

**Background Material**  
**on**  
**Exempted Services under GST**



**The Institute of Chartered Accountants of India**  
(Set up by an Act of Parliament)  
New Delhi

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## Foreword

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In the GST regime, when a supply of goods and/or services falls within the purview of charging Section, such supply is chargeable to GST. However, for determining the liability to pay the tax, one needs to further check whether such supply of goods and/or services are exempt from tax or not. Under earlier Service Tax regime, large number of exemptions were enjoyed by the taxpayers through Mega Exemption list for services. These exemptions have been reduced under GST regime.

Considering the importance of exemptions of services under GST, the Indirect Taxes Committee of ICAI has come up with a publication titled "Background Material on Exempted Services under GST" wherein all exemptions available for various services like health care, education etc. have been discussed in details with illustration and examples. The publication also highlights the situations when exemption would be available or not based on provider or recipient of services like few exemptions are available only if supply is being provided to the Government.

I appreciate the efforts put in by CA. Madhukar N. Hiregange, Chairman; CA. Sushil Kumar Goyal, Vice-Chairman and other members of the Indirect Taxes Committee for developing this important publication.

I am sure readers will be benefited by this in-depth analysis being made available to them in eloquent and simple manner.

Date: 3.01.2018  
Place: New Delhi

**CA. Nilesh S. Vikamsey**  
President, ICAI



## Preface

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GST, a destination based tax, which is implemented from 1st July, 2017 after the initial hiccup has been showing the sign of settling down. Apart from numerous benefits like seamless credit, subsuming of multiple taxes into one basket, elimination of cascading of taxes etc., Government has also explicitly provided various exemptions under GST. Most of the exemptions provided are pari materia to the erstwhile law. However unlike the earlier law on the same product multiple demands at different stages possible is the incorrect rate or exemption is claimed.

Although claiming exclusion is akin to claiming benefit of exemption as no tax is paid is either situation, but there exists a difference between non-taxable and exempt supplies. Further, an exemption may be absolute, partial, conditional or unconditional. Considering these intricacies of the different exemption provided to services under the GST, the Indirect Taxes Committee of ICAI has come up with a publication titled "*Background Material on Exempted Services under GST*" which inter-alia provides the type of exemptions, legal framework and in-depth analysis of exemption of services under GST.

At this juncture, we would like to express our sincere gratitude and thank to CA. Nilesh Shivji Vikamsey, President and CA. Naveen N. D. Gupta, Vice-President, ICAI for their guidance and support in this initiative. We must also thank mainly CA. Gaurav Gupta, members of the Committee for drafting this publication based on the input provided by other members of the Committee like CA. Kapil Vaish, CA. Rohini Aggarwal, CA. Jatin Harjai, CA. Raaja Jindal, CA. Virender Chauhan, CA. Shashank Gupta, CA. Rajat Talati, CA. Mandar Telang CA. A. Jatin Christopher, CA. Bishan Shah, and CA. Vaibhav Jain. We also acknowledge the input by CA. Vasant Bhat while reviewing.

We encourage reader to make full use of this learning opportunity. Interested members may visit website of the Committee [www.idtc.icai.org](http://www.idtc.icai.org) and join the IDT update facility. We request to share your feedback at [idtc@icai.in](mailto:idtc@icai.in) to enable us to make this booklet more value additive and useful.

Welcome to a professionalized learning experience in GST.

**CA. Madhukar Narayan Hiregange**

Chairman  
Indirect Taxes Committee

Date: 03.01.2018

Place: New Delhi

**CA. Sushil Kumar Goyal**

Vice-Chairman  
Indirect Taxes Committee



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## A. Classification of Goods or Services

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### Introduction

GST law does not contain a commodity classification tariff but a look at the notifications issued reveals the classification of goods and services are contained within the notification which prescribes the rate of tax. Classification therefore, is an exercise that is inevitable because identifying the specific entry in any of the 6 schedules is necessary to arrive at the rate of tax applicable.

