

4. EXEMPTIONS

MODEL WISE ANALYSIS OF PAST EXAM PAPERS OF IPCC AND CA INTER

Q.NO.	N-12	M-13	N-13	M-14	N-14	M-15	N-15	M-16	N-16	M-17	N-17	M-18 (O)	M-18 (N)	N-18 (O)	N-18 (N)	M-19 (O)	M-19 (N)	N-19 (O)	N-20(N)	N-20(O)
Qno.1(TYK)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	-	-
Qno.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6	-	-	-
Qno.6(TYK)	-	-	-	-	-	-	-	-	-	-	-	-	3	-	-	-	-	-	-	-
Qno.10	-	-	-	-	-	-	-	-	-	-	-	-	-	6	-	-	-	8	-	-
Qno.11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8	-	-	-	-
Qno.13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	-	-	-
Qno.15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8

CHAPTER OVERVIEW

SECTION	TOPIC	STARTING PAGE NO.
1.	THEORY FOR CLASSROOM DISCUSSION	4.1
2.	PROBLEMS FOR CLASSROOM DISCUSSION	4.27
3.	PRINTED SOLUTIONS TO SOME SELECTIVE PROBLEMS	4.31
4.	ASSIGNMENT PROBLEM S	4.36
5.	ADDITIONAL PROBLEMS FOR SELF PRACTICE	4.40
6.	TEST YOUR KNOWLEDGE	4.47
7.	THINGS TO REMEBERS	4.48

SECTION 1: THEORY FOR CLASSROOM DISCUSSION

1. INTRODUCTION

- a) A supply of goods/ services/ both, shall be **chargeable** to GST when it falls within the ambit of the charging section. However the **liability** to pay GST arises only when such supply shall not be an **exempt supply**.

- b) **What do you mean by an Exempt Supply?**

As per **Sec.2(47) of the CGST Act,2017**, Exempt supply means supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax under section 11of CGST act and under section 6 of the Integrated Goods and Services Tax Act, and it includes non-taxable supply.

Further, it is important to note that the state GST laws also have the similar powers to exempt SGST.



NON-TAXABLE SUPPLY: Supply of goods or services or both which is not leviable to tax under GST Act.

- c) Essential goods used by the general public have been exempted. Essential services like health care services, education services etc. have also been exempted.



2. EMPOWERMENT OF GRANTING EXEMPTION (Sec. 11)

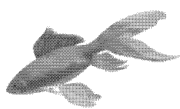
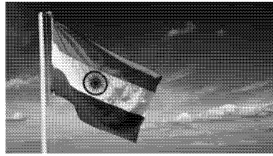
- a) Sec.11 of the CGST Act or Sec.6 of the IGST Act empowers the government to grant exemption from tax, if it is necessary in public interest so to do on recommendations of GST council, by way of issuance of -
- Notification
 - Special Order.
- b) **POWER FOR GRANTING AN EXEMPTION:**
- Power to grant exemption will be made in two ways.
 - At one end granting of exemption is by way of issuance of a **notification**.
 - Granting of exemption is by way of issuance of a **special order** at the other end.
 - Exemption may be granted by way of issuance of a **notification** -
 - To exempt the supply of goods/ services/ both **generally**
 - Either absolutely or subject to such conditions as may be specified
 - With respect to goods and/or services of any specified description
 - Exemption may be granted by way of issuance of a **special order** to exempt from payment of tax under circumstances of an exceptional nature to be stated in such order, in public interest.
 - No need to pay or collect in excess of the effective rate on such goods/ services/ both on which an **absolute exemption has been granted**.
 - The government can issue an explanation within 1 year of issue of notification/ order of exemption (from payment of tax) or notification of exemption and such notification/ order shall have the retrospective effect.

NOTE: Similar provisions have been provided in the IGST Act vide **Sec.6** of that Act.

3. EXEMPTED GOODS

- GST is a tax for common man. So, everyday items used by the common man have been included in the list of exempted items.
- Public consumable such as unbranded Atta/ Maida/ Besan, unpacked food grains, milk, eggs, curd, lassi and fresh vegetables are among the items exempted from GST.

3) Some of the examples of exempted goods was given below



4. SERVICES EXEMPTED

1) CHARITABLE RELATED SERVICES:

Services provided by an entity registered under the **Income-tax Act** by way of **charitable activities** by satisfying the following conditions;

The entity,

- i) Registered under **section 12AA** of the Income tax Act, 1961, and
- ii) Carries out one or more of the **specified charitable activities**.

NOTE:

- a) Services provided other than the charitable activities are taxable.

Example, Grant of advertising rights to a person on the premises of the charitable/religious trust or on publications of the trust, or Granting admission to events, functions, celebrations, shows against admission tickets or fee etc.

- b) Activities of schools, colleges or any other educational institutions run by charitable trusts by way of education or skill development of abandoned, orphans, homeless children, physically or mentally abused persons, prisoners or persons over age of 65 years or above residing in a rural area will be considered as charitable activities.
- c) Activities of a school, college or an institution run by a trust which do not fall within the scope of charitable activities will not be exempted from GST.
- d) Hostel accommodation services provided by trusts to students do not fall within the scope of charitable activities will not be exempted from GST.
- e) Accommodation services provided by trusts having value of supply below Rs.1,000 per day is exempted from GST.
- f) **HOSPITAL SERVICES:** Services provided by a clinical establishment, an authorised medical practitioner or paramedics of a religious or charitable trust shall also be exempted.
- g) **SERVICES PROVIDED TO CHARITABLE TRUSTS:** Services provided to charitable or religious trusts are not outside the scope of GST. Unless specifically exempted, all goods and services supplied to charitable or religious trusts are liable for GST.

h) YOGA AND MEDITATION CAMP:

(FOR STUDENTS SELF-STUDY)

- i) Services provided by entity by way of advancement of religion, spirituality or yoga shall be exempted.
- ii) Fee or consideration charged from the participants for participating in a religious, yoga or meditation programme or camp towards advancement of religion, spirituality or yoga shall be exempted.

Example, Bhavyajyoti Foundation, a charitable trust registered under section 12AA of the Income-tax Act, 1962, has organized a 'Meditation Camp' for the old age people. GST is exempt on the same as services provided by entity registered under section 12AA of the Income-tax Act, 1961 by way of advancement of religion, spirituality or yoga are exempted.

- iii) Residential programmes or camps where the fee charged includes cost of lodging and boarding shall also be exempted.
- iv) Providing accommodation or serve food and drinks against consideration in any form including donation, such activities will be taxable.

Examples: holding of fitness camps or classes such as those in aerobics, dance, music etc.

(TEACH PROBLEM NO.1 OF CLASSROOM DISCUSSION)

2) RELIGION RELATED SERVICES:

a)

Services **by a person** by way of-

- i) Conduct of any **religious ceremony**;
- ii) **Renting of precincts of a religious place** meant for general public, owned or managed by an entity registered as a charitable or religious trust under Income tax Act.

However the following are **not exempted** services -

- a) Renting of rooms where charges are **Rs.1,000 or more per day**;
- b) Renting of premises, community halls, kalyanmandapam or open area, and the like where charges are **Rs.10,000 or more per day**;
- c) Renting of shops or other spaces for business or commerce where charges are **Rs.10,000 or more per month**.

NOTE:

- i) The amount charged, by whatever name called, for the conduct of any religious ceremony is exempt from GST and applicable to conduct of religious ceremonies of all religions.
- ii) The immovable property located in the immediate vicinity and surrounding of the religious place and owned or under the same management as the religious place, may be considered as located in the precincts and applicable to renting of precincts of religious places of all religions.

Example, if donation is received with specific instructions between the donor and the receiver that, host an advertisement promoting business of the donor will be liable for GST.

b)

The services provided **by the Haj Committee and KMVN (Kumaon Mandal Vikas Nigam Limited)** in relation to a **religious pilgrimage** facilitated by **GOI**

NOTE:

- i) Religious Yatras/pilgrimage organised by any charitable or religious trust are not exempt.
- ii) Services provided by way of transportation of passengers for a pilgrimage by the charitable trust are not exempt.

3) COACHING RELATED SERVICES:

Services by way of **training or coaching in recreational activities** relating to -

- i) **Arts or culture**, or
- ii) **Sports** by charitable entities registered under the Income-tax Act.

NOTE:

- i) The training or coaching in recreational activities in the areas other than arts, culture or sports will not be exempted from GST.
- ii) Coaching or training relating to all forms of dance, music, painting, sculpture making, literary activities, theatre, sports etc. of any school, tradition or language or any of the sports fall within the scope of recreational activities, exempt from GST.

4) AGRICULTURE RELATED SERVICES:

a)

Services by way of loading, unloading, packing, storage or warehousing of **rice**.

b)

Services by way of **warehousing** of minor forest produce.

c)

Services by way of **fumigation** in a warehouse of agricultural produce.

d)

Services relating to **cultivation of plants and rearing of all life forms of animals, except** the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce by way of—

- i) **Agricultural operations** directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing;
- ii) Supply of **farm labour**;
- iii) **Processes carried out** at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging and such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market;
- iv) **Renting or leasing** of agro **machinery** or **vacant land** with or without a structure incidental to its use;
- v) Loading, unloading, packing, storage or warehousing of **agricultural produce**;
- vi) Agricultural **extension** services;
- vii) Services by any **Agricultural Produce Marketing Committee** or **Board** or services provided by a commission agent for sale or purchase of agricultural produce;
- viii) Services by way of **fumigation** in a warehouse of agricultural produce.

NOTE:

- i) Processes which alter the essential characteristics of the agricultural produce are liable to GST.
Example, *potato chips are manufactured through processes which alter the essential characteristic of potatoes.*
- ii) Processes which make agricultural produce marketable in the primary market are exempted from GST.
- iii) The processes of grinding, ~~sterilizing~~, extraction packaging in retail packs of agricultural products, which make the agricultural products marketable in retail market, are liable to GST.
- iv) Renting or leasing of agro machinery or vacant land with or without a structure incidental to its use will not be liable to GST.
- v) Leasing of vacant land with a green house or a storage shed which is incidental to its use for agriculture is not liable to GST.
- vi) Services provided by Agricultural Produce Marketing Committee or Board which is not directly related to cultivation of plants and rearing of all life forms of animals will be liable to tax.

Example, *Renting of shops or other property*

PROCESSED PRODUCTS:**(FOR STUDENTS SELF - STUDY)**

- i) **PROCESSED TEA AND COFFEE:** *processing of green tea leaves/ coffee beans into tea/ coffee changes its essential characteristics. Thus, Tea/coffee is also not an agricultural produce and liable to GST.*
- ii) **JAGGERY:** *processing of sugarcane into jaggery changes its essential characteristics. Thus, jaggery is also not an agricultural produce and liable to GST.*
- iii) **PULSES (DAL):** *The process of splitting (usually not carried out by farmers or at farm level but by the pulse millers) into Pulses changes its essential characteristics. Thus, pulses is also not an agricultural produce and liable to GST.*

In addition to above, processed products such as processed spices, processed dry fruits, processed cashew nuts etc. are also not agricultural produce and liable to GST.

e)

Carrying out **an intermediate production process as job work** in relation to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce.

NOTE:

MILLING OF PADDY INTO RICE: It is a process carried out after the process of cultivation is over and paddy has been harvested. Processing of paddy into rice is not usually carried out by cultivators, but by rice millers. Milling of paddy into rice also changes its essential characteristics. It cannot be considered as an intermediate production process, not an agricultural produce and liable to GST.

f)

Services by way of **artificial insemination** of livestock (other than horses).

5) EDUCATION SERVICES:

Services provided -

- a) By an "educational institution" To its students, faculty and staff;
 - aa) **By an educational institution** by way of conduct of entrance examinations against consideration in the form of entrance fee;
- b) **TO** an educational institution, by way of,-
 - i) **Transportation** of students, faculty and staff;
 - ii) **Catering**, including any mid-day meals scheme sponsored by the Central Government, State Government or Union territory;
 - iii) **Security** or **cleaning** or house-keeping services performed in such educational institution;
 - iv) Services relating to admission to, or conduct of **examination** by, such institution;
 - v) Supply of online educational **journals** or **periodicals**.

The above i), ii) and iii) of (b) exemption is applicable **only** if services supplied by an institution providing services by way of **pre-school** education and education up to **higher secondary** school or equivalent.

The above v) of (b) exemption is applicable **only** if services supplied by an institution providing services by way of education as a part of a curriculum for obtaining a **qualification recognised** by any law.

NOTE:

- a) **EDUCATIONAL INSTITUTION:** Educational institution: means an institution providing services by way of -
 - i) Pre-school education and education up to higher secondary school or equivalent;
 - ii) Education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force;
 - iii) Education as a part of an approved vocational education course.

Examples:

- i) *Conduct of degree courses by colleges, universities or institutions- These courses lead to grant of qualifications recognized by law and exemption is available.*
 - ii) *Training given by private coaching institutes- Such training does not lead to grant of a recognized qualification and exemption is not available.*
 - iii) *Education as a part of a prescribed curriculum for obtaining a qualification recognized by a law of a foreign country- Only a course recognized by an Indian law are covered herein and exemption is not available.*
- b) Private coaching centres or other unrecognized institutions, though self-styled as educational institutions, would not be treated as educational institutions.

- c) Output services of lodging/boarding in hostels provided by such educational institutions which are providing pre-school education and education up to higher secondary school or equivalent or education leading to a qualification recognised by law, are fully exempt from GST. Annual subscription/fees charged as lodging/boarding charges by such educational institutions from its students for hostel accommodation shall therefore, not attract GST.
- d) **COLLEGE HOSTEL MESS SERVICES:**
- i) **BY an Educational Institution:** The catering services (supply of food or drink in a mess/canteen) provided by an educational institution to its students, faculty and staff will be exempted from GST if services provided by educational institutions providing services by way of education up to higher secondary or equivalent.
 - ii) **BY anyone other than the Educational Institution:** The catering services (supply of food or drink in a mess/canteen) provided by anyone other than the educational institution to its students, faculty and staff will be liable to GST.
- e) *Auxiliary education services are provided to educational institutions providing degree or higher education, the same would not be exempt.* **(FOR STUDENTS SELF - STUDY)**
- f) **PRIVATE ITLS:**
- i) *Private ITIs qualify as an educational institution if the education provided by these ITIs is approved as vocational educational course.*
 - ii) *Services provided in respect of designated trades by a private ITI by way of conduct of entrance examination against consideration in the form of entrance fee are exempted from GST.*
 - iii) *Services provided in respect of designated trades to an educational institution by way of services relating to admission to or conduct of examination by a private ITI will also be exempted from GST.*
 - iv) *Services in other than designated trades are liable to GST.*
- g) **GOVERNMENT ITLS:** *Services provided (both - vocational training and examinations conducted) by a Government ITI to individual trainees/students, is exempted from GST.*
- h) *The Central and State Educational Boards shall be treated as 'Educational Institution' for the limited purpose of providing services by way of conduct of examination to the students.*
- i) *The input services like canteen, repairs and maintenance etc. provided by private parties to educational institutions are liable to GST.*
- j) **BOARDING SCHOOLS:** *The principal supply is the service of education, the other service of providing residential dwelling will be considered as ancillary supply, it shall be treated as a composite supply and the entire consideration will be exempted from GST (Tax rate of principal supply).*
- k) **DUAL qualifications** *are in the nature of two separate services as the curriculum and fees prescribed for each qualification separately. Service in respect of each qualification shall be treated separately for the purpose of taxability.*
- Clubbing two courses together, only one of which is recognized by law, for the purpose of determination of taxability of a supply which is not naturally bundled in the ordinary course of business it shall be treated as a mixed supply which attracts highest rate of GST.*
- l) **INCIDENTAL AUXILIARY COURSES:** *Provided by way of hobby classes or extra-curricular activities are naturally bundled in the ordinary course of business, it shall be treated as a composite supply. If extra billing is being done, it is not naturally bundled in the ordinary course of business, attracts highest rate of GST.*
- m) **INDIAN INSTITUTES OF MANAGEMENT:**
- i) *Entry 67 (IIMs) has been omitted as IIMs are now covered under the definition of 'educational institution' whose services are exempt.*

- ii) All the IIMs are “educational institutions” as they provide education as a part of a curriculum for obtaining a qualification recognized by law for the time being in force. Therefore, services provided under this clause are exempted.
- iii) IIMs also provide various short duration/short term programs for which they award participation certificate to the executives/professionals, these participation certificates are not any qualification recognized by law. Such participants are also not considered as students of IIM. Such short duration executive programs taxable @ 18%.
- n) **FEES CHARGED FROM PROSPECTIVE EMPLOYERS:** *Educational institutes such as IITs, IIMs charge a fee from prospective employers like corporate houses/MNCs, who come to the institutes for recruiting candidates through campus interviews in relation to campus recruitments. Such services shall also be liable to tax.*

(TEACH PROBLEM NO.2, 10 & 15, OF CLASSROOM DISCUSSION)

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

- o) **Maritime courses approved by DG Shipping:** *Maritime Training Institutes and their training courses are approved by the Director General of Shipping which are duly recognised under the provisions of the Merchant Shipping Act, 1958 read with the Merchant Shipping (standards of training, certification and watch-keeping for Seafarers) Rules, 2014. Therefore, Maritime Training Institutes are educational institutions and the courses conducted by them are exempt subject to fulfillment of other conditions specified herein [Circular No. 117/36/2019 GST dated 11.10.2019].*

6) HEALTH RELATED SERVICES:

a)

Services **by a veterinary clinic** in relation to health care of animals or birds.

b)

Services provided **by the cord blood banks** by way of preservation of stem cells or any other service in relation to such preservation.

c)

Services by way of

- a) Health care services **by** a clinical establishment, an authorised medical practitioner or para-medics;
- b) **Transportation of a patient** in an ambulance, other than those specified in (a) above.

NOTE:

- i) A health care service does not include **hair transplant or cosmetic or plastic surgery**, except when undertaken to restore or to reconstruct anatomy/functions of body affected.
- ii) Only services in **recognized systems of medicines in India** are exempted from GST.
- iii) Following systems of medicines are **the recognized systems of medicines in India:**
 - ✓ Allopathy
 - ✓ Yoga
 - ✓ Naturopathy
 - ✓ Ayurveda
 - ✓ Any other system of medicine that may be recognized by Central Government
 - ✓ Homeopathy
 - ✓ Siddha
 - ✓ Unani
- iv) A room provided for rent in-patients in hospitals is exempted from tax.
- v) Services provided by such senior doctors/ consultants/ technicians, whether employees or not, are exempted from tax.
- vi) Amount charged by hospitals from the patients including the retention money and the fee/payments made to the doctors etc., is exempted from tax.

Example, Hospitals charge the patients, say, Rs.10,000/- and pay to the consultants/technicians only Rs.7,500/- and keep the balance for providing ancillary services(nursing care, infrastructure facilities, paramedic care etc.)

vii) SUPPLY OF FOOD:

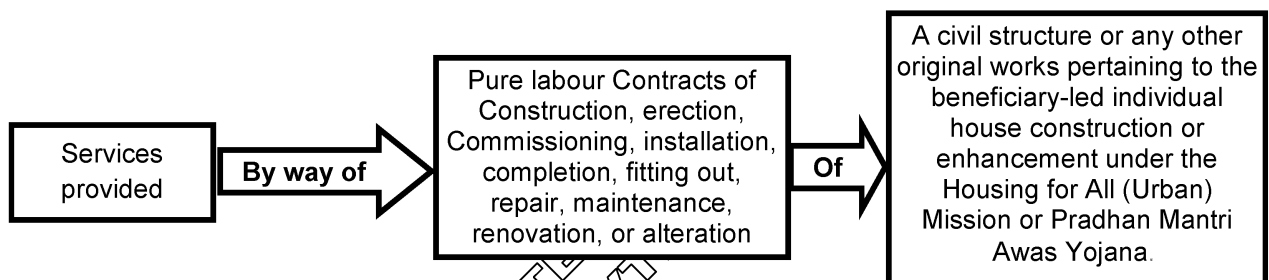
- The canteens may be outsourced by the hospitals from outdoor caterers, then the suppliers shall charge tax and hospital will get no ITC.
- The canteens run by the hospitals, then no ITC will be available on inputs (on CG also) and supply food to the doctors and their staff will be liable to GST even not charged by hospitals from them.
- Food supplied to the in-patients on the advice of doctor/nutritionists is an ancillary supply relating to the principal supply of health care services. Hence, not separately taxable (Composite Supply).
- Food supplied to patients (not admitted) or their attendants or visitors are taxable.

viii) Supply of services **other than** healthcare services will be liable to tax.

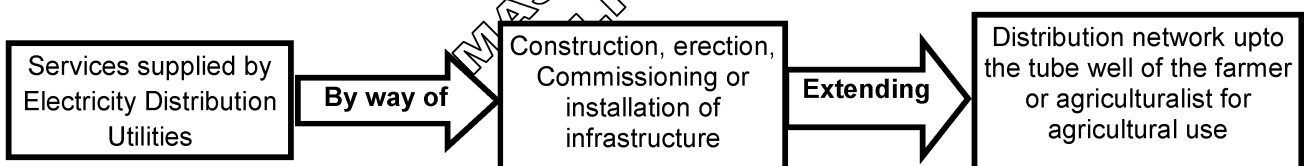
Example: Renting of shops, auditoriums in the premises of the clinical establishment, display of advertisements etc. **(TEACH PROBLEM NO.3 & 17 OF CLASSROOM DISCUSSION)**

7) CONSTRUCTION RELATED SERVICES:

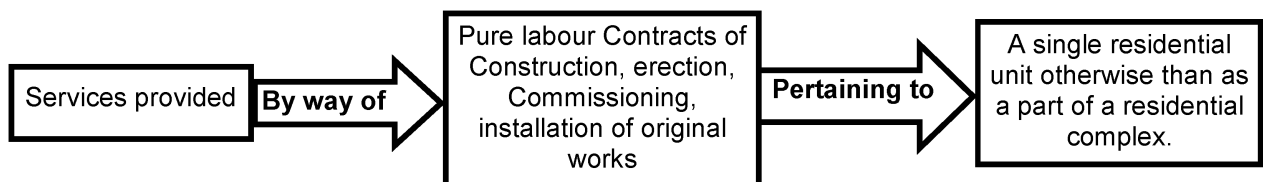
a)



b)



c)



8) PASSENGER TRANSPORTATION SERVICES:

a)

- Transport of passengers, with or without accompanied belongings, by -
- a) Air, embarking from or terminating in an airport located in the state of **Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, or Tripura or at Bagdogra located in West Bengal;**
 - b) Non air-conditioned contract carriage **other than radio taxi** for the transportation of passengers, **excluding tourism, conducted tour, charter or hire;** or
 - c) Stage carriage **other than air-conditioned stage carriage.**

NOTE: Services provided by a tour operator to a foreign tourist are exempt from GST provided such services are in relation to a tour conducted wholly outside India.

b)

Services provided to the Central Government, by way of transport of passengers with or without accompanied belongings, by air, embarking from or terminating at a RCS (Regional Connectivity Scheme) airport, against consideration in the form of viability gap funding.

However, **exemption is not available** on or after the expiry of **3 years** from the date of commencement of operations.

c)

Service of transportation of passengers, with or without accompanied belongings, by—

i) Railways in a class **other than** -

- **first** class; or
- an **air-conditioned** coach;

ii) Metro, monorail or tramway;

iii) Inland waterways;

iv) Public transport by a **vessel** between places located in India should **not be predominantly** for tourism purposes; and

v) Metered **cabs or auto rickshaws** (including e-rickshaws).

NOTE:

(FOR STUDENTS SELF-STUDY)

a) The transport of passengers' services provided by the Government or local authority is liable to GST (Other than services mentioned above).

b) If some of the passengers on board are using the service for tourism, predominant purpose of which is not tourism because predominantly, such service is not for tourism purpose.

c) Services provided by leisure/charter vessels/cruise ship, predominant purpose of which is tourism, would not be covered in here even if some of the passengers in such vessels are not tourists.

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

9) GOODS TRANSPORTATION SERVICES:

a)

Services by way of **transportation of goods-**

a) **By road EXCEPT** the services of -

- i) A goods **transportation** agency;
- ii) A **courier** agency;

b) By **inland** waterways.

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

Transportation of the following goods by rail / vessel is exempt	Transportation of the following goods by a GTA in a goods carriage is exempt
Railway equipment's or materials	Goods, where gross amount charged for the transportation of goods on a consignment transported in a single goods carriage does not exceed Rs.1500;
	Goods, where gross amount charged for transportation of all such goods for a single consignee does not exceed Rs. 750.
Transportation of the following goods by rail / vessel / GTA in goods carriage is exempt	

- a) Agricultural produce
- b) Milk, salt and food grain including flours, pulses and rice
- c) Organic manure
- d) Newspaper or magazines registered with the Registrar of Newspapers
- e) Relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap
- f) Defence or military equipment's

c)

GTA services provided to **an unregistered person** (including **an unregistered casual taxable person**), **other than**;

- a) A registered casual taxable person;
- b) A factory registered under Factories Act;
- c) Society registered under Societies Act;
- d) Co-operative society;
- e) Body corporate and
- f) Partnership firm including AOP.

NOTE:

a) GTA services provided to:

- i) Person registered under GST law & registered casual taxable person, and
- ii) A factory registered under Factories Act, society registered under Societies Act, Co-operative society, body corporate and partnership firm including AOP - whether or not registered under GST law; are liable to tax.

b) The GTA services provided to only an unregistered individual end consumer are exempt from GST.

c) **GOODS CARRIAGE** means any motor vehicle constructed or adapted for use solely for the carriage of goods, or any motor vehicle not so constructed or adapted when used for the carriage of goods.

d) **GOODS TRANSPORT AGENCY** means any person who provides service in relation to transport of goods by road and issues consignment note, by whatever name called.

e) **GTA -CONSIGNMENT NOTE:**

- i) If consignment note is not issued by the transporter (service provider), the service provider will not come within the ambit of GTA.
- ii) 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 will be treated as services of GTA.
- iii) Individual truck/tempo operators who do not issue any consignment note are not covered within the ambit of GTA.

Examples,

- i) Hari Prasad owns a truck and operates it himself. He carries the goods booked for his truck without issuance of consignment note. Services provided by Hari Prasad by way of transportation of goods by road are exempt.
- ii) Pradeep owns a truck which he has rented to Tharun Transport Agency - a GTA. Services by way of giving on hire a means of transportation (truck in the given case) of goods to a GTA (Tharun Transport Agency) are exempt from tax.
- f) The services like loading/ unloading, packing/ unpacking, transshipment and temporary warehousing are ancillary to the principal supply of transportation of goods by road, will be treated as a composite supply and would not be treated as a separate supply. If such incidental (ancillary) services are provided as separate services and charged separately, whether in the same invoice/separate invoices, they shall be treated as separate supplies.

d)

Services provided by a **goods transport agency**, by way of transport of goods in a goods carriage, to

- i) Department of CG/SG/UT or
- ii) Local authority or
- iii) Government agencies registered only for the purpose of TDS u/s 51 and not for making a taxable supplies

(TEACH PROBLEM NO.4 OF CLASSROOM DISCUSSION)

10) LIFE INSURANCE RELATED SERVICES:

(FOR STUDENTS SELF - STUDY)

a)

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.

b)

Services of life insurance business provided or agreed to be provided by the **Army, Naval and Air Force Group Insurance Funds** to members of the Army, Navy and Air Force, respectively, under the Group Insurance Schemes of the Central Government.

c)

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.

d)

Services of **life insurance business** provided under following schemes-

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

11) GENERAL INSURANCE RELATED SERVICES:

(FOR STUDENTS SELF-STUDY)

a)

Services of **general insurance business** provided under following schemes -

- i) Hut Insurance Scheme;
- ii) Cattle Insurance under Swarnajayanti Gram Swarozgar Yojna;
- iii) Scheme for Insurance of Tribals;
- iv) Janata Personal Accident Policy and Gramin Accident Policy;
- v) Group Personal Accident Policy for Self-Employed Women;
- vi) Agricultural Pumpset and Failed Well Insurance;
- vii) Premium collected on export credit insurance;
- viii) Restructured Weather Based Crop Insurance Scheme (RWCIS), approved by the Government of India and implemented by the Ministry of Agriculture;
- ix) Jan Arogya Bima Policy;
- x) Pradhan Mantri Fasal Bima Yojana (PMFBY)
- xi) Pilot Scheme on Seed Crop Insurance;

- xii)** Central Sector Scheme on Cattle Insurance;
- xiii)** Universal Health Insurance Scheme;
- xiv)** Rashtriya Swasthya Bima Yojana;
- xv)** Coconut Palm Insurance Scheme;
- xvi)** Pradhan Mantri Suraksha Bima Yojna;
- xvii)** 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.
- xviii)** Service of general insurance business provided under **Bangla Shasya Bima scheme** have been exempted.

b)

Services by way of **reinsurance** of the insurance schemes specified under the **life insurance and general insurance** exemption list.

12) BANKING AND FINANCIAL SERVICES:

a)

Services by the **Reserve Bank of India**.

NOTE: All services **provided by** the Reserve Bank of India are exempted from GST. However, services **provided to** the Reserve Bank of India are liable to GST unless otherwise specifically exempted.

b)

Services by way of—

- a) Extending deposits, loans or advances** in so far as the consideration is represented by way of **interest** or **discount** (other than interest involved in **credit card services**);
- b) Inter se sale or purchase of foreign currency** amongst **banks** or **authorised dealers** of foreign exchange or amongst banks and such dealers.

NOTE:

- i)** Investments by way of equity or any other manner where the investor is entitled to a share of profit are not covered under this exemption.

Examples,

- *Fixed deposits or saving deposits or any other such deposits in a bank or a financial institution for which return is received by way of interest.*
- *Providing a loan or overdraft facility or a credit limit facility in consideration for payment of interest.*
- *Mortgages or loans with a collateral security to the extent that the consideration for advancing such loans or advances are represented by way of interest.*
- *Corporate deposits to the extent that the consideration for advancing such loans or advances are represented by way of interest or discount.*
- ii)** Service charges or administrative charges or entry charges collected over and above interest on loan, advance or a deposit are not exempt from GST.
- iii)** Invoice discounting/cheque discounting or any other similar form of discounting is covered only to the extent consideration is represented by way of discount as such discounting is a manner of extending a credit facility or a loan.
- iv)** Any interest/ delayed payment charges charged to clients for delay in payment of brokerage amount/ settlement obligations/ margin trading facility is exempt from GST since settlement obligations/ margin trading facilities are transactions which are in the nature of extending loans or advances and are covered by Entry 27

- v) Interest charged on outstanding credit card balances has been specifically excluded from Entry 27. Hence, the same is liable to GST.
- vi) Services provided to general public will not be covered under this exemption, covers only sale and purchase of foreign exchange between banks and authorized dealers of foreign exchange.
- vii) ***Additional/ penal interest on the overdue loan: In cases where the Equated Monthly Instalment (EMI) is not paid at the scheduled time, there is a levy of additional/ penal interest on account of delay in payment of EMI.***

c)

Services by an acquiring bank, to any person in relation to settlement of an amount **upto Rs.2,000** in a **single transaction** transacted through **credit card, debit card, charge card or other Payment card** service.

Note: Acquiring bank means any banking company, financial institution including NBFC or any other person, who makes the payment to any person who accepts such card.

d)

Services by an intermediary of financial services located in a **multi services SEZ** with **International Financial Services Centre (IFSC)** status to a customer located outside India for international financial services in currencies **other than Indian rupees (INR)**.

Explanation.- For the purposes of this entry, the intermediary of financial services in IFSC is a person,-

- i) who is permitted or recognised as such by the **Government of India** or **any Regulator** appointed for regulation of IFSC; or
- ii) who is treated as a person **resident outside India** under the Foreign Exchange Management (International Financial Services Centre) Regulations, 2015; or
- iii) who is registered under the **Insurance Regulatory and Development Authority of India** (International Financial Service Centre) Guidelines, 2015 as IFSC Insurance Office; or
- iv) Who is permitted as such by **Securities and Exchange Board of India (SEBI)** under the Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015.

e)

Services provided by a banking company to Basic Saving Bank Deposit account holders under **Pradhan Mantri Jan Dhan Yojana**.

(Teach problem No.5 of classroom discussion)

13) **SUPPLY OF SERVICES BY SPECIFIED BODIES:**

a)

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

b)

Services provided by the **Employees Provident Fund Organisation** to the persons governed under the Employees Provident Funds and the Miscellaneous Provisions Act, 1952.

c)

Services by **Coal Mines Provident Fund Organisation (CMPFO)** to persons governed by the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948.

d)

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

e)

Services provided by the **IRDAI** (Insurance Regulatory and Development Authority of India) to **insurers** under IRDAI Act, 1999.

f)

Services provided by the **SEBI** (Securities and Exchange Board of India) set up under the SEBI Act, 1992 by way of protecting the interests of investors in securities and to promote the development of, and to regulate, the securities market.

14) PENSION RELATED SERVICES

a)

Services by way of collection of contribution under **the Atal Pension Yojana**.

b)

Services by way of collection of contribution under **any pension scheme of the State Governments**.

15) SPECIFIED SUPPLIERS SERVICES

Services **by the following persons** in respective capacities -

- a) Business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch;
- b) Any person as an intermediary to a business facilitator or a business correspondent with respect to services mentioned in entry (a); or
- c) Business facilitator or a business correspondent to an insurance company in a rural area.

16) LEASING RELATED SERVICES:

a)

(FOR STUDENTS SELF-STUDY)

Before Amendment: **Upfront amount** (called as premium, salami, cost, price, development charges or by any other name) payable in respect of service by way of granting of long term lease of 30 years, or more) of industrial plots or plots for development of infrastructure for financial business, provided by the **State Government Industrial Development Corporations or Undertakings** or by any other entity having 50% or more ownership of Central Government, State Government, Union territory to the industrial units or the developers in any industrial or financial business area.

Explanation - the Central Government, State Government or Union territory shall have 50 % or more ownership in the entity directly or through an entity which is wholly owned by the Central Government, State Government or Union territory.

NOTE:**(FOR STUDENTS SELF-STUDY)**

Upfront amount payable in installments: Exemption on the upfront amount is admissible irrespective of whether such upfront amount is payable or paid in one or more instalments, provided the amount is determined upfront.

After Amendment: **Upfront amount** (called as premium, salami, cost, price, development charges or by any other name) payable in respect of service by way of granting of long term lease of 30 years, or more) of industrial plots or plots for development of infrastructure for financial business, provided by the **State Government Industrial Development Corporations or Undertakings** or by any other entity having **20% or more ownership** of Central Government, State Government, Union territory to the industrial units or the developers in any industrial or financial business area.

Explanation - the Central Government, State Government or Union territory shall have **20% or more ownership** in the entity directly or through an entity which is wholly owned by the Central Government, State Government or Union territory.

Provided that the **leased plots shall be used** for the purpose for which they are allotted, that is, **for industrial or financial activity** in an **industrial or financial business area**.

Provided also that the **State Government concerned** shall **monitor and enforce** the above condition, as per the **order issued** by the State Government in this regard.

Provided further that in case of **any violation or subsequent change of land use**, due to any reason whatsoever, the original lessor, original lessee as well as any subsequent lessee or buyer or owner shall be **jointly and severally liable** to pay such **amount of integrated tax**, as would have been payable on the upfront amount charged for the long term lease of the plots but for the exemption contained herein, **along with the applicable interest and penalty**.

Provided also that the lease agreement entered into by the original lessor with the original lessee or subsequent lessee, or sub- lessee, as well as any subsequent lease or sale agreements, for lease or sale of such plots to subsequent lessees or buyers or owners shall incorporate in the terms and conditions, the fact that the **integrated tax was exempted on the long term lease of the plots by the original lessor to the original lessee** subject to above condition and that the parties to the said agreements undertake to comply with the same.

b)

Services of **leasing of assets** (rolling stock assets including wagons, coaches, locos) by the **Indian Railways Finance Corporation** to Indian Railways.

17) SPONSORSHIP SERVICES:

Services by way of **sponsorship of sporting events** organised -

- a) By a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, State, zone or country;
- b) By Association of Indian Universities, Inter-University Sports Board, School Games Federation of India, All India Sports Council for the Deaf, Paralympic Committee of India or Special Olympics Bharat;
- c) By Central Civil Services Cultural and Sports Board;
- d) As part of national games, by Indian Olympic Association; or
- e) Under Panchayat Yuva Kreedha Aur Khel Abhiyaan (PYKKA) Scheme.

18) “GOVERNMENT” AS THE SUPPLIER OF SERVICES:

a)

Services **by a governmental authority** by way of any activity in relation to any function entrusted to **a municipality** under article 243 W of the Constitution.

b)

Services **by a governmental authority** by way of any activity in relation to any function entrusted to **a Panchayat** under article 243G of the Constitution.

c)

Services **by the Central Government, State Government, Union territory or local authority** **Except -**

- i) Services **by** the Department of Posts by way of **speed post, express parcel post, life insurance, and agency services** provided to a person **other than** the Central Government, State Government, Union territory;
- ii) Services in relation to an **aircraft or a vessel**, inside or outside the precincts of a port or an airport;
- iii) **Transport of goods or passengers**
- iv) **Any service**, other than services covered under entries (a) to (c) above, provided to **business entities**. [with aggregate turnover exceeding such amount in the preceding financial year as makes it eligible for exemption from registration under CGST Act].

NOTE:

- i) **AGENCY SERVICES** like distribution of mutual funds, bonds, passport applications, collection of telephone and electricity bills **on commission basis**.
- ii) **BASIC MAIL SERVICES** (post card, inland letter, book post, registered post) and **Transfer of money** (money orders, operation of savings accounts, issue of postal orders, pension payments and other such services) services provided by the **Department of Posts** are **not liable** to tax.
- iii) Department of Posts is liable to pay tax under **forward charge**.
- iv) The services provided **by CG/SG/UT/LA** in (a), (b), (c) points **to** any person shall be taxable, irrespective of the consideration amount received.

- v) Services provided by **Police or security agencies** of Government to **PSU/private business entities** are taxable supplies and taxable under **RCM** on the amount of consideration paid to Government.

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

d)

Services provided **by** the Central Government, State Government, Union territory or local authority **to a business entity** with an aggregate turnover of **up to Rs.20 lakh (Rs.10 lakh** in case of a Special Category States) in the preceding FY.

After Amendment:

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 FY as makes it eligible for exemption from registration under the CGST Act, 2017.**

Exception: When the CG/ SG/ / Union territory/ local authority supplies services by way of **renting of immovable property.**

Example, A small business entity is carrying on a business relating to consulting engineer services in Delhi. The aggregate turnover of the entity in the preceding financial year does not exceed the limit of Rs.20 lakh in a financial year. Thus, no tax is payable on the services received by it from Government or a local authority.

e)

Services provided **by** the Central Government, State Government, Union territory or local authority **to another** Central Government, State Government, Union territory or local authority.

f)

Services supplied **by** CG/ SG/ Union territory/ Local Authority where the consideration **does not exceed Rs.5,000** (In the case of "continuous supply of service", consideration **does not exceed Rs.5,000** in a FY).

g)

Supply of service **by** a Government Entity to Central Government, State Government, Union territory, local authority or any person specified by Central Government, State Government, Union territory or local authority **against consideration** received from Central Government, State Government, Union territory or local authority, in **the form of grants.**

h)

Services by **an old age home** run by CG, SG or an entity registered under the Income-tax Act to its **residents (aged 60 years or more)** against consideration (Includes boarding, lodging and maintenance charges) upto **Rs.25,000 per month per member.**

i)

Services supplied by Central Government, State Government, Union territory to their undertakings or Public Sector Undertakings(PSUs) by way of guaranteeing the loans taken by such undertakings or PSUs from **the banking companies** and financial institutions.

j)

Services provided **by** the Central Government, State Government, Union territory or local authority by way of-

a) Registration required under any law for the time being in force;

b) Testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, including fire license, required under any law for the time being in force.

k)

Services provided **by** the Central Government, State Government, Union territory or local authority by way of issuance of **passport, visa, driving license, birth certificate or death certificate**.

l)

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 **finest or liquidated damages** is payable to the Central Government, State Government, Union territory or local authority under such contract.

Example, Public Works Department of Karnataka entered into an agreement with M/s. ABC, a construction company, for construction of its office complex for an agreed consideration. In the agreement dated 10.07.2018, it was agreed by both the parties that M/s. ABC shall complete the construction work and handover the project on or before 31.12.2019.

It was further agreed that any breach of the terms of contract by either party would give right to the other party to claim for damages or penalty. M/s. ABC did not complete the construction and did not handover the project by the specified date i.e., on or before 31.12.2018. As per the contract, the Department asked for damages/penalty from M/s. ABC and threatened to go to the court if not paid. Resultantly, M/s. ABC paid an amount of Rs.10,00,000/- to the Department for non-performance of contract. Amount paid by M/s. ABC to Department is exempt from payment of tax.

m)

Services provided **by** the Central Government, State Government, Union territory or local authority by way of **assignment of right to use natural resources** to an **individual farmer** for cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products.

n)

Services provided **by** the Central Government, State Government, Union territory by way of **deputing officers** after office hours or on holidays for inspection or container stuffing or such other duties in relation to **import export cargo** on payment of **Merchant Overtime charges**.

o)

Services supplied **by** a **SG** to **ERCC** by way of **assigning the right** to collect royalty on behalf of the SG on the mineral dispatched by the **mining lease holders**.

If GST deposited by mining lease holders is **more than** the GST exempted on the service provided by SG to ERCC, **fully exempted**.

If GST deposited by mining lease holders is **less than** the GST exempted on the service provided by SG to ERCC, the exemption shall be **restricted** to an amount as is equal to the amount of **GST paid by the mining lease holders** and the **ERCC** shall pay the difference between **GST exempted** on the service provided by SG to the ERCC and **GST paid** by the mining lease holders.

Explanation- Mining lease holder means a person who has been granted mining lease, quarry lease or license or other mineral concession under the Mines and Minerals (Development and Regulation) Act.

p)

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

19) "GOVERNMENT" AS THE RECIPIENT OF SERVICES:

a)

Pure services (excluding works contracts or composite supplies) provided **TO** Central Government, State Government or Union territory or a local authority or a governmental authority or a Government Entity **by way of any activity** in relation to any function entrusted to a Panchayat/ Municipality.

b)

Composite supply of goods and services in which the value of supply of goods constitutes **not more than 25%** of the value of the said composite supply provided to the Central Government, State Government or Union territory or local authority or a Governmental authority or a Government Entity by way of any activity in relation to any function entrusted to a **Panchayat/ Municipality**.

EXAMPLES.

- i) Supply of man power for cleanliness of roads, public places, architect services, consulting engineer services, advisory services, and like services provided by business entities not involving any supply of goods would be treated as supply of pure services.
- ii) A governmental authority awarding the work of maintenance of street lights in a Municipal area to an agency which involves apart from maintenance, replacement of defunct lights and other spares. In this case, the scope of the service involves maintenance work and supply of goods.

c)

Service provided by **Fair Price Shops** to Central Government, State Government or Union territory by way of sale of **food grains, kerosene, sugar, edible oil**, etc. under Public Distribution System against consideration in the form of **commission or margin**.

d)

Services provided to the Central Government, State Government, Union territory **under any insurance scheme** for which total premium is paid by the Central Government, State Government, Union territory.

e)

Services provided to the Central Government, State Government, Union territory administration **under any training programme** for which total expenditure is borne by the Central Government, State Government, Union territory administration.

f)

Services provided **by the GSTN** (Goods and Services Tax Network) to the Central Government or State Governments or Union territories for implementation of Goods and Services Tax.

20) LEGAL SERVICES:

Services provided by –

a) An **arbitral tribunal** to –

- i) Any person **other than a business entity**; or
- ii) A business entity with a turnover up to **Rs. 20 lakh (Rs.10 lakhs** in case of special category states) in the preceding financial year;

After Amendment:

Services provided by-

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

iii) **The Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity.**

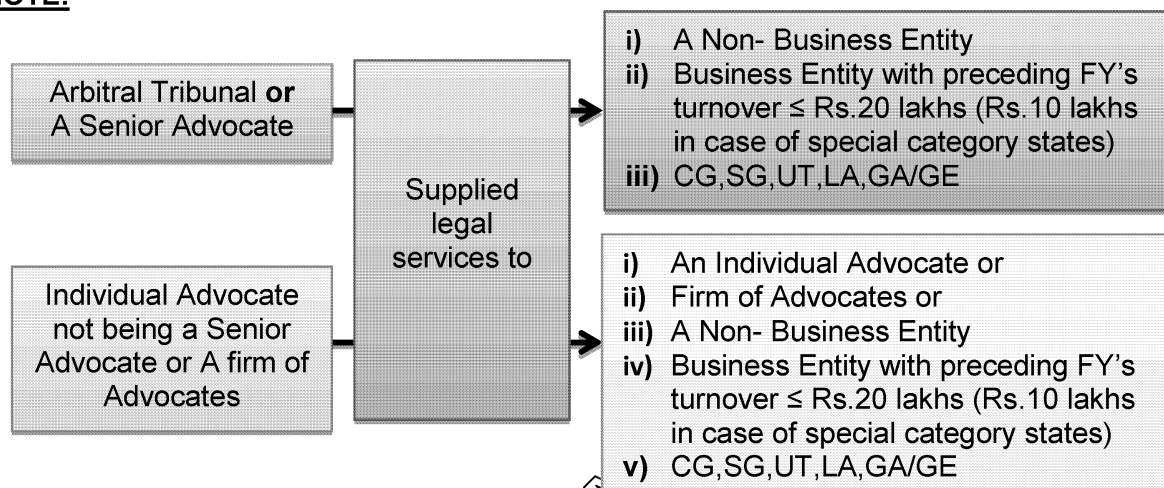
b) A partnership firm of advocates or an individual as an advocate **other than a senior advocate**, by way of legal services to –

- i) An **advocate** or **partnership firm** of advocates providing legal services ;
- ii) Any person **other than a business entity**; or
- iii) A business entity with a turnover up to **Rs. 20 lakh (Rs.10 lakhs** in case of special category states) in the preceding financial year;

After Amendment:

A business entity with an aggregate turnover **up to such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act, 2017.**

- iv) The Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity.
- c) A senior advocate by way of legal services to –
- Any person **other than a business entity**; or
 - A business entity with a turnover up to **Rs. 20 lakh (Rs.10 lakhs in case of special category states)** in the preceding financial year;
- After Amendment:**
A business entity with an aggregate turnover up to **such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act, 2017.**
- iii) The Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity.

NOTE:**(FOR STUDENTS SELF-STUDY)**

- The business entity located in the taxable territory who is litigant, applicant or petitioner, as the case may be, shall be treated as the person who receives the legal services.
- LEGAL SERVICE** means any service provided in relation to advice, consultancy or assistance in any branch of law, in any manner and includes representational services before any court, tribunal or authority.
- BUSINESS ENTITY** means any person carrying out business
- ADVOCATE** means an advocate entered in any roll under the provisions of the Advocates Act, 1961
- SENIOR ADVOCATE** has the same meaning as assigned to it in section 16 of the Advocates Act, 1961 which, inter alia, provides that an advocate may, with his consent, be designated as senior advocate if the Supreme Court or a High Court is of opinion that by virtue of his ability standing at the Bar or special knowledge or experience in law he is deserving of such distinction. Senior advocates shall, in the matter of their practice, be subject to such restrictions as the Bar Council of India may, in the interest of the legal profession, prescribe.
- ARBITRAL TRIBUNAL** means a sole arbitrator or a panel of arbitrators.

21) SKILL DEVELOPMENT RELATED SERVICES:

Any services provided by -

- The National skill Development Corporation(NSDC) or
 - A Sector Skill Council (SSC) approved by the NSDC or
 - An assessment agency approved by SSC or NSDC or
 - A training partner approved by the NSDC or the SSC
- in relation to -
- National Skill Development Programme or any other scheme implemented by NSDC; or
 - Vocational skill development course under National Skill Certification and Monetary Reward Scheme.

22) ARTIST PERFORMANCE SERVICES:

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

- a) music, or
- b) dance, or
- c) theatre

Are exempt from GST, if the consideration charged for such performance is not more than Rs.1,50,000. However, **exemption will not apply** to service provided by such artist as a **brand ambassador**.

NOTE:

i) **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.

ii) All other activities by an artist in **other art forms** would be taxable.

Example, *Western Music or Dance, Modern Theatres, performance of actors in films or television serials.*

iii) Activities of artists in **still art forms** are taxable.

Example, *painting, sculpture making etc.*

(TEACH PROBLEM NO.6 OF CLASSROOM DISCUSSION)**23) RIGHT TO ADMISSION TO VARIOUS EVENTS:**

a)

Services by way of **admission to** a museum, national park, wildlife sanctuary, tiger reserve or zoo.

b)

Services by way of admission to a **protected monument** so declared under the Ancient Monuments and Archaeological Sites & Remains Act 1958 or any of the State Acts, for the time being in force.

c)

Services by way of **right to admission to -**

- a) Circus, dance, or theatrical performance including drama or ballet;
- b) Award function, concert, pageant, musical performance or any sporting event other than a recognised sporting event;
- c) Recognized sporting event;
- d) Planetarium,

Where the consideration for admission is not more than **Rs.500 per person** as referred to in (a), (b) (c) and (d) above.

24) UNINCORPORATED ENTITY PROVIDED SERVICES:

a)

Services by unincorporated body/ non- profit entity **to its own members** as reimbursement/ share of contribution-

- i) As a trade union
- ii) For providing exempt activity; or
- iii) Up to an amount of **Rs.7,500 per month per member** for sourcing of goods/services from a third person for common use of its members in a housing society/residential complex.

NOTE:

- i) If the turnover of the society is less than Rs.20 lakh or even if the turnover is beyond Rs.20 lakh, but the monthly contribution of all the individual members towards maintenance is less than Rs.7,500/- and the society is providing no other taxable service to its members or outsiders, then the society need not take registration.

- ii) While computing the aforesaid monthly limit of Rs.7,500, statutory dues (property tax, electricity charges etc.) forming part of the monthly maintenance bill raised by the society on its members would be excluded.
- iii) For example, if the maintenance charges are Rs. 9000 per month per member, GST @ 18% shall be payable on the entire amount of Rs. 9000 and not on [Rs. 9000 - Rs. 7500] = Rs. 1500.

b)

Services provided by **an unincorporated body or a non-profit entity** registered under any law for the time being in force, engaged in,-

- i) Activities relating to the **welfare of industrial or agricultural labour or farmers**; or
- ii) **Promotion** of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment,
To its own members against consideration in the form of **membership fee** upto an amount of **Rs.1000/- per member per year**.

25) OTHER EXEMPT SERVICES:

a)

Supply of services associated with **transit cargo to Nepal and Bhutan** (landlocked countries).

b)

Services by way of **renting of residential dwelling** for use as residence.

c)

Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having **Value of Supply** of a unit of accommodation below **Rs.1,000 per day or equivalent**.

After Amendment:

Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having value of supply of a unit of accommodation **below or equal to Rs. 1,000 per day or equivalent**

d)

Service by way of access to a road or a bridge on payment of **toll charges**.

e)

Service by way of access to a road or a bridge on payment of **annuity**.

f)

Services provided **by an incubatee** up to a **Total Turnover (TT) of Rs.50 lakh in a FY** are exempt.

Conditions:-

- a) TT ≤ Rs.50 lakh during preceding FY; **and**
- b) 3 years have not lapsed since Incubatee agreement

g)

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**.

h)

Taxable services, provided or to be provided, by a **TBI/STEP** recognised by **NSTEDB** or **bio-incubators** recognised by the Biotechnology Industry Research Assistance Council, under the Department of Biotechnology, Government of India (BIRAC).

i)

Services by way of **collecting or providing** news by an independent **journalist**, Press Trust of India or United News of India.

j)

Lending of books, publications or any other knowledge enhancing content/ material BY **public libraries**.

k)

Services **by an organizer** to any person in respect of a **business exhibition held outside India**

l)

Services by way of **slaughtering of animals**

m)

Services by way of **pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling** of fruits and vegetables which do not change or alter the essential characteristics of the said fruits or vegetables.

n)

Services provided **by the National Centre for Cold Chain Development** under the Ministry of Agriculture, Cooperation and Farmer's Welfare by way of cold chain knowledge dissemination.

o)

Services **by a foreign diplomatic mission** located in India.

p)

Services by way of providing **information** under the **RTI Act** (Right to Information Act, 2005).

q)

Services provided to a **recognized sports body** by-

- i) An individual as a **player, referee, umpire, coach or team manager** for participation in a sporting event organized by a recognized sports body;
- ii) **Another recognized sports body**.

NOTE:

i) Services by individuals as selectors, commentators, curators, technical experts are taxable.

ii) The service of a player to a franchisee which is not a recognized sports body is also taxable.

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

(NEW SM)

Answer: Services provided to a recognized sports body by an individual inter alia as a referee in a sporting event organized by a recognized sports body is exempt from GST.

Since in the first case, the football match is organized by Sports Authority of India, which is a recognized 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 organized by a local sports club, he would not be entitled to afore-mentioned exemption as a local sports club is not a recognized sports body and thus, GST will be payable in this case.

RECOGNIZED SPORTS BODY MEANS -

- i) Indian Olympic Association
- ii) Sports Authority of India
- iii) A national sports federation recognised by the Ministry of Sports and Youth Affairs of the Central Government, and its affiliate federations
- iv) National sports promotion organisations recognised by the Ministry of Sports and Youth Affairs of the Central Government
- v) International Olympic Association or a federation recognised by the International Olympic Association, or
- vi) A federation or a body which regulates a sport at international level and its affiliated federations or bodies regulating a sport in India.

(TEACH PROBLEM NO.7, 8 OF CLASSROOM DISCUSSION)

r)

Services provided **by operators of the common bio-medical waste** treatment facility to a clinical establishment by way of treatment or disposal of bio-medical waste or the processes incidental thereto.

s)

Services by way of **public conveniences** such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets.

t)

Transmission/distribution of electricity by an electricity **transmission/ distribution** utility.

NOTE: The other services (**releasing connection, renting of metering equipment, testing of meters/transformers, shifting of meters/duplicate bill** services) provided by distribution companies to against charges are liable to GST.

u)

Services by way of **transfer of a going concern**, as a whole or an independent part thereof.

NOTE: Sale of business as a whole will comprise comprehensive sale of immovable property, goods and transfer of unexecuted orders, employees, goodwill etc. The transfer in title is not merely a transfer in title of either the immovable property or goods or even both it may amount to service.

Example, *Royal Hotel Group is in the business of running a chain of restaurants. It intends to sell its business. It is not required to pay GST on such sale of its business.*

v)

Services by way of **giving on hire -**

- a) To a state transport undertaking, a **motor vehicle** meant to carry **more than 12** passengers; or

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

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

- b) To a **GTA**, a means of transportation of goods.
- c) Motor vehicle for transport of **students, faculty and staff**, to a person providing services of transportation of students, faculty and staff **to an educational institution** providing services by way of **pre-school** education and education upto **higher secondary school** or equivalent.

NOTE: Supplies of motor vehicles to Government Departments or local authority **other than the STUs** are taxable. **(TEACH PROBLEM NO.9, 10, 11 & 12 OF CLASSROOM DISCUSSION)**

w)

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

5. OTHER EXEMPTIONS

1)

Intra-State supplies (goods or services or both) received by a **registered person from any unregistered supplier** are exempted from CGST under **Sec.9 (4) till 30.09.2019**.

2)

Intra-State supply of services by way of grant of **license** or **lease** to **explore** or **mine petroleum crude** or **natural gas** or both, has been **exempted** from CGST on the consideration paid to the CG in the form of **Central Government's share** of profit

CIRCULARS/ NOTIFICATIONS:

1) New Entry 9AA

Services provided by and to **Federation International de Football Association (FIFA)** and its subsidiaries directly or indirectly related to any of the events under FIFA U-17 Women's World Cup 2020 to be hosted in India.

Condition to be fulfilled:

Director (Sports), Ministry of Youth Affairs and Sports have to certify that the services are directly or indirectly related to any of the events under FIFA U-17 Women's World Cup 2020

2) New Entry 24B

Services by way of storage/ warehousing of cereals, pulses, fruits, nuts and vegetables, spices, copra, sugarcane, jaggery, raw vegetable fibres such as cotton, flax, jute etc., indigo, unmanufactured tobacco, betel leaves, tendu leaves, coffee and tea.

3) New Entry 82A

Services by way of right to admission to the events organised under **FIFA U-17 Women's World Cup 2020**.

Note: Parallel exemptions from IGST have been extended to supply of specified inter-State services.

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

There are two transaction options involving EMI that are prevalent in the trade. These two options, along with the GST applicability have been explained as under:

Option I: Finance Assistance directly provided by the Supplier to Buyer

Mr. X buys goods from Supplier Mr. Y for Rs.40,000. It will be paid Rs. 11,000 per month in four EMI. Mr. Y issues separate invoice for providing service of extending loans to Mr. X the consideration for which is the interest of 2.5% per month and an additional/ penal interest amounting to Rs. 500/- per month for each delay in payment of EMI. Assume Mr. X made a default in payment of EMI for two months.

Solution:

In terms of section 15(2)(d), Interest or late fee or penalty for delayed payment of any consideration for any supply shall be included in value of the supply. So the value of supply shall be Rs.45,000 (Rs.44,000 + 1,000(including Additional/Penal Interest Rs. 500 per month) irrespective of the manner of invoicing.

Option II: Finance Assistance provided by third party to buyer

Mr. X takes a loan Rs.40,000 from ABC Ltd and buys goods from Supplier Mr. Y for Rs.40,000.

Such loan will be Rs. 11,000 per month in four EMI and an additional/ penal interest amounting to Rs. 500/- per month for each delay in payment of EMI. Assume Mr.X made a default in payment of EMI for two months.

Solution:

Services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount (other than interest involved in credit card services) are exempt vide Entry 27. Consequently, in this case the 'penal interest' charged thereon on a transaction between X and ABC Ltd. would not be subject to GST as the same would be covered under said exemption entry. However, any service fee/ charge or any other charges, if any, are levied by M/s. ABC Ltd. in respect of the transaction related to extending deposits, loans or advances does not qualify to be interest as defined in exemption notification, and accordingly will not be exempt. Therefore, the value of supply is NIL

5) Clarification on issues related to GST on monthly subscription/ contribution charged by a Residential Welfare Association from its members.

- a) **Issue:** Are the maintenance charges paid by residents to the Resident Welfare Association (RWA) in a housing society exempt from GST and if yes, is there an upper limit on the amount of such charges for the exemption to be available?

Clarification: Supply of service by RWA (unincorporated body or a non- profit entity registered under any law) to its own members by way of reimbursement of charges or share of contribution up to an amount of Rs. 7,500/- per month per member for providing services and goods for the common use of its members in a housing society or a residential complex are exempt from GST.

- b) **Issue:** A RWA has aggregate turnover of Rs. 20 lakh or less in a FY. Is it required to take registration and pay GST on maintenance charges if the amount of such charges is more than Rs. 7500/- per month per member?

Clarification:

No. If aggregate turnover of an RWA does not exceed Rs.20 Lakh in a FY, it shall not be required to take registration and pay GST even if the amount of maintenance charges exceeds Rs. 7,500/- per month per member.

RWA shall be required to pay GST on monthly subscription/ contribution charged from its members, only if such subscription is more than Rs. 7,500/- per month per member and the annual aggregate turnover of RWA by way of supplying of services and goods is also Rs. 20 lakh or more.

Annual turnover of RWA	Monthly maintenance charge	Whether exempt?
i) More than Rs. 20 lakhs	More than Rs.7,500/-	No
	Rs. 7,500/- or less	Yes
ii) Rs. 20 lakhs or less	More than Rs. 7,500/-	Yes
	Rs. 7,500/- or less	Yes

- c) **Issue:** Is the RWA entitled to take ITC of GST paid on input and services used by it for making supplies to its members and use such ITC for discharge of GST liability on such supplies where the amount charged for such supplies is more than Rs. 7,500/- per month per member?

Clarification: 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

- d) **Issue:** Where a person owns 2 or more flats in the housing society/residential complex, whether the ceiling of Rs. 7,500/- per month per member on the maintenance for the exemption to be available shall be applied per residential apartment or per person?

Clarification: As per general business sense, a person who owns 2 or more residential apartments in a housing society/residential complex shall normally be a member of the RWA for each residential apartment owned by him separately. The ceiling of Rs. 7,500/- per month per member shall be applied separately for each residential apartment owned by him.

Ex: If a person owns 2 residential apartments in a residential complex and pays Rs. 15,000/- per month as maintenance charges towards maintenance of each apartment to the RWA (Rs. 7,500/- per month in respect of each residential apartment), the exemption from GST shall be available to each apartment.

(TEACH PROBLEM NO. 13 & 14 OF CLASSROOM DISCUSSION)

SECTION2: PROBLEMS FOR CLASSROOM DISCUSSION

PROBLEM NO.1: The temple of ancestral deity of Mr. Aman goel and his family is located at Beri, Haryana. The temple is run by a charitable organisation registered under section 12AA of the Income Tax Act, 1961. The family has got unshakeable faith in their ancestral deity. Mr. Aman is a big entrepreneur having flourishing business of tiles in Gurugram. Upon the birth of their first child, he donated Rs. 10 lakh to the said temple for construction of a sitting hall in the temple. On the main door of the sitting hall, a name plate was placed stating "Donated by Mr. Aman Goel upon birth of his first child".

You are required to examine the levability of GST on the donation received from Mr. Aman Goel?

(RTP M20 (N&O)) (ANS.: NOT LEVIABLE) (SOLVE PROBLEM NO.1 OF ASSIGNMENT PROBLEMS AS REWORK)

PROBLEM NO.2: Examine whether GST is payable in the following independent supply of services:

- i) 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.
- ii) Ramfal Lalaji, an agriculturist, has stored sugarcane in a warehouse. He has taken fumigation services in the said warehouse from Gupta Pest Control Co. for which he paid the consideration of Rs.6,000.

(RTP N18(N&O)) (ANS.: I) NOT PAYABLE, II) NOT PAYABLE)

(SOLVE PROBLEM NO.2 OF ASSIGNMENT PROBLEMS AS REWORK)

PROBLEM NO.3: Ayushman Medical Centre, a clinical establishment, offers the following services:

S.No.	Particulars	Rs.
i)	Reiki healing treatments. Such therapy is not a recognized system of medicine in terms of section 2(h) of Clinical Establishments Act, 2010.	10,00,000
ii)	Plastic surgeries. [One such surgery was conducted to repair cleft lip of a new born baby. Consideration of Rs.1,00,000 was charged for the same.]	20,00,000
iii)	Air ambulance services to transport critically ill patients from distant locations to Ayushman Medical Centre.	1,00,000
iv)	Alternative medical treatments by way of Ayurveda. Such therapy is a recognized system of medicine in terms of section 2(h) of Clinical Establishments Act, 2010	2,50,000

*excluding GST

Ayushman Medical Centre also operates a cord blood bank which provides services in relation to preservation of stem cells. You are required to compute the value of supply and GST liability [CGST & SGST or IGST] of Ayushman Medical Centre, if any, in the light of relevant GST provisions.

NOTE: All the services provided by Ayushman Medical Centre are intra-State supplies. Assume the rates of CGST, SGST and IGST to be 9%, 9% and 18% respectively.

(MTP M18 (N&O))

(ANS.: VALUE: RS.29, 00,000 & CGST AND SGST OF RS. 2, 61,000 EACH)

(SOLVE PROBLEM NO.3 OF ASSIGNMENT PROBLEMS AS REWORK)

PROBLEM NO.4: Discuss whether GST is payable in respect of transportation services provided by Raghav Goods Transport Agency in each of the following independent cases: (NEW SM)

Customer	Nature of services provided	Amount charged in Rs.
A	Transportation of milk	20,000

B	Transportation of books on a consignment transported in a single goods carriage	3,000
C	Transportation of chairs for a single consignee in the goods carriage	600

(NEW SM) (ANS.: A) NO, B) YES, C) NO) (SOLVE PROBLEM NO.4 OF ASSIGNMENT PROBLEMS AS REWORK)

PROBLEM NO.5: M/s. Apna Bank Ltd a scheduled commercial bank has furnished the following details for the month of August, 2019: (Rs. in crores)

Particulars	Amount (Rs.) (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	01

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

(M19(N) - 6M)

(ANS.: RS. 91 CRORES) (SOLVE PROBLEM NO.5 OF ASSIGNMENT PROBLEMS AS REWORK)

PROBLEM NO.6: RXL Pvt. Ltd. manufactures beauty soap with the brand name 'Forever Young'. RXL Pvt. Ltd. has organized a concert to promote its brand. Ms. Ahana Kapoor, its brand ambassador, who is a leading film actress, has given a classical dance performance in the said concert. The proceeds of the concert worth Rs. 1, 20,000 will be donated to a charitable organization.

Whether Ms. Ahana Kapoor will be required to pay any GST?

(NEW SM) (ANS.: LIABLE TO PAY GST)

(SOLVE PROBLEM NO.6 OF ASSIGNMENT PROBLEMS AS REWORK)

PROBLEM NO.7: Examine whether GST is exempted on the following independent supply of services:

- Relax & Co, a tour operator, provides services to a foreign tourist for tour conducted in Kerala and receives a sum of Rs. 1,50,000.
- Ms. Sneha acts as a Coach for Indian Sports League (ISL), a recognised sports body, for a Tennis tournament organised by Superb retail company and received a remuneration of Rs. 4,00,000.

(MTP N18(N&O)) (ANS.: I) NOT EXEMPTED, II) NOT EXEMPTED)

(SOLVE PROBLEM NO.7 OF ASSIGNMENT PROBLEMS AS REWORK)

PROBLEM NO.8: Determine taxable value of supply under GST law with respect to each of the following independent services provided by the registered persons:

Particulars	Gross amount charged in Rs.
Fees charged for yoga camp conducted by a charitable trust	50,000
Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts	1,00,000
Amount charged by cord blood bank for preservation of stem cells	5,00,000
Amount charged for service provided by commentator to a recognized sports body	5,20,000

(NEW SM) (ANS.: RS. 5,20,000) (SOLVE PROBLEM NO.8 OF ASSIGNMENT PROBLEMS AS REWORK)

PROBLEM NO.9: Examine whether GST is payable in the following independent cases:

- Ekta Charitable trust, registered under section 10(23C) (v) of the Income-tax Act manages a temple in Rohini, Delhi. It has given on rent a community hall, located within temple premises, to public for celebration of Teej Mela. Rent charged is Rs.9,500.
- Speed post services by Department of Post to Union Territory of Daman & Diu.

- iii) ST Ltd. has given on hire 5 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 Rs.7,500 per truck per day.
(MTP M18(N&O)) (ANS.: I) NOT EXEMPTED, II) NOT EXEMPTED, III) EXEMPTED)

(SOLVE PROBLEM NO.9 OF ASSIGNMENT PROBLEMS AS REWORK)

PROBLEM NO.10: Sungrow Pvt. Ltd. (a registered taxable person) having the gross receipt of Rs. 50 lakh in the previous financial year provides the following information relating to their services for the month of July, 2019

S.No.	Particulars	Amount (Rs.)
1)	Running a boarding school	2,40,000
2)	Fees from prospective employer for campus interview	1,70,000
3)	Education services for obtaining the qualification recognised by law of foreign country	3,10,000
4)	Renting of furnished flats for temporary stay to different persons (Rent per day is less than Rs. 1,000 per flat)	1,20,000
5)	Conducting Modular Employable Skill Course, approved by National Council of Vocational Training	1,40,000
6)	Conducting private tuitions amount	3,00,000
7)	Running martial arts academy for young children	55,000
8)	Conducting career counselling session	1,65,000

Compute the value of taxable supply and the amount of GST payable. The above receipts don't include the GST amount. Rate of GST is 18%.
(MTP M19 (N&O)) (ANS.: RS. 10,00,000, RS. 1,80,000)

(SOLVE PROBLEM NO.10 OF ASSIGNMENT PROBLEMS AS REWORK)

PROBLEM NO.11: Mr. Uttam Kumar a registered supplier of service in Kolkata has provided following information for the month of October, 2019:

No.	Particulars	Amount (Rs.)
1)	Intra-state taxable supply of service	6,40,000
2)	Amount received from kapola Pvt Ltd. for service provided to company.(He is director in Kapola P Ltd), being Intra-state transaction	5,00,000
3)	Paid legal fee to senior advocate for one legal matter within state, being Intra-state transaction	50,000
4)	Amount received for service provided by him as a commentator to a local recognized sports body, being Intra-state transaction	1,20,000
5)	Amount received for acting as a coach in recreational activities relating to sports, from one local charitable entity registered under section 12AA of the Income tax Act, 1961, being Intra-state transaction	30,000

Compute the net GST liability (CGST, SGST or IGST) of Mr. Uttam Kumar for the month of October, 2019. Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively.

All the amounts given are exclusive of CGST, SGST and IGST.

(M19 (O) - 8M)

(ANS.: CGST & SGST OF RS. 1, 17,900 EACH) (SOLVE PROBLEM NO.11 OF ASSIGNMENT PROBLEMS AS REWORK)

PROBLEM NO.12: Holiday Guest House, situated at Shimla, provides boarding & lodging services to tourists at economical cost. The charges of a single deluxe room per day are Rs. 999. Mr. X has booked one deluxe room for two days during Christmas holidays. You are required to determine whether GST is payable by Holiday Guest House on the above booking. If yes, determine the amount of GST so payable.

Will your answer change, if the charges of a single deluxe room per day charged by Holiday Guest House are Rs. 1,000?
(RTP M20 (N&O))

(ANS.: EXEMPTED, EXEMPTED) (SOLVE PROBLEM NO.12 OF ASSIGNMENT PROBLEMS AS REWORK)

PROBLEM NO.13: Decide with reason whether the following independent services are exempt under CGST Act, 2017:

- i) Gokul residents welfare association received Rs.9,000 per month as contribution from each member for sourcing of goods and services from third persons for common use of its members
- ii) Mr. Vikalp, a performing artist, has received Rs.1,58,000 from performance of classical dance and Rs.90,000 from acting in TV serial during the month of June 2019. (M19 (N) - 4M)

(ANS.: I) NOT EXEMPTED, II) NOT EXEMPTED FOR BOTH) (SOLVE PROBLEM NO.13 OF ASSIGNMENT PROBLEMS AS REWORK)

PROBLEM NO.14: M/s Damodar Ltd. provides services by way of storage of seasonal fruits and vegetables in Bhatinda, Punjab. The monthly rental for a godown is Rs. 15,000. Examine whether GST is payable by M/s Damodar Ltd. (RTP M20 (N&O))

(ANS.: EXEMPTION AVAILABLE) (SOLVE PROBLEM NO.14 OF ASSIGNMENT PROBLEMS AS REWORK)

PROBLEM NO.15: Multiservices Private Ltd., registered in Punjab, is engaged in supplying a variety of services. Its turnover was Rs. 35 lakh in the preceding financial year. It has provided the following information for the month of April:

Particulars	Amount (Rs.)
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. (RTP N20 (N))
(ANS.: CGST&SGST OF RS.56,160 EACH) (SOLVE PROBLEM NO.15 OF ASSIGNMENT PROBLEMS AS REWORK)

PROBLEM NO.16: Dukhiya Das is engaged in providing following services. With the help of information given below, determine which of the services provided by Dukhiya Das are exempt from GST:

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

(ANS.: 1) Not Exempt, 2) Exempt, 3) Not Exempt (SOLVE PROBLEM NO.16 OF ASSIGNMENT PROBLEMS AS REWORK)

PROBLEM NO.17: Good Health Medical Centre, a clinical establishment, offers the following services:

- (i) Reiki healing treatments.
- (ii) Plastic surgeries. One such surgery was conducted to repair cleft lip of a new born baby.
- (iii) Air ambulance services to transport critically ill patients from distant locations to the Medical Centre.
- (iv) Palliative care for terminally ill patients. On request, such care is also provided to patients at their homes. (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).
- (v) Alternative medical treatments by way of yoga.

Good Health Medical Centre also operates a cord blood bank which provides services in relation to preservation of stem cells.

Good Health Medical Centre is of the view that since it is a clinical establishment, all the service provided by it as well as all the services provided to it are exempt from GST.

You are required to examine the situation in the light of relevant statutory provisions. (NEW SM)

(ANS.: 1) Not Exempt, 2) Exempt, 3) Exempt 4) Exempt, 5) Exempt (SOLVE PROBLEM NO.17 OF ASSIGNMENT PROBLEMS AS REWORK)

SECTION 3: PRINTED SOLUTIONS FOR CLASSROOM PROBLEMS

PROBLEM NO.1

It has been clarified vide *Circular No. 116/35/2019 GST dated 11.10.2019* that when the name of the donor is displayed in the religious institution premises, by placing a name plate or similar such acknowledgement, which can be said to be an expression of gratitude and public recognition of donor's act of philanthropy and is not aimed at giving publicity to the donor in such manner that it would be an advertising or promotion of his business, then it can be said that there is no supply of service for a consideration (in the form of donation). There is no obligation (*quid pro quo*) on part of recipient of the donation or gift to do anything (supply a service). Therefore, there is no GST liability on such consideration.

In the given case, there is no reference or mention of any business activity of the donor which otherwise would have got advertised. Thus, since the gift or donation is made to a charitable organization, the payment has the character of gift or donation and the purpose is philanthropic (i.e., it leads to no commercial gain) and not advertisement, hence GST is not leviable.

PROBLEM NO.2

- a) 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 entrance fee, the same is exempt and thus, GST is not payable in this case.

- b) Services by way of fumigation in a warehouse of agricultural produce are exempt from GST. In the present case, since Gupta Pest Control Co. provides services by way of fumigation in the warehouse of sugarcane [being an agricultural produce], said services are exempt and GST is not payable on the same.

PROBLEM NO.3

Health care services provided by, inter alia, clinical establishments in India are exempt from GST vide Notification No. 12/2017 CT (R) dated 28.06.2017. The definition of 'health care services' stipulates that such services must be provided in any recognized system of medicines.

As per section 2(h) of Clinical Establishments Act, 2010, recognised system of medicine means allopathy, yoga, naturopathy, ayurveda, homeopathy, siddha and unani system of medicines or any other system of medicines as may be recognised by the Central Government. Accordingly, value of supply and GST liability of Ayushman Medical Centre will be computed as follows:

S.No.	Particulars	Rs.
i)	Reiki healing treatments [Not a recognized system of medicines]	10,00,000
ii)	Plastic surgeries [Rs.20,00,000 - Rs.1,00,000] ['Health care services' specifically excludes, inter alia, cosmetic or plastic surgery except when undertaken to restore/reconstruct anatomy/functions of body affected due to congenital defects, developmental abnormalities, injury or trauma]	19,00,000
iii)	Air ambulance services to transport critically ill patients from distant locations to the Medical Centre ['Health care services' specifically includes services by way of transportation of the patient to and from a clinical establishment]	Nil
iv)	Alternative medical treatments by way of Ayurveda [Being a recognized system of medicines]	Nil
	Value of supply	29,00,000
	CGST @ 9%	2,61,000
	SGST @ 9%	2,61,000

NOTE: Services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation are exempt from GST. Therefore, services provided in relation to preservation of stem cells by the cord blood bank operated by Ayushman Medical Centre will be exempt from GST.

PROBLEM NO.4

Customer	Nature of services provided	Amount charged in Rs.	Taxability
A	Transportation of milk	20,000	Exempt. Transportation of milk by goods transport agency is exempt.
B	Transportation of books on a consignment transported in a single goods carriage	3,000	GST is payable. Exemption is available for transportation of goods only where the consideration for transportation of goods on a consignment transported in a single goods carriage does not exceed Rs. 1,500.
C	Transportation of chairs for a single consignee in the goods carriage	600	Exempt. Transportation of goods where consideration for transportation of all goods for a single consignee does not exceed Rs.750 is exempt.

PROBLEM NO.5

Computation of taxable value of Apna Bank Ltd., for the month of August 2019

Particulars	Amount Rs. in Crores
Housing loan to customers	NIL
Processing fees	20
Commission	30
Interest income on credit card	40
Interest on housing loan	NIL
Minimum balance charges	01
Value of taxable supply	91

Note:

- Accepting deposits / lending loans are transactions in money. Therefore, not chargeable to GST.
- Interest on credit card only taxable. Other than that remaining interest are exempted.
- Processing fee, commission and all other charges are taxable.

PROBLEM NO.6

Services by an artist by way of a performance in folk or classical art forms of (i) music, or (ii) dance, or (iii) theatre are exempt from GST, if the consideration charged for such performance is not more than Rs. 1,50,000.

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

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

PROBLEM NO.7

- Services provided by a tour operator to a foreign tourist are exempt from GST provided such services are in relation to a tour conducted wholly outside India. Thus, since in the given case, services provided by Relax & Co. are in relation to a tour conducted within India, the same are not exempt from GST.
- Services provided by a coach to a recognised sports body for participation in a sporting event are exempt from GST provided said sporting event is organised by a recognized sports body. Thus, since in the given case, the sporting event is not organised by a recognised sports body, the services provided by Ms. Sneha are not exempt from GST.

PROBLEM NO.8**Computation of value of taxable supply**

Particulars	Rs.
Fees charged for yoga camp conducted by a charitable trust (Note-i)	Nil
Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts (Note-ii)	Nil
Amount charged by cord blood bank for preservation of stem cells (Note-iii)	Nil
Amount charged for service provided by commentator to a recognized sports body (Note-iv)	5,20,000
Value of taxable supply	5,20,000

NOTES:

- 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.
- 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.
- Services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation are exempt from GST.
- Services provided to a recognized sports body only by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body are exempt from GST. Thus, services provided by commentators are liable to GST.

PROBLEM NO.9

- Renting of community hall by Ekta charitable trust is exempt from GST, as rent is less than Rs.10,000 per day. The Exemption Notification No. 12/2017 CT (R) dated 28.06.2017/ Notification No. 9/2017 IT (R) dated 28.06.2017 has exempted the said 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, kalyan mandapam or open area are Rs.10,000 or more per day.

- GST is not payable in case of speed post services by Department of Post to Union territory of Daman & Diu. The Exemption Notification No. 12/2017 CT (R) dated 28.06.2017/ Notification No. 9/2017 IT (R) dated 28.06.2017 has exempted the said service wholly from GST.

Exemption Notification inter alia provides exemption to services by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to the Central Government, State Government, Union territory. Therefore GST is payable, if such service is provided to a person other than Central Government/State Government/Union Territory.

- GST is not payable in case of hiring of trucks to Titu Transporters. The Exemption Notification No. 12/2017 CT (R) dated 28.06.2017/ Notification No. 9/2017 IT (R) dated 28.06.2017 provides exemption to services by way of giving on hire inter alia to a goods transport agency, a means of transportation of goods.

PROBLEM NO.10

S.No.	Particulars	Amount (Rs.)
a)	Running a boarding school [Services provided by an educational institution to its students, faculty and staff are exempt]	Nil
b)	Fees from prospective employer for campus interview [Not exempt]	1,70,000
c)	Education services for obtaining the qualification recognised by law of foreign country [An institution providing education services for obtaining qualification recognized by a foreign country does not qualify as educational institution. Thus, said services are not exempt]	3,10,000

d)	Renting of furnished flats for temporary stay to different persons [Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having value of supply of a unit of accommodation below or equal to Rs. 1,000 per day or equivalent]	Nil
e)	Conducting Modular Employable Skill Course [An institution providing Modular Employable Skill Course qualifies as educational institution. Services provided by an educational institution to its students, faculty and staff are exempt]	Nil
f)	Conducting private tuitions amount [Not exempt]	3,00,000
g)	Running martial arts academy for young children [Not exempt under GST laws]	55,000
h)	Conducting career counselling session [Not exempt under GST laws]	1,65,000
	Value of taxable supply	10,00,000
	GST payable @ 18%	1,80,000

PROBLEM NO.11**Calculation showing amount of GST payable**

Particulars	Calculation	CGST	SGST	IGST
Intra state taxable supply of services	6,40,000x9%	-	57,600	57,600
Amount received from Kapola Pvt Ltd.	5,00,000x9%		45,000	45,000
Paid legal fee to senior advocate(W.N-1)	50,000x9%	-	4,500	4,500
Services provided by him as a commentator (W.N-2)	1,20,000x9%	-	10,800	10,800
Amount received for acting as a coach in recreational activities (W.N-3)	Exempt	-	-	-
			1,17,900	1,17,900

Working note:

- a) Services supplied by an individual advocate including a senior advocate as firm of advocates by way of legal services, directly or indirectly to any business entity located in taxable territory is chargeable to tax under reverse charge mechanism.

In this case, Uttam Kumar, received services from senior advocate so he is required to pay tax under reverse charge mechanism.

- b) Services provided to a recognised body by an individual as a player, referee, coach as team manager for participation in a sporting event organized by a recognised sports body is exempt from tax.

Since, commentator is not covered in the above exemption he is liable to pay tax on the services provided.

- c) Services by way or training as coaching in recreational activities recreating to arts or culture or sports by charitable entities registered under income tax act is exempt from tax.

PROBLEM NO.12

Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having value of supply of a unit of accommodation below or equal to Rs.1,000 per day or equivalent have been exempted from GST vide an exemption notification.

Thus, in view of the above-mentioned provisions, GST is not payable by Holiday Guest House on the booking done by Mr. X as the charges for a unit of accommodation per day is less than Rs.1,000.

The answer will remain the same even if the charges of a single deluxe room per day is Rs.1,000 as the exemption is also available in the case where value of supply of a unit of accommodation per day is Rs.1,000 i.e., such services are taxable only where value of supply of a unit of accommodation per day exceeds Rs.1,000/-. Thus, no GST is payable by Holiday Guest House on the booking done by Mr. X even if the charges of a single deluxe room per day is Rs.1,000.

Copyrights Reserved To **MASTER MINDS COMMERCE INSTITUTE PVT.LTD.**

PROBLEM NO.13

- a) If aggregate turnover of an RWA does not exceed Rs.20 Lakh in a FY, it shall not be required to take registration and pay GST even if the amount of maintenance charges exceeds Rs. 7,500/- per month per member.

RWA shall be required to pay GST on monthly subscription/ contribution charged from its members, only if such subscription is more than Rs. 7,500/- per month per member and the annual aggregate turnover of RWA by way of supplying of services and goods is also Rs. 20 lakh or more.

If monthly contribution exceeds Rs.7,500 p.m. per member, it is chargeable to GST (Assuming aggregate turnover of an RWA exceeded Rs. 20 lakhs). In the present case, contribution from each member for sourcing of goods and services from third persons for common use of its members exceeds Rs.7,500. So, contribution received Rs.9,000 is fully taxable.

- b) Services by an artist by way of a performance in folk or classical art forms of music, or dance, or theatre are exempt from GST, if the consideration charged for such performance is not more than Rs.1,50,000. However, exemption will not apply to service provided by such artist as a brand ambassador.

In the present case, Mr. Vikalp, a performing artist, has received Rs.1,58,000 from performance of classical dance exceeds Rs.1,50,000. So, amount received by Mr. Vikalp is fully taxable. Acting in TV serial is not covered under exemption then Rs.90,000 from acting in TV serial is fully taxable irrespective of monetary limit.

PROBLEM NO.14

Services by way of storage/ warehousing of cereals, pulses, fruits, nuts and vegetables, spices, copra, sugarcane, jaggery, raw vegetable fibres such as cotton, flax, jute etc., indigo, unmanufactured tobacco, betel leaves, tendu leaves, coffee and tea have been exempted from GST under an exemption notification under GST.

Thus, no GST is payable on the services provided by M/s Damodar Ltd. by way of storage of seasonal fruits and vegetables in Bhatinda, Punjab.

PROBLEM NO.15

Computation of net GST liability of Multiservices Private Ltd. for the month of April:

Particulars	Value of Supply (Rs.)	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)
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:

- a) Coaching centre run by Mutiservices 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.
- b) 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.
- c) 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.
- d) 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.

PROBLEM NO.16

- a) Entry 54, inter alia, exempts the 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. In the given case, though the packaging of onions does not alter their essential characteristic, it makes them marketable for retail market and not for the primary market and further, such packaging is being done at the warehouse of Dukhiya Das and not at an agricultural farm. Hence, said services are not exempt.
- b) Entry 54, inter alia, exempts the warehousing of agricultural produce. However, entry 24B exempts warehousing of certain specified items some of which are not agricultural produce. Although jaggery and tea do not qualify as agricultural produce, their warehousing is specifically exempt under entry 24B.
- c) Entry 54, inter alia, exempts the services of loading, unloading, packing, storage or warehousing of agricultural produce. Thus, warehousing of agricultural produce, per se, 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.

PROBLEM NO.17

Health care services provided by a clinical establishment, an authorised medical practitioner or para-medics are exempt from GST under Entry 74. In light of the same, the eligibility to exemption in respect of each service offered by Good Health Medical Centre is examined below:

- a) **NOT EXEMPT:** Since Reiki healing is not a recognized system of medicine in terms of section 2(h) of Clinical Establishments Act, 2010, it would not be exempt and thus, GST would be payable thereon.
- b) **EXEMPT:** Health care service does not include, inter alia, cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma.

Therefore, plastic surgeries will not be entitled to the said exemption and thus, GST would be payable thereon. However, plastic surgery conducted to repair a cleft lip will be eligible for exemption as it reconstructs anatomy or functions of body affected due to congenital defects (cleft lip).
- c) **EXEMPT:** Health care service includes services by way of transportation of the patient to and from a clinical establishment. Thus, air ambulance service to transport critically ill patients to Good Health Medical Centre would be eligible for exemption under the said notification.
- d) **EXEMPT:** Health care service means any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognized system of medicines in India. It is immaterial whether such service is provided at the clinical establishment or at the home of the patient or at any other place. Thus, palliative care for terminally ill patients is exempt.
- e) **EXEMPT:** Since Yoga is a recognized system of medicine in terms of section 2(h) of Clinical Establishments Act, 2010, the same would be eligible for exemption under the said notification.

Further, services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation are exempt from GST under Entry 73. Therefore, services provided in relation to preservation of stem cells by the cord blood bank operated by Good Health Medical Centre will be exempt from GST.

It is important to note that Entry 74 of the exemption notification grants exemption to health care services provided BY a clinical establishment and not to services provided TO a clinical establishment. Therefore, Good Health Medical Centre's contention that since it is a clinical establishment, all the services provided to it are also exempt from GST is not correct in law.

SECTION 4: ASSIGNMENT PROBLEMS

PROBLEM NO.1: MTCT, an entity registered u/s 12AA of the Income-tax Act, 1961 furnishes 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	Amount (Rs.)
Fee charged for Yoga camp conducted by 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
Payment made for the services received from a service provider located at England, for the purposes of providing charitable activities	10,00,00

Applicable CGST 9% and SGST 9% have been charged separately wherever applicable.

(ANS.: TOTAL GST LIABILITY OF RS. 6,30,000)

PROBLEM NO.2: Fortune Ltd. (a registered taxable person) provides the following information relating to their services for the month of November, 2019:

Particulars	Rs.
Gross receipts from	
Running a Boarding school (including receipts for providing residential dwelling services Rs. 12,00,0000)	28,00,000
Conducting private tuitions	16,00,000
Educational services for obtaining a qualification recognised by law of a foreign country	8,00,000
Conducting modular employable skill course, approved by national council of vocational training	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 supply and the amount of GST payable. The above receipts are exclusive of GST. Applicable GST Rate-18%.

(ANS.: RS. 36,80,000, RS. 6,62,400)

PROBLEM NO.3: Examine whether supply of food and drink in the following independent cases is exempt from GST:

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

(RTP M19(N&O))

(ANS.: I) EXEMPTED, II) EXEMPTION IS AVAILABLE FOR ADMITTED PATIENT AND EXEMPTION NOT AVAILABLE TO OTHERS)

PROBLEM NO.4: Examine whether GST is exempted on the following independent supplies of services:

- Service provided by a private transport operator to Scholar Boys Higher Secondary School in relation to transportation of students to and from the school.
- Services provided by way of vehicle parking to general public in a shopping mall.

(NEW SM) (ANS.: I) YES, II) NO)

PROBLEM NO.5: GGC Bank Ltd. furnishes the following information relating to services provided and the gross amount received during the month of December, 2019. Compute the value of taxable service and GST payable:

	Rs.
i) Amount of commission received for debt collection service	10,00,000
ii) Discount earned on bills discounted	4,50,000
iii) Inter - state sale or purchase of foreign currency amongst banks	5,70,000

iv) Charges received on credit card and debit card facilities extended	3,80,000
v) Penal interest recovered from the customers for the delay is repayment of loan	2,60,000
vi) Commission received for service rendered to Government for tax collection	6,00,000

Presume all the above amounts are inclusive of GST and also rate of CGST @ 9% and SGST @ 9%.

(ANS.: RS. 16,77,966, CGST & SGST OF RS. 1,51,017 EACH)

PROBLEM NO.6: Kesar Maharaj, a registered supplier, gave a classical dance performance in an auditorium. The consideration charged for the said performance is Rs.1,48,500. Is Kesar Maharaj liable to pay GST on the consideration received for the said performance if such performance is not for promotion of any product/services? If yes, determine his GST liability (CGST and SGST or IGST, as the case may be). Will your answer be different if:

- Kesar Maharaj is a brand ambassador of a food product and aforesaid performance is for the promotion of such food product?
- The dance performance given by Kesar Maharaj is not a classical dance performance, but a contemporary Bollywood style dance performance?
- Consideration charged by Kesar Maharaj for the classical dance performance is Rs.1,60,000?

NOTES:

- Services provided by Kesar Maharaj are intra-State supplies.
- Wherever applicable, GST has been charged separately.
- Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.

(MTP M18(N&O)) (ANS.: I) CGST AND SGST OF RS. 13,365 EACH, II) CGST AND SGST OF RS. 13,365 EACH, III) CGST AND SGST OF RS. 14,400 EACH)

PROBLEM NO.7: Examine whether GST is exempted on the following independent supply of services:

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

(M18 (N) - 3M) (ANS.: I) NOT EXEMPTED, II) NOT EXEMPTED)

PROBLEM NO.8: 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 (Rs.)
Amount charged for loading, unloading, packing and warehousing of potato chips	25,000
Fees charged for yoga camp conducted by a charitable trust registered under section 12AA of the Income-tax Act, 1961	50,000
Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts	1,00,000
Amount charged by cord blood bank for preservation of stem cells	5,00,000
Amount charged for service provided by commentator to a recognized sports body	6,00,000

(MTP M19 (N&O)) (ANS.: Rs. 6,25,000)

PROBLEM NO.9: State with reasons, whether GST is payable in the following independent cases:

- Services provided to recognized sports body as curator of national team.
- Services provided by way of transportation of passenger in Metered Cab
- Services by way of public conveniences such as provision of facilities of washrooms.
- Services provided by a player to a franchisee which is not a recognized sports body

(RTP N19 (N&O)) (ANS.: I) NOT EXEMPTED, II) EXEMPTED, III) EXEMPTED, IV) NOT EXEMPTED)

PROBLEM NO.10: Akash Ltd. (a registered taxable person) provides the following information relating to their services for the month of April, 2019:

Education services for obtaining a qualification recognized by law of a foreign country	2,00,000
Gross receipts from Running a Boarding School	5,20,000
Conducting private tuitions	1,70,000
Fee from prospective employers for campus interview	2,35,000
Security Services provided to pre-nursery school	3,50,000
House-keeping and cleaning services in college providing recognised graduation degree	1,85,000
Conduct of examination of ICAI	45,000
Development of course content of CMA institute	80,000
Training of Staff of Higher Secondary School	1,25,000
Renting of immovable property to higher secondary school	2,70,000
Renting of immovable property to Commercial coaching centre	4,20,000
Outdoor catering services provided to educational institutions running approved vocational courses	1,45,000

Compute the value of taxable supply and the amount of GST payable. The above receipts are exclusive of GST. GST rate @ 18%.
(ANS.: RS. 18,30,000, RS. 3,29,400)

PROBLEM NO.11: Mr. Siva a registered supplier of service in Andhra Pradesh has provided following information for the month of December, 2019:

No.	Particulars	Amount (Rs.)
1)	Amount received from Sahoo Pvt Ltd. for service provided to company. (He is director in Sahoo Pvt Ltd), being Intra-state transaction	2,05,000
2)	Intra-state taxable supply of service	4,80,000
3)	Amount received for acting as a coach in recreational activities relating to sports, from one local charitable entity registered under section 12AA of the Income tax Act, 1961, being Intra-state transaction	80,000
4)	Paid legal fee to senior advocate for one legal matter within state, being Intra-state transaction	25,000

Compute the net GST liability (CGST, SGST or IGST) of Mr. Siva for the month of December, 2019.

Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively.

All the amounts given are exclusive of CGST, SGST and IGST.

(M19 (O)-8M) (ANS.: CGST AND SGST OF RS. 63,900 EACH)

PROBLEM NO.12: Holiday Guest House, situated at Telangana, provides boarding & lodging services to tourists at economical cost. The charges of a deluxe room per day are Rs. 850. Mr. Yash has booked one deluxe room for Four days during holidays. You are required to determine whether GST is payable by Holiday Guest House on the above booking. If yes, determine the amount of GST so payable.

Will your answer change, if the charges of a single deluxe room per day charged by Holiday Guest House are Rs. 1,250?
(ANS.: EXEMPTED, NOT EXEMPTED)

PROBLEM NO.13: Decide with reason whether the following independent services are exempt under CGST Act, 2017:

- Raj residents welfare association received Rs.8,500 per month as contribution from each member for sourcing of goods and services from third persons for common use of its members
- Mr. Ankit, a performing artist, has received Rs.1,82,000 from performance of classical dance during the month of August 2019.

(ANS.: I) NOT EXEMPTED, II) NOT EXEMPTED

PROBLEM NO.14: M/s Arha Ltd. provides services by way of right to admission to the events organised under FIFA U-17 Women's World Cup 2020. The value of services is Rs. 75,20,000. Examine whether GST is payable by M/s Arha Ltd.
(ANS.: EXEMPTION AVAILABLE)

PROBLEM NO.15: RSU Trainers Ltd, a commercial training or coaching center, provides the various services as follows:

Particulars	Amount (Rs.)
Training and coaching of Hockey	7,00,000
Coaching to students for preparation of IIT exams	25,00,000
Conduct admission test for admission to ICG college providing qualification recognized by foreign law	5,00,000
Training in recreational activities relating to culture	10,00,000
Receipt from sale of prospectus/ application forms to trainees	10,00,000
A building which was let out to school providing pre school education	2,00,000
Postal coaching receipts	7,00,000
Placement services provided to MNC college, providing qualification recognized by Indian law	10,00,000
Receipts from running training centre in relation to art classes	17,00,000

Compute the GST payable thereon if all charges are exclusive of GST. (ANS.:GST PAYABLE: 11,88,000)

PROBLEM 16: You are required to compute the value of taxable supply and GST payable thereon from the gross amount charged in respect of the following transactions made available by A Ltd dealing in agriculture related services in the month of December 2020:

Particulars	Amount
Renting of Agro- machinery	5,00,000
Sale of wheat on commission basis	50,000
Sale of Rice on commission basis	2,00,000

Rate of CGST is 9%, SGST is 9%

(ANS.:GST PAYABLE: 36,000)

PROBLEM NO.17: Compute value of taxable supply and GST payable from following sums received by Kan sac Diagnostic Centre Ltd. All the amounts are exclusive of GST.

- Receipts of Diagnostic Centre Rs 50 Lac
- Receipts on account of transportation of patients of clinical establishment Rs 5 Lac
- Hair transplant services provided to bald persons Rs 87 Lacs
- Cosmetic surgery of patients on account of injury suffered during accidents Rs 12 Lac
- Medical treatment receipts Rs 25 Lacs (It includes Rs 2 Lacs on account of medicines consumed during course of provisions of service)
- Cord blood bank services Rs 15 Lac

(ANS.:GST PAYABLE: 1,44,0000)

SECTION 5: ADDITIONAL PROBLEMS FOR SELF PRACTICE

PROBLEM NO.1: Johar Trust is an entity registered u/s 12AA of the Income-tax Act, 1961 furnishes 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	Rs.
Amount received for the Yoga camps organized for elderly people aged over 65 years	4,83,000
Payment made for the services received from a service provider located in USA for the purposes of providing 'charitable activities'	5,50,000
Amount received for counseling of mentally disabled persons	10,50,000

Amount received for renting of commercial property owned by the trust	1,50,000
Amount received for activities relating to preservation of forests and wildlife	12,35,000

Applicable CGST 9% and SGST 9% have been charged separately wherever applicable.

(ANS.: CGST & SGST OF RS.13,500 EACH)

PROBLEM NO.2: GGC Ltd. is covered under the Factories Act, 1948. Inspector of Factories certified the factory is safe for the workers to carry their work and charged Government fee of Rs. 10,000. GGC Ltd. owns one more factory at another place, which is not covered under Factories Act, 1948. However, GGC Ltd. obtained safety certificate for the factory from the Inspector of Factories by paying Rs.15,000 on voluntarily basis. Calculate the amount of GST payable by GGC Ltd. if rate of GST is 18%.

(ANS.: CGST & SGST OF RS.1,350 EACH)

PROBLEM NO.3: GGC Pvt. Ltd. received the following services from the Government of India during the taxable period:

- i) Application fee paid towards processing of application for issuance of registration required under a law Rs.12,000.
- ii) Security services provided by Government security agency for a period of four months for a total consideration of Rs.6,000:
 - a) Jan 2020 Part payment Rs.500
 - b) Feb 2020 Part payment Rs.2,000
 - c) Mar 2020 Part payment Rs.2,000
 - d) April 2020 Final payment Rs.1,500.
- iii) Customs authorities have charged Merchant Over Time (MOT) fee for Rs.1,000 at the time of special warehousing of goods.

Find the total GST payable by GGC Pvt. Ltd. if GST rate is 18%. Turnover of GGC Pvt. Ltd. was Rs.21 lakhs in the preceeding FY.

(ANS.: CGST & SGST OF RS.1,080 EACH)

PROBLEM NO.4: Department of Posts Office provided following services to persons other than Government during the month ending 31/03/2020.

Services rendered	Amount charged (Rs.in lakh)
Basic mail services	100
Transfer of money through money orders	500
Operation of saving accounts	150
Rural postal life insurance services	200
Distribution of mutual funds and bonds	500
Issuance of postal orders	300
Collection of telephone and electricity bills	100
Pension payment services	50
Speed post services	500
Express parcel post services	200

Compute the GST liability Department of Posts for the month of 31/03/2020 assuming rate of CGST @ 9% & SGST @ 9%.

(ANS.: CGST & SGST OF RS.135 EACH)

PROBLEM NO.5: Mr. J boarded Rajdhani Express (fully AC train) from Kanpur on 05/01/2020 and disembarked at New Delhi. He hired a car from a local cab operator for the whole day on a lump sum consideration and visited Delhi's historical monuments. In the night, he took the metro to international Airport and boarded a flight to Mumbai. At Mumbai Airport, he used a radio taxi for going to his Hotel. Mr. J returned to Kanpur from a different train, Pushpak Express in sleeper class. With reference to the provisions of GST, examine the, levability of GST on the various modes of travel undertaken by Mr. J.

(ANS.: I) LIABLE TO GST, II) LIABLE TO GST, III) NOT TAXABLE, IV) LIABLE TO GST, V) LIABLE TO GST, VI) NOT TAXABLE, VII) NOT TAXABLE)

PROBLEM NO.6: RWA has installed an electricity generator through which it distributes electricity to all resident members within RWA in the event of power failure. For this RWA charges Rs.7,500 pm from each member. Whether GST is applicable? RWA is not electricity distributing company or electricity generating company?
(ANS.: **LIABLE TO GST**)

PROBLEM NO.7: GGC Bank Ltd. furnishes the following information relating to services provided and the gross amount received (excluding GST):

Particulars	Rs.
Interest on overdraft	5,00,000
Interest on loans with a collateral security	6,00,000
Interest on corporate deposits	10,00,000
Administrative charges (over and above interest) on loans, advances and deposits	6,00,000
Sale of foreign exchange to general public.	15,00,000
Service charges relating to issuance of Certificates of Deposit (CDs)	20,00,000

Compute the value of taxable service and the GST liability of GGC Bank Ltd. considering the rate of CGST at 9% and SGST at 9%.
(ANS.: **CGST & SGST OF RS. 3,69,000 EACH**)

PROBLEM NO.8: GGC is a coaching center engaged in commercial training and coaching service and furnishes you following information and the amounts received by it for month ending 31/03/2019:

Particulars	Rs.
Coaching fee for civil service examination	3,50,000
Postal coaching fees for university examinations	2,40,000
Fee for management diploma of a foreign university (not recognized by law in India)	4,40,000
Coaching and training provided by sending staff to the residence of service receivers	6,40,000

Determine the value of taxable supply and also calculate amount of GST payable if rate of GST is 18%.
(ANS.: **VALUE OF SUPPLY IS RS. 16,70,000 AND CGST & SGST OF RS. 1,50,300 EACH**)

PROBLEM NO.9: GGC is an Educational Trust and runs a play school, 'GGC Tiny Toys' and a higher secondary school, 'GGC Academy'. It also runs a coaching center which provides, coaching to CA aspirants. It also provides coaching classes for examinations of Certified Public Accountant, USA. With reference to the provisions of GST, examine the liability of GST in the above cases. (ANS.: **LIABLE TO GST**)

PROBLEM NO.10: Farmer's Association is engaged in providing services relating to agriculture. It furnishes the following details with respect to the activities undertaken by them in the month of December, 2019:

Particulars	Amount (Rs.)
Cultivation of ornamental flowers	42,000
Packing of tomato ketchup	54,000
Warehousing of potato chips	1,65,000
Sale of tea leaves (agricultural produce) on commission basis	68,000
Packing of pulses in the agricultural field	42,000
Training of farmers on use of scientific tools and agro machinery	10,000
Leasing of vacant land to a stud farm	1,63,000
Grading of wheat according to its quality	42,000
Testing of samples from plants for pest detection	1,21,500
Rearing of silk worms	83,500

Compute the GST Payable by Farmer's Association for the month of December, 2019. Assume that the point of supply in respect of all the activities mentioned above falls in the month of December, 2019 itself and all the amounts mentioned above are exclusive of GST and Rate of SGST @ 9% and CGST @ 9%.

(ANS.: **CGST & SGST OF RS. 34,380 EACH**)

PROBLEM NO.11: Gokul-Dham Co-operative Housing Society owns residential flats. There are two types of flats in the society complex- Category A and Category B. The society charges service charges from dwellers of flats.

Out of the total flats of 200, 70 flats come under Category A. The Resident Welfare Association (RWA) of the society charges Rs. 8,000 pm from Category A flat owners and Rs. 7000 pm from Category B flat owners. Determine the amount of GST liability for the month of January 2019 assuming rate of GST is 18%. (The amount charged above is not rent but service charge). (ANS.: CGST & SGST OF RS. 50,400 EACH)

PROBLEM NO.12: Mrs. J has provided you the following details in respect of various services received/availed by her during December, 2019.

- a) Deposited Rs.1,00,000 in her Savings Bank A/c. Interest of 5,000 was credited in her account on 31/12/2019.
- b) Availed services of a mobile network operator and received a monthly bill for Rs. 2,000.
- c) Visited an Orthopaedician (MBBS, MS) as she had severe backache and paid consultancy fee of Rs.1,000.
- d) Availed beauty treatment services from a salon for Rs.6,000.

NOTES:

- a) All the amounts given above, are exclusive of GST, wherever applicable.
- b) Wherever applicable, GST is to be recovered from the service receiver.
- c) Rate of CGST @ 9% & SGST @ 9%

Compute the amount of GST leviable on services availed/received by Mrs. J.

(ANS.: CGST & SGST OF RS. 720 EACH)

PROBLEM NO.13: Determine the applicability of GST in each of the following independent cases:

- a) External asset management services related to the management of FOREX received by RBI from overseas financial institutions.
- b) Service provided by an Indian tour operator to Mr. B, a Japanese National, for a tour conducted in Europe
- c) Services provided to a Higher Secondary School affiliated to CBSE Board by an IT company in relation to development of software to be used for enhancing the quality of classroom teaching.

(ANS.: I) EXEMPT, II) EXEMPT, III) TAXABLE)

PROBLEM NO.14: Discuss the applicability of GST in the following cases:

- a) Value of services provided by a radio taxi operator is Rs.1,00,000.
- b) Value of services provided by a Company running air-conditioned buses for point to point travel is Rs.5,00,000. The buses do not stop to pick or drop passengers during the journey.
- c) Value of services provided by a Company running non air-conditioned buses for point to point travel is Rs.1,00,000. The buses do not stop to pick or drop the passengers during the journey.

(ANS.: I) TAXABLE, II) TAXABLE, III) EXEMPT)

PROBLEM NO.15: Answer with respect to applicability of GST in the following cases during the month of Dec, 2019.

- a) Service provided by a private transport operator to a School in relation to transportation of students to and from a School.
- b) Services provided by way of vehicle parking to general public in a shopping mall.
- c) Service provided by way of repair or maintenance of aircraft owned by a State Government.
- d) Transportation of petroleum and petroleum products and household effects by railways.
- e) Transportation of postal mails or mail bags by a vessel.

(ANS.: I) EXEMPT, II) TAXABLE, III) TAXABLE, IV) TAXABLE, V) TAXABLE)

PROBLEM NO.16: Mr. JSJ is a famous cricketer and furnishes you with the following information of the various receipts for the month ended September 2019. You are required to determine his value of taxable supply.

Particulars	Amount (Rs.)
Receipts from Sports Authority of India for participation in recognized sport	50 lakh
Receipts from franchisee of Indian Premier league (not a recognized sports body)	75 lakh
Receipts from acting as brand ambassador for corporate client	22 lakh
Receipts of sports training academy to coach young players	15 lakh

(ANS.: RS. 97 LAKH)

PROBLEM NO.17: Economical Goods Services is a Goods Transport Agency (GTA). It furnishes following information in respect of services supplied in the month of December, 2019.

- Service supplied to XYZ Co. Ltd. - Rs. 30,00,000
- Freight for transport of food grains and pulses supplied to an agriculturist - Rs.1,50,000
- Service to an unregistered firm Rs.6,00,000
- Service supplied as a 'Clearing and Forwarding Agent' Rs. 2,00,000
- Composite service supplied to an unregistered proprietary firm, which include loading, unloading in the course of transportation by road - Rs. 2,00,000.
- GST paid on input services used for supplying GTA Services: SGST - Rs. 30,000, CGST - Rs. 30,000. The GTA has decided not to charge and pay tax here the recipient is liable to pay tax.

Determine the value of supply of services and tax payable

(ANS.: I) RS. 30,00,000, II) EXEMPT, III) EXEMPT, IV) RS. 2,00,000, V) EXEMPT, VI) NO ITC

PROBLEM NO.18: During January 2019, a listed company paid following amounts to its directors: (a) Managing Director who was full time employee of the company - Rs.24,00,000 (b) Sitting fees paid to non-executive and independent directors - Rs. 2,40,000 (c) Commission paid to non-executive directors - Rs. 3,20,000 (d) Out of pocket and travel expenses paid to non-executive and independent directors - Rs.30,000. Calculate tax liability. Who is liable to pay tax? Can company avail input tax credit of tax paid?

(ANS.: CGST & SGST OF RS. 53,100 EACH)

PROBLEM NO.19: The Government gives re-development of slum to L&T. As per the Housing for All Scheme, L&T under taken original work in return entitled for 0.5 FSI (out of 1.5 FSI on the land of 10,000 sq. ft.) which can be utilized for construction of free sale component. L&T in turn appointed DLF as contractor for supplying the services of construction for allotment to slum dwellers. The contractor charges Rs. 900 per sq. ft. of built-up area. (FSI: Floor Space Index)

Find the following:

- Exempted value of supply.
- Taxable value of supply.
- Taxable person.
- GST liability.

Applicable rate of GST 12% (with Input Tax Credit).

Note: Taxable person is willing to avail benefit of ITC.

(ANS.: CGST & SGST OF RS. 2,70,000 EACH)

PROBLEM NO.20: Synergy Waste Management (P) Ltd. provided following services to Apollo Hospitals Chennai during the month of Oct 2019:

- Collection, transportation, Treatment & Disposal of Bio-Medical Waste for Rs.5,25,000.
- Training on Segregation of Bio-Medical Waste to Hospital Staff to further increase efficiency of Bio-Medical Waste Management Services for Rs.1,25,000.

Copyrights Reserved To **MASTER MINDS COMMERCE INSTITUTE PVT.LTD.**

- c) Laundry services for Rs. 50,000.
- d) Common Bio-medical Waste Treatment Facility services provided to Arvind pharma company during October 2019 for Rs. 2,00,000.

Find the GST liability for the month of October 2019? (ANS.: CGST AND SGST LIABILITY OF RS. 45,000 EACH)

PROBLEM NO.21: Alisha Hotel Ltd. provider of rooms. Rent charged per day per room is as follows:

Particulars	Rs.
Room Rent	550
Furniture rent	400
Air-conditioner rent	150
Refrigerator rent	50
Less: Discount	(250)
Net amount charges	900

During the month of October 2019, 20 rooms are let out throughout the month, and balance 35 rooms are let out only for 15 days.

Input Tax Credit available Rs.7,500.

The following GST rates are applicable for the hotel industry: 12%, 18% and 28%.

Find the GST liability if any for the month of October 2019. (ANS.: IGST OF RS. 10,30,500 EACH)

PROBLEM NO.22: Compute value of taxable supply of services of Air Speed Airlines located in Chennai for transportation of passengers by air from the following data relating to sums received exclusive of GST:

- a) Passengers embarking at Arunachal Pradesh: Rs. 5 lakhs;
- b) Amount for journey terminated at Assam: Rs. 4 lakhs;
- c) Amount charged from passenger for flights starting from USA to Chennai: Rs. 250 lakhs;
- d) Amount charged from passengers flying from Chennai to Sydney (Business class): Rs. 540 lakhs (including passenger taxes levied by Government and shown separately on ticket: Rs. 100 lakhs). All passengers booked ticket from Delhi Office of Air Speed Airlines.
- e) Passengers embarking from Chennai to Coimbatore (Economic class): Rs. 4 lakhs. Passengers booked tickets from Chennai office of Air Speed Airlines.

Applicable rate of GST @ 5% and 12%. Find the IGST, CGST & SGST if any.

(ANS.: CGST & SGST OF RS. 10,000 EACH AND IGST OF RS. 65,00,000)

PROBLEM NO.23: Cloud M Power Technologies Pvt. Ltd., is a business incubatee provided following taxable services in the financial year 2019-20.

Particulars	Rs.
Cloud computing services	25,00,000
Mobile application services	20,00,000
Social networking and location aware applications	10,00,000

NOTE:

- a) Previous year taxable services is Rs.22,00,000.
- b) Service provider enters into an agreement with STEP in the year 2019-20.

Find GST liability of Cloud M Power Technologies Pvt. Ltd. for the financial year 2019-20. Assume applicable rate of GST 18%. (ANS.: CGST & SGST OF RS. 45,000 EACH)

PROBLEM NO.24: Techno park Technology Business Incubator (T-TBI), provided the following taxable services in the financial year 2019-20 (on or after 01-07-2019):

- a) Entrepreneurship Awareness Camps to a Business incubatee for Rs. 20 lakh.
b) Commercial space provided to AB Ltd. a non-incubatee for Rs. 2 lakh.

Find GST liability of Techno park Technology Business Incubator?

(ANS.: NIL)

PROBLEM NO.25: ABC & Co., a goods transportation agency located in Delhi, transports a consignment of new colour TVs from the factory of XYZ Ltd. in Cochin, to the premises of a dealer in Jammu (taxable territory). As per mutually agreed terms between ABC & Co., and XYZ Ltd., the dealer in Jammu is the person liable to pay freight. The amount of freight exclusive of taxes is Rs.4,50,000. State the person liable to pay GST and amount of tax payable. ABC & Co. not availing input tax credit. Applicable tax rates for GTA is 5% and 12%.

NOTE: Consignment note issued by ABC & Co. for transporting goods.

(ANS.: IGST OF RS. 22,500)

PROBLEM NO.26: A & Co., a goods transportation agency located in Chennai, transports a consignment of new Laptops from the factory of X Ltd. in Cochin, to the premises of X Ltd. Branch office located in Bengaluru. As per mutually agreed terms between A & Co., and X Ltd., the Branch office in Bengaluru is the person liable to pay freight. The amount of freight exclusive of taxes is Rs.5,40,000. State the person liable to pay GST and amount of tax payable.

A & Co. availing input tax credit. Applicable tax rates for GTA is 5% and 12%.

NOTE: Consignment note issued by A & Co. for transporting goods.

(ANS.: IGST OF RS. 64,800 EACH)

PROBLEM NO.27: M/s. Sisodia Properties registered under GST as taxable person is engaged in the business of renting various immovable properties owned by it. During the month ending 31-03-2020, it collected a rent of Rs.6,50,000. The said sum includes rent from:

- a) Premises let to a temple trust: Rs.45,000;
b) Building let to M/s. Royal Hotel: Rs.1,05,000;
c) Vacant land used for agriculture: Rs.65,000;
d) Building let to a theatre: Rs.85,000;
e) Land used for Grand Circus: 90,000;
f) Premises let to a commercial centre: Rs.1,00,000;
g) Houses let to individuals for residential purposes: Rs.75,000;
h) Vacant land, given on lease to M/s. Z Ltd. for construction of building at a later stage to be used for furtherance of business or commerce: Rs.85,000;

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.

(ANS.: IGST OF RS. 91,800)

PROBLEM NO.28: RSS, an entity registered as religious trust under section 12AA of the Income-tax Act, 1961, has furnished you the following details with respect to the activities undertaken by it. You are required to compute its value of taxable supply and GST from the information given below:

Particulars	Rs.
Renting of room where charges are Rs.800 per day	3,40,000
Renting of room where charges are Rs.1,400 per day	10,50,000
Renting of community halls where charges are Rs.22,000 per day	21,20,000
Renting of open area for marriage where charges are Rs.6,500 per day	4,60,000
Renting of shops for business where charges are Rs.18,500 per month	8,20,000
Renting of shops for business where charges Rs.7,200 per month	2,60,000

(ANS.: IGST OF RS. 7,18,200)

PROBLEM NO.29: Compute taxable value of supply and GST from following sums received by M/s. Highway Maintenance Ltd. (exclusive of GST)

Toll Receipts from Highway of Ahmedabad to Baroda: Rs.6,500 lakhs;

Commission earned on toll receipts: Rs.55 lakh.

The rate of GST is 18%.

(ANS.: IGST OF RS. 9,90,000)

PROBLEM NO.30: Mr. Pratap, an advocate, has rendered the following services in the month of October, 2019:

- Representing Mr. Ramesh in his divorce case before High Court.
- Representing Mr. Krishna, an artist by profession, in relation to his GST liability (Turnover of Mr. Krishna in the financial year 2019-20 was Rs.25 lakh)
- Legal consultancy given to KSI Associates, a partnership firm of advocates (Turnover of services of KSI Associates in the financial year 2019-20 was Rs.28 lakh)

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

- An advocate other than a senior advocate.
- A senior advocate in terms of section 16 of the Advocates Act, 1961?

(ANS.: I) EXEMPT, II) LIABLE, III) LIABLE)

PROBLEM NO.31: Mrs. Malini, a performing artist, provides the following information relating to December, 2019. Receipts from:

Particulars	Rs.
Performing classical dance	50,000
Performing in television serial	3,20,000
Services as brand ambassador	7,00,000
Coaching in recreational activities relating to arts	4,50,000
Activities in sculpture making	2,50,000
Performing western dance	3,00,000

Determine the value of taxable supply and GST payable by Mrs. Malini for December, 2019. GST @ 18% has been charged separately, wherever applicable.

(ANS.: IGST OF RS. 2,82,600)

SECTION 6: TEST YOUR KNOWLEDGE

- Discuss about the exemption available to the services provided by an Old Age Home under the CGST Act, 2017. (N19 (O) - 5M)
- Explain the services provided by way of tolerating non-performance of a contract and its chargeability under the provisions of the CGST Act, 2017. (M19(O)-4M)
- Services provided by an entity registered under section 12AA of the Income-tax Act, 1961 are exempt from GST if such services are provided by way of charitable activities. Elaborate the term 'charitable activities'. (NEW SM-TYK)
- Examine which of the following independent services are exempt from GST:
 - Food supplied by the canteen run by a hospital to the in-patients as advised by the doctors.
 - An RWA, registered under GST, collects the maintenance charges of Rs.6,500 per month per member. (NEW SM-TYK)
- A State Transport Undertaking has hired motor vehicles meant to carry 8 - 10 passengers from Fast Cab Renting, a motor vehicle renting company. Give your comments as to whether any GST is payable in this case. (NEW SM-TYK)

- 6) Keyan Enterprises, an event organizer, provided services to Breathing Wall Ltd. by way of organizing business exhibition in New Delhi as part of Make in India initiative. Keyan Enterprises claims that it is not required to pay GST as the services provided by way of organizing business exhibition are exempt from GST. Examine the technical veracity of the claim of Keyan Enterprises, in the given case.

(NEW SM-TYK)

SECTION 7: THINGS TO REMEMBER

SECTION NUMBERS

S. No	CONCEPT	Sec. No.
1)	Meaning of Exempt supply	2(47)
2)	Empowerment Of Granting Exemption	11
3)	An entity registered under the Income-tax Act by way of charitable activities	12AA

DURATION

1)	The government can issue an explanation for exemption of Supply of Goods or Supply of Services or both	1 year
----	--	--------

THE END

Copyrights Reserved To **MASTER MINDS COMMERCE INSTITUTE PVT.LTD.**