entrance examination against consideration by educational institution
  EXEMPT

Educational institution
services by way of
(i) pre school upto higher secondary
(ii) qualification recognised by any law [part of curriculum]
(iii) approved vocational education courses

Training given by private coaching class
TAXABLE
Such training does not lead to grant of a recognized qualification

- lodging / boarding in hostels provided by educational institutions EXEMPT

- boarding school EXEMPT

accomodation + education (predominant)

composite supply
(inseparable)

- Dual qualification where only one is recognised by law
  TAXABLE considered as mixed supply attracts highest rate of tax

IIMS

- Long duration programs (≥1 year) — EXEMPT
- Short duration programs (<1 year) — TAXABLE

- services provided by CB or SB by way of conduct of examination EXEMPT

Supply of food in a mess or canteen

- by institution ⇓ EXEMPT
- by third party — ATTRACTS GST

Similarly supply of food in anganwadis whether sponsored by gov or through donation from corporates is EXEMPT

Input services
↱ services mentioned at the first
- institution providing degree or higher education, or providing vocational education course
  TAXABLE

- online educational journals / periodicals
  ⇓
  EXEMPT only if provided to an institution providing services by way of education as a part of a curriculum for obtaining a qualification recognised by any law for time being in force.

- security & housekeeping exempt if provided to educational institutions in such premises.
  outside of such premises is taxable

4. Healthcare services [Refer Pg 5.45 for example]

Entry no. 46
services by a veterinary clinic

Entry no. ~~76~~ 74
services by way of healthcare — clinical establishment

room other than ICU / CCU / ICCU / NICU for > ₹5000 per day to a person
TAXABLE

upto ₹5000 EXEMPT

services by ART such as IVF covered under def^n of healthcare services ∴ EXEMPT

Healthcare services [EXEMPT]

diagnosis or treatment in any recognised system of medicines

transportation of the patient to or from clinical establishment*

does not include cosmetic surgery except undertaken to
- restore / reconstruct anatomy affected due to
- congenital defects (cleft lip)
- developmental abnormalities
- injury or trauma

Recognized System of medicines
- Allopathy
- Yoga
- Naturopathy
- Ayurveda
- Homeopathy
- Siddha
- Unani
- Any other recognised by CG

* provides diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any

→ services provided by senior doctors EXEMPT

→ amount charged from patients EXEMPT
[inc retention money & fee / pmt to doctors]

food supplied

patients (composite supply) NOT separately taxable

Others attendants / visitors $\boxed{\text{Taxable}}$

→ Services other than healthcare in clinical est. premises
TAXABLE [renting of shops, auditorium etc]

5. Services provided by Government

Services by governmental authority

Entry no. 4 — municipality (urban) under article 243 W — EXEMPT

Entry no. 5 — (rural) Panchayat under article 243 G — EXEMPT

Entry 6 Services provided by Govt or L.a.
(a) ministry of Railway or Dept of Post *
↓
Taxable
(b) Any service in relation to Aircraft / vessel
↓
Taxable
(c) Transportation → Taxable
(d) Any other service
Business entity — Renting of Imm Prop Rg - RCM, Unreg - FCM, Other - RCM-Tax
Others — exempt

→ these services are not exempt

entry 24C
* service of inland letter, book post and ordinary post weighing less than 10g EXEMPT

Entry no. 8
services provided by one dep of CG, SG, or LA to another CG, SG, LA are EXEMPT
└ this is not applicable to exemption under entry no. 6 (a), (b), (c)

Entry no. 9

9
~~servic~~ services provided by CG, SG, UT or LA consideration ≤ 5000 Exempt

does not apply to Entry 6 (a) (b) (c)

in case of continuous supply ≤ 5000 in a FY

9C
Supply by a Gov Entity to Gov/ UT/ LA in form of grants
EXEMPT

9D
Services by old age home run by CG, SG or entity reg U/S 12 AA or 12AB of ITA 1961 to its residents [60 + years] consideration upto ₹ 25000 per month per member EXEMPT
includes boarding, lodging & maintenance

9E
Services by ministry of Railways [Indian Railways] to Individual EXEMPT
- sale of platform tickets
- retiring / waiting rooms
- cloak room services
- battery operated car services

9F
services provided by one zone / division to another zone / division under ministry of Railways
EXEMPT

entry no. 34A

services by CG, SG, UT
↓ to
their undertakings or PSUs
↓ by way of
guaranteeing loans taken by
from banking companies & FI
Exempt

entry no. 47

CG, SG, UT or LA
a) reg req under law time being in force
b) services relating to safety of workers, consumers or public at large incl fire license

Exempt

entry no. 61

Issuance of passport, visa, driving license, birth certificate or death certificate by CG, SG, UT or LA exempt

entry no. 62

fines or liquidated damages collected as consideration for tolerating non-performance of contract Exempt

entry no. 63

Assignment of right to use natural resources to an individual ~~farmer~~ farmer for cultivation of plants & rearing of all life form of animals [except horses]
Exempt.

entry no 65
deputing officers after office hours or on holidays for inspection or container stuffing in relation to import export cargo. Exempt

entry no 65B
services by SG to ERCC [Excess Royalty collection contractor] by way of assigning right to collect royalty on behalf of the SG on mineral dispatched by mining leaseholders exempt.

Exemption restricted to such amount as is equal to amount of GST paid by mining lease holders

entry no. 74A
rehabilitation services under 'Rehabilitation council of India New Delhi' in rehabilitation centres established by CG, SG, UT or an entity reg u/s 12AA or 12AB of ITA 1961

6. Construction services

entry no. 10
exempts services by way of pure labour in relation to beneficiary led house construction or adm^n of PMAY.

Housing for all (urban) mission or PMAY [10]
- addresses housing requirement of urban poor
- Slum rehabilition - private developers
- Promotion of affordable Housing - credit linked subsidy
- Housing in partn^n with Pub & Pvt

Entry 10 A

Services by Electricity Distribution Utilities for extending electricity distribution network upto tubewell of farmer for agriculture use is exempt

Entry no. 11

Services by way of pure labour contract pertaining to single residential unit* exempt

part of a residential complex taxable

* self residential unit means a unit designed for use wholly or principally for residential purposes for one family.

7. Passenger transportation services

Entry no. 15

a) economy class - air travel - States of Assam, Arunachal Pradesh, manipur, meghalaya, mizoram, Nagaland, Sikkim or Tripura or at Bagdogra located in west Bengal. exempt

b) non- air conditioned contract carriage other than radio taxi for transportation of passengers excluding tourism

→ 6 + passengers excluding driver

c) stage carriage providing transportation
↓
other than
air conditioned

Proviso
when E-commerce operator provides services mentioned in (b) & (c) such services are not exempt from GST

Entry no.16
services provided to CG by way of transport of passengers at a RCS [Regional connectivity scheme) airport
↓
consideration in form of viability gap

such $\boxed{\text{exemption}}$ applicable upto 3years of date of commencement of operations of RCS

RCS → stimulate regional air connectivity by making it affordable

→ concessions by CG/SG to reduce operating cost of airlines on regional routes

→ financial support to meet any gaps

cost ₹2500 per hour flight under RCS.

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Entry no.17

Transportation of passengers by

- railways other than first class, or air-conditioned coach
- metro, monorail or tramway
- inland waterways
- public * transport (other than tourism purpose)
- metered cabs or auto rickshaw

EXEMPT

→ transport of passengers by metered cabs or auto rickshaws supplied through ECO TAXABLE

* public transport here means open for public and can be owned ~~by~~ privately or ~~PSU~~ publicly.

transportation should be for commuting not predominantly for tourism.

8. Goods Transportation services

Entry no. 18

services of transportation of goods

by road EXEMPT

↳ except services of GTA, courier agency

by inland water ways

Entry no. 20 & Entry no. 21 [GTA]

Transportation by rail or vessel of following goods ~~&~~ in India

- relief material
- defence or military equipment
- newspaper or magazines
- agricultural produce
- milk, salt & food grain
- ~~orago~~ organic manure

EXEMPT

Entry no. 21A

services by GTA to unregistered person [including unregistered casual taxable person] - Exempt

GTA provide service to

- registered casual taxable person — TAXABLE
- following person even if unregistered in GST
  - factory reg under Factories Act
  - society reg under Societies Act
  - co-operative society
  - body corporate
  - partnership firm including AOP

  TAXABLE

Entry no. 21B

Services by GTA TO

- dep or est^n of CG, SG or UT
- L.A.
- Gov agencies taken reg under GST for TDS u/s 51 not for making taxable supply

GTA [provides service in relation to transport of goods by road
[issues consignment note

individual ~~own~~ owning truck who do not issue any consignment note not covered in meaning of GTA.

9. Banking & financial services

Entry no. 27

a) services of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount [other interests are taxable]
Exempt

does not cover investment by equity

loans, advances, deposits
↳ bank, friend, NBFC
↳ in consideration of interest or discount eligible for exemption
→ processing fee is taxable
other services are taxable
only loan is exempt

b) services of sale and purchase of foreign currency amongst banks or authorised dealers of foreign exchange or amongst banks & such dealers exempt

penal int. exempted

service charges / doc fees, charges collected over & above int are taxable.

charges for late payment of o/s dues on credit card – TAXABLE

invoice / cheque discounting covered till extent of consideration

Entry no. 27A
service provided by a banking co. to Basic Saving Bank Deposit account holders under PMJDY exempt

Entry no. 34
services by acquiring bank to any person in relation to settlement of amount upto ₹2000 in single transaction through CC, DC, charge card or other payment card service EXEMPT

Acquiring bank - who makes payment to any person who accepts such card
Amt exceeds ₹2000 TAXABLE

Entry no. 39A
services by an intermediary of fin services located in multi services SEZ with IFSC status to a customer located outside India for international financial services in currencies other than INR EXEMPT

10. Life insurance Business Services
Entry no. 28
life insurance business —— by way of annuity
under NPS
Exempt

Entry no. 29
life insurance — by Army, Naval & Air force Group Insurance funds to members of Army, Navy & Air force EXEMPT

Entry no. 29A
life insurance – by Naval Group Insurance fund
| to
personnel of coast Guard
EXEMPT

Entry no. 29B
Life insurance by CAPF Group Insurance funds
| to
their members
EXEMPT

Entry no. 36
- Janashree Bima Yojana
- Aam Aadmi Bima Yojana
- Life micro insurance product upto max ₹ 200000
- Varishtha Pension Bima Yojana
- PM Jeevan Jyoti Bima Yojana
- PM Jan Dhan Yojana
- PM Vaya Vandan Yojana

EXEMPT

11. Services provided by specific bodies

Entry no 30
Services by Employees State Insurance corporation to persons governed under such Act EXEMPT

Entry no. 31
services provided by Employees Provident fund organisation EXEMPT

Entry 31A
services by Coal mines Provident fund org
Exempt

Entry 31B
services by NPS Trust to its members in form of administrative fee
Exempt

12. General insurance business services
Entry no. 35 refer Pg 5.83 of module 1

Entry no. 36A
services by way of reinsurance of scheme specified in 35 or 36 or 40
Exempt

13. Pension schemes
Entry no. 37
collection of contri in Atal Pension Yojana
Exempt.
Entry no. 38
collection of contri under pension schemes of SG
Exempt

14. Business facilitator / correspondent
Entry no. 39
a) Business facilatator or business correspondent to banking co. [acc ~~of~~ in rural branch]
Exempt
b) Intermediary providing service in entry (a) exempt
c) BF/BC to insurance co. in rural area exempt

15. Services provided to Government

Entry no. 3

Pure services —to→ CG, SG or UT or L.A.
[does not include supply of goods]
under article 243G or 243W
EXEMPT

Entry no. 3A

composite supply of goods & services to Government,
where value of goods constitutes not more than 25% of value of such composite supply.
EXEMPT

Entry no. 3B

water supply
Public health
Sanitation conservancy
Solid waste mgmt
Slum improvement & upgradation
To government
Exempt

Entry no. 11A

Fair Price Shops —under→ PDS —to CG, SG, UT→
[sale of food grains, kerosene, sugar, edible oil etc]
consideration
comm or margins
Exempt

Entry no. 40

Services to CG, SG, UT
↳ under any insurance scheme → total premium ←paid by
Exempt

Entry no. 72
services provided to CG, SG, UT under any training programme
↳ for which 75% or more expenditure is borne by CG, SG, UT

inclusive free coaching services for students with disabilities

Exempt

16. Leasing services
Entry no. 41
upfront amount
↓
payable for long term lease of 30 years or more
↓
of industrial plots → provided by ~~CG,~~ State governmental undertakings

or any other entity in which 20% or more ownership of CG, SG, UT rests.
— Exempt

upfront amount payable / paid in one / more installments is EXEMPT

location charges & PLC [part of consideration] if charged upfront then exempt.

Conditions
- plot used for purpose for which they are allotted
- SG concerned shall monitor & enforce such condition
- violation of use of land or change lessee / buyer / owner jointly liable for tax along with int & penalty
- lease agreement incorporate T&C reg tax exemption

17. Legal services
Entry no. 45

Arbitral tribunal

Partnership firm of advocates other than a senior advocate by way of legal services

Senior advocate by way of legal services.

provided to

- any ~~other~~ person ~~of~~ other than BE
- BE with an aggregate t/o upto such amt in preceding FY as makes it eligible for exemption under registration under GST Act 2017 *
- CG / SG / UT / LA / GA / GE

EXEMPT

* If amt of aggregate t/o increases the threshold limit then the business entity has to pay GST on such legal services on RCM basis

18. Sponsorship of sports events
Entry no. 53

Services by way of sponsorship of sporting events organised

Exempt

(a) national sport federation participating team represent district state, zone or country

(b) Asso. of Indian uni, Inter uni sports board, School Game Federation of India, AOI sports council for deaf, Paralympic or special Olympics Bharat

(c) Central Civil services cultural & Sports Board

(d) part of national games by IOA

(e) under Panchayat Yuva Krida Aur Khel Abhiyaan Scheme

19. Skill Development services
refer module Pg 5.95

20. Performance by an artist
Entry no. 78
services by an artist by way of performance in folk or classical art forms of music, dance, theatre

$\boxed{\text{Exempt}}$, if consideration not more than ₹150000

exceeds ₹150000 TAXABLE
other art forms [western, still] } $\boxed{\text{taxable}}$
Brand ambassador – not eligible for exemption

21. Right to admission to various events
Entry no. 79
admission to museum, national park, wildlife sanctuary, tiger reserve or zoo

zoo — does not include pet shop

EXEMPT

Entry no. 79A
admission to protected monument Exempt

Entry no. 81
admission to EXEMPT, if consideration not more than ₹500 pp

(a) circus, dance or theatrical performance inc. drama or ballet
(b) award func. concert, pageant, musical performance or sporting ~~event~~ other than recog. sporting event
(c) rec sporting event
(d) planetarium

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

Entry no. 77

reimbursement of charges or share of contri
- as a trade union
- prov of carrying out any activity which is exempt
- upto 7500* per month per member for sourcing of goods or services for common use of members

RWA/Housing Society

Is unregistered RWA's ann. t/O in a FY > 20 L or 10 L $\xrightarrow{\text{NO}}$ Are monthly maintenance charges > ₹7500 per member?

Are monthly maintenance charges > ₹7500 per member? $\xrightarrow{\text{NO}}$ Tax not Payable

Are monthly maintenance charges > ₹7500 per member? $\xrightarrow{\text{Yes}}$ Tax not Payable

Is unregistered RWA's ann. t/O in a FY > 20 L or 10 L $\xrightarrow{\text{Yes}}$ Are monthly maintenance charges > ₹7500 per member?

Are monthly maintenance charges > ₹7500 per member? $\xrightarrow{\text{No}}$ Tax not Payable

Are monthly maintenance charges > ₹7500 per member? $\xrightarrow{\text{Yes}}$ Tax Payable

* property tax, electricity charge etc would not be included in monthly limit of ₹7500