In order to apply a particular rate of tax, a taxable person is required to determine the classification of his supply as to whether it constitutes a supply of goods or services. Once the same is determined, it is also important to see whether it is composite supply or mixed supply. In the case of composite supply, he is required to determine the principal supply which decides the classification and applicable rate. Further classification in terms of HSN is to be made by the assessee so as to arrive at the rate of tax which he is required to pay. At the outset, it is important to note that HSN for goods are contained in Chapters 1 to 98 and HSN for Services are contained in Chapter 99. Since Classification of Goods is older and is based on knowledge gathered from precedents on HSN classification, we shall discuss the steps for classification of goods. The steps for determination of proper classification are as under:

1. It is important to note that classification of each product supplied has to be made separately if the supply of such product is independent. This shall include all by products, scraps etc.
2. Identify the description and nature of the goods being supplied. One must confirm that the product is also similarly or more specifically covered in the Customs Tariff and HSN 2017.
3. The headings and any relative Section or Chapter Notes in the Customs Tariff are to be considered.
4. In case of the unfinished or incomplete goods, if the incomplete/unfinished product bears the essential characteristics of the finished product, its classification shall be same as that of the finished product.
5. The classification of a material or substance shall include the mixture or combination of that material or substance with other materials or substances. The classification of goods of a given material or substance shall include goods consisting of such material or substance
6. The heading which provides most specific description should be preferred to the general description.
7. If the classification is still not determinable, one has to look for the ingredient which gives the article its essential characteristics.

## Background Material on Exempted Services under GST

8. If the goods cannot be classified as per the above rules, the same shall be classified under the Heading appropriate to the goods to which they are most akin.

It is important to note that in the following cases of supply of services same rate of central tax as on supply of like goods involving transfer of title in goods would be applicable:

S. No.	Chapter, Section or Heading	Description of Service	Rate (per cent.) of Central Tax	Rate (per cent.) of Integrated Tax
15	<b>Heading 9971</b> (Financial and related services)	(ii) Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.	Same rate of central tax as on supply of like goods involving transfer of title in goods	Same rate of central tax as on supply of like goods involving transfer of title in goods
		(iii) Any transfer of right in goods or of undivided share in goods without the transfer of title thereof.	Same rate of central tax as on supply of like goods involving transfer of title in goods	Same rate of central tax as on supply of like goods involving transfer of title in goods
17	<b>Heading 9973</b> (Leasing or rental services, with or without operator)	(iii) Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.	Same rate of central tax as on supply of like goods involving transfer of title in goods	Same rate of central tax as on supply of like goods involving transfer of title in goods
		(iv) Any transfer of right in goods	Same rate of central tax as on	Same rate of central tax as on

## Classification of Goods or Services

		or of undivided share in goods without the transfer of title thereof.	supply of like goods involving transfer of title in goods	supply of like goods involving transfer of title in goods
		(vi) Leasing or rental services, with or without operator, other than (i), (ii), (iii), (iv) and (v) above.	Same rate of central tax as applicable on supply of like goods involving transfer of title in goods	Same rate of central tax as applicable on supply of like goods involving transfer of title in goods

### Analysis

#### Reference to Classification

A screenshot of the website containing the list of notifications is provided below:

Central Tax (Rate) Notifications			
Notification No. & Date of Issue	English	हिन्दी	Subject
07/2017-Central Tax (Rate), dt. 28-06-2017	<a href="#">View</a> (254 KB)	<a href="#">देखें</a> (512 KB)	Exemption from CGST supplies by CSD to Unit Run Canteens and supplies by CSD / Unit Run Canteens to authorised customers notified under section 11 (1) and section 55 CSD
06/2017-Central Tax (Rate), dt. 28-06-2017	<a href="#">View</a> (142 KB)	<a href="#">देखें</a> (498 KB)	Refund of 50% of CGST on supplies to CSD under section 55
05/2017-Central Tax (Rate), dt. 28-06-2017	<a href="#">View</a> (269 KB)	<a href="#">देखें</a> (685 KB)	Supplies of goods in respect of which no refund of unutilised input tax credit shall be allowed under section 54 (3)
04/2017-Central Tax (Rate), dt. 28-06-2017	<a href="#">View</a> (263 KB)	<a href="#">देखें</a> (739 KB)	Reverse charge on certain specified supplies of goods under section 9 (3)
03/2017-Central Tax (Rate), dt. 28-06-2017	<a href="#">View</a> (299 KB)	<a href="#">देखें</a> (659 KB)	2.5% concessional CGST rate for supplies to Exploration and Production notified under section 11 (1)
02/2017-Central Tax (Rate), dt. 28-06-2017	<a href="#">View</a> (375 KB) <a href="#">Corrigendum</a> (100 KB) <a href="#">Corrigendum</a> (249 KB), dated 27-07-2017	<a href="#">देखें</a> (856 KB) <a href="#">Corrigendum</a> (100 KB) <a href="#">Corrigendum</a> (234 KB), dated 27-07-2017	CGST exempt goods notified under section 11 (1)
01/2017-Central Tax (Rate), dt. 28-06-2017	<a href="#">View</a> (1506 KB) <a href="#">Corrigendum</a> (252 KB), dated 30-06-2017 <a href="#">Corrigendum</a> (100 KB), dated 12-07-2017 <a href="#">Corrigendum</a> (257 KB), dated 27-07-2017	<a href="#">देखें</a> (3398 KB) <a href="#">Corrigendum</a> (486 KB), dated 30-06-2017 <a href="#">Corrigendum</a> (85 KB), dated 12-07-2017 <a href="#">Corrigendum</a> (333 KB), dated 27-07-2017	CGST Rate Schedule notified under section 9 (1)

Source: <http://www.cbec.gov.in/htdocs-cbec/gst/central-tax-rate-notfns-2017>

## Background Material on Exempted Services under GST

Central Tax (Rate) Notifications			
Notification No. & Date of Issue	English	हिन्दी	Subject
18/2017-Central Tax (Rate).dt. 30-06-2017	<a href="#">View</a> (136 KB)	<a href="#">देखें</a> (87 KB)	Seek to reduce the rate of Central Tax, Union Territory Tax, on fertilisers from 6% to 2.5% and Integrated Tax rate on fertilisers from 12% to 5%
17/2017-Central Tax (Rate).dt. 28-06-2017	<a href="#">View</a> (136 KB)	<a href="#">देखें</a> (695 KB)	To notify the categories of services the tax on intra-State supplies of which shall be paid by the electronic commerce operator
16/2017-Central Tax (Rate).dt. 28-06-2017	<a href="#">View</a> (344 KB)	<a href="#">देखें</a> (385 KB)	To notify specialised agencies entitled to claim a refund of taxes paid on the notified supplies of goods or services or both received by them under CGST Act
15/2017-Central Tax (Rate).dt. 28-06-2017	<a href="#">View</a> (142 KB)	<a href="#">देखें</a> (431 KB)	To notify the supplies not eligible for refund of unutilized ITC under CGST Act
14/2017-Central Tax (Rate).dt. 28-06-2017	<a href="#">View</a> (248 KB)	<a href="#">देखें</a> (318 KB)	To notify the supplies which shall be treated neither as a supply of goods nor a supply of service under the CGST Act
13/2017-Central Tax (Rate).dt. 28-06-2017	<a href="#">View</a> (274 KB)	<a href="#">देखें</a> (722 KB)	To notify the categories of services on which tax will be payable under reverse charge mechanism under CGST Act
12/2017-Central Tax (Rate).dt. 28-06-2017	<a href="#">View</a> (440 KB)	<a href="#">देखें</a> (990 KB)	To notify the exemptions on supply of services under CGST Act
11/2017-Central Tax (Rate).dt. 28-06-2017	<a href="#">View</a> (399 KB)	<a href="#">देखें</a> (1.11 MB)	To notify the rates for supply of services under CGST Act
10/2017-Central Tax (Rate).dt. 28-06-2017	<a href="#">Annexure</a> (252 KB)	<a href="#">Annexure</a> (252 KB)	CGST exemption for dealers operating under Margin Scheme notified under section 11 (1)
09/2017-Central Tax (Rate).dt. 28-06-2017	<a href="#">View</a> (143 KB)	<a href="#">देखें</a> (800 KB)	Exempting supplies to a TDS deductor by a supplier, who is not registered, under section 11 (1)

Source: <http://www.cbec.gov.in/htdocs-cbec/gst/central-tax-rate-notfn-2017>

Purpose of Notification	Supply of Goods	Supply of Services
Prescribing the rate of tax	1/2017-Central Tax (Rate)	11/2017-Central Tax (Rate)
Granting the exemption	2/1017-Central Tax (Rate)	12/2017-Central Tax (Rate)

### Requirement of Classification

while it may seem like classification may not be so cumbersome and experience, logic and common sense are sufficient tools and to arrive at the interpretation of the tariff notifications, a quick look at some examples and drive home the requirement of classification. Let us consider the following examples:

- a 'watch made of gold' is an article of gold or a watches albeit an expensive one
- a confectionary product 'hajmola' an ayurvedic medicaments or remains confectionary sweets
- would a serving of 'brandy with warm water' be classified based on its curative effect on common cold or dismissed as alcoholic liquor for human consumption
- whether 'surgical gloves' are latex products or accessories to Healthcare Services
- is a 'mirror cut to size' articles of glass or as accessories to motor vehicles fitted as rear-view mirror

as can be seen from the few instances mentioned above, classification is not one that is free from doubt. When coupled with differential rates of tax when one nor the other classification is resorted to, the scope for misclassification will be reinforced with motivation to reduce the tax incidence. This motivation can work on both sides – industry as well as tax administration – so as to unite the greatest advantage to the one who is attempting the classification. Classification cannot therefore be left to the whims and fancies of each person but reference must be had to the guidance provided in the law itself.

*Approach to Classification*

The notifications prescribing the rate of tax both in respect of goods as well as services contains explanations as to how the classification must be undertaken. Extracts of those explanations are provided below for ease of reference:

(iii) "Tariff item", "sub-heading" "heading" and "Chapter" shall mean respectively a tariff item, sub-heading, heading and chapter as specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975).

**Notification 1/2017-Central Tax (Rate) dated 28 June, 2017**

4. *Explanation.-* For the purposes of this notification,-

(i) Goods includes capital goods.

(ii) Reference to "Chapter", "Section" or "Heading", wherever they occur, unless the context otherwise requires, shall mean respectively as "Chapter, "Section" and "Heading" in the annexed scheme of classification of services (Annexure).

(iii) The rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall, so far as may be, apply to the interpretation of heading 9988.

(iv) Wherever a rate has been prescribed in this notification subject to the condition that

**Notification 11/2017-Central Tax (Rate) dated 28 June, 2017**

As can be seen from the above, the notification prescribing the rate of tax itself specifies the approach that is to be followed for purposes of classification, namely:

- in respect of goods, the notification requires reference to be had to the first Schedule to Customs Tariff Act 1975; and
- in respect of services, the notification requires reference to be had to the Annexure which contains the Scheme of Classification

A quick look at these helps is to recognize the approach that needs to be followed for classification.

## Background Material on Exempted Services under GST

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### 1. THE CUSTOMS TARIFF ACT, 1975 (51 OF 1975)<sup>1</sup>

(1)

An act to consolidate and amend the law relating to customs duties.

Be it enacted by Parliament in the Twenty-sixth Year of the Republic of India as follows:-

1. (1) This Act may be called the Customs Tariff Act, 1975.

(2) It extends to the whole of India.

(3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint. <sup>2,3</sup>

2. The rates at which duties of customs shall be levied under the Customs Act, 1962, are specified in the First and Second Schedules,<sup>4</sup>

The above table is an adaptation of the Harmonized System of Nomenclature (HSN) established for aiding in uniformity in Customs classification in international trade between member countries of World Customs Organization. It was drafted under the aegis of Customs Cooperation Council Nomenclature, Brussels. It was adopted for Customs purposes by India in 1975 and readapted (with some changes) for Central Excise in 1985 and now for purposes of GST in 2017. Please bear in mind that reference to the original HSN will be of much help in understanding the scope of any entry to understand the full extent of meaning implied in any entry found while reading Customs Tariff Act. Refer [www.wcoomd.org](http://www.wcoomd.org) where the HSN is available for purchase or subscription from World Customs Organization.

In respect of services, the Annexure is appended to the notification and starts with chapter 99 although there is no such chapter in the HSN

Central Tax (Rate) Notifications		
Notification No. & Date of Issue	English	हिन्दी
18/2017-Central Tax (Rate) ,dt. 30-06-2017	View  (136 KB)	देखें  (37 KB)
17/2017-Central Tax (Rate) ,dt. 28-06-2017	View  (136 KB)	देखें  (585 KB)
16/2017-Central Tax (Rate) ,dt. 28-06-2017	View  (344 KB)	देखें  (385 KB)
15/2017-Central Tax (Rate) ,dt. 28-06-2017	View  (142 KB)	देखें  (431 KB)
14/2017-Central Tax (Rate) ,dt. 28-06-2017	View  (248 KB)	देखें  (318 KB)
13/2017-Central Tax (Rate) ,dt. 28-06-2017	View  (274 KB)	देखें  (722 KB)
12/2017-Central Tax (Rate) ,dt. 28-06-2017	View  (440 KB)	देखें  (990 KB)
11/2017-Central Tax (Rate) ,dt. 28-06-2017	View  (399 KB)	देखें  (1.11 MB)
	Annexure  (252 KB)	Annexure  (252 KB)
10/2017-Central Tax (Rate),dt. 28-06-2017	View  (143 KB)	देखें  (503 KB)
09/2017-Central Tax (Rate),dt. 28-06-2017	View  (143 KB)	देखें  (500 KB)

Viewing 1 to 10 of 18

#### Customs Tariff Act – Rules of Interpretation:

the rules of interpretation are contained in the customs tariff act provides guidance regarding the approach to be followed for reading and interpreting tariff entries. These rules are summarized and listed below but detailed study of the actual rules is advised. Please refer for full set of rules of interpretation at page 28 and 29 from Customs Tariff Act on <http://www.cbec.gov.in/resources//htdocs-cbec/customs/cst2012-13/cst-act-1213.pdf>

- Rule 1: heading are for reference only and do not have statutory force for classification
- Rule 2(a): reference to an article in an entry includes that article in CKD-SKD condition
- Rule 2(b): reference to articles in an entry includes mixtures or combination
- Rule 3(a): where alternate classification available, specific description to be preferred
- Rule 3(b): rely on the material that gives essential character to the article
- Rule 3(c): apply that which appears later in the tariff as later-is-better
- Rule 4: examine the function performed that is found in other akin goods
- Rule 5: cases-packaging are to be classified with the primary article
- Rule 6: when more than one entries are available, compare only if they are at same level

#### Classification for Exemptions

exemptions under section 11 of the whole of the tax payable or a part of it. In granting exemptions, it is not necessary that the exemption be made applicable to the entire entry. In other words, exemption notifications are capable of carving out a portion from an entry so as

## Background Material on Exempted Services under GST

differentially alter the rate of tax applicable to goods or services within that entry. Exemptions can take any of the following forms:

- supplier may be exempt – here, regardless of the nature of outward supply, exemption apply to the supplier. Conditions specified may make such exemption be applicable to the supplier but when the supplies are made to specified recipients
- supplies may be exempt – here, the supplier is not as relevant and all supplies that are notified will enjoy the exemption. Conditions specified may help to determine the supplies that are to be allowed the exemption.

**Table**

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
(1)	(2)	(3)	(4)	(5)
1	Chapter 99	Services by an entity registered under section 12AA of the Income-tax Act, 1961 (43 of 1961) by way of charitable activities.	Nil	Nil
28	Heading 9971	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) <i>inter se</i> sale or purchase of foreign currency amongst banks or authorised dealers of foreign exchange or amongst banks and such dealers.	Nil	Nil

### *Role of 'Conditions' in Exemptions*

it is well understood that conditions in exemption notification tend to convert the exemption into an option, that is, the exempted / concessional rate of tax would apply when the conditions are fulfilled and by deviating from the conditions the full rate of tax would apply. This principle has been tested in the context of section 5A of the central excise act however a quick look at the explanation to section 11 of the CGST Act appears to indicate that unless an

express option is granted in the exemption notification, the concessional or exempted rate of tax along with attendant conditions must be availed without any discretion to opt out of it.

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

While there may be alternate views that the above explanation applies only when the exemption is 'granted absolutely' and not in all cases, such a view may find the contraindication where one entry in an exemption notification prescribes a concessional rate of tax that applies it is restriction on input tax credit but another entry in the very same notification prescribes two rates of tax where one of them enjoins restriction on input tax credit. The detailed nature of the various styles of drafting exemption in the same notification.

And the reason for resisting the view that – exemption with the condition is an option – is when the government felt free to specify two alternate tax consequences in respect of a given entry in one case (GTA, in above illustration), there is no justification to make an assumption about the existence of an option even when in the very same notification that government opted to notify only one tax consequence. Accordingly, it would be a reasonable construction that – exemption is a condition is not an option – and all court decisions under earlier laws to the contrary are rendered otiose in view of the explanation to section 11.

Illustration below shows a style where exemption will be an 'option' and where it will 'not be option':

## Background Material on Exempted Services under GST

Sl No.	Chapter, Section or Heading	Description of Service	Rate (per cent.)	Condition
(1)	(2)	(3)	(4)	(5)
8	<b>Heading 9964</b> (Passenger transport services)	(i) Transport of passengers, with or without accompanied belongings, by rail in first class or air conditioned coach.	2.5	Provided that credit of input tax charged in respect of goods used in supplying the service is not utilised for paying central tax or integrated tax on the supply of the service
		(ii) Transport of passengers with or without accompanied belongings, by rail in economy class.		
		[(vi) Transport of passengers by any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged from the service recipient.	2.5	Provided that credit of input tax charged on goods and services used in supplying the service, other than the input tax credit of input service in the same line of business (i.e. service procured from another service provider of transporting passengers in a motor vehicle or renting of a motor vehicle), has not been taken. [Please refer to Explanation no. (iv)]
			or	
			6	-] <sup>21</sup>
		(vii) Passenger transport services other than (i), (ii) (iii), (iv), (v) and (vi) above.	9	-

Other style of drafting exemption entries in the same notification be referred to note the exemption that is 'not optional'.

### Conclusion

In the light of the foregoing discussion, the following points of learning can be summarized:

## Classification of Goods or Services

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- transactions involving goods are, in certain cases, required to be treated as supply of services. As such, the fundamental classification to be undertaken is the differentiation between goods and services
- classification of goods and services cannot be made based on logic, experience or common sense. But, recourse to rules of interpretation in the first schedule to Customs Tariff Act is mandatory in relation to classification of goods. And reference to the scheme of classification (contained in the annexure) is inevitable in relation to classification of services. There can be no interchange in the use of the relevant classification rules between goods and services
- classification in GST requires a deep appreciation of the technical understanding of words and phrases in each domain and any urge to use the common meaning of such words and phrases must be actively discouraged. In other words, even if the common meaning of certain words and phrases appears reasonable, it must be understood that government has deliberately and mindfully words that each and in the case and specific interpretation in the relevant trade
- classification is not only required to determine the rate of tax applicable but also examine the availability of exemptions. There is no compulsion for an exemption notification to exempt” correctly what is the carveout from an entry a subset of transactions – supplies or suppliers – to attract a different rate of tax
- exemptions are not optional as are the conditions prescribed in respect of such exemption. Violation of the condition contracts consequences and not options. ‘Absolutely exempt’ does not mean ‘wholly exempt’ and it does not require to be ‘unconditionally exempt’ to be ‘absolutely exempt’.

## B. Exemption under GST

### Statutory Provisions

#### Section 11: Power to grant exemption from tax

- (1) Where the Government is satisfied that it is necessary in the public interest so to do, it may, on the recommendations of the Council, by notification, exempt generally, either absolutely or subject to such conditions as may be specified therein, goods or services or both of any specified description from the whole or any part of the tax leviable thereon with effect from such date as may be specified in such notification.
- (2) Where the Government is satisfied that it is necessary in the public interest so to do, it may, on the recommendations of the Council, by special order in each case, under circumstances of an exceptional nature to be stated in such order, exempt from payment of tax any goods or services or both on which tax is leviable.
- (3) The Government may, if it considers necessary or expedient so to do for the purpose of clarifying the scope or applicability of any notification issued under sub-section (1) or order issued under sub-section (2), insert an *explanation* in such notification or order, as the case may be, by notification at any time within one year of issue of the notification under sub-section (1) or order under sub-section (2), and every such *explanation* shall have effect as if it had always been the part of the first such notification or order, as the case may be.

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

#### 1. Introduction

This provision confers powers on the Central Government to exempt either absolutely or conditionally goods or services or both of any specified description from whole or part of the central tax, on the recommendations of the Council. It also confers power on the Central Government to exempt from payment of tax any goods or services or both, by special order, on the recommendation of the Council.

#### 2. Analysis

Central or the State Governments are empowered to grant exemptions from tax, subject to the following conditions:

- (i) Exemption should be in public interest

- (ii) By way of issue of notification
- (iii) On the recommendation from the Council
- (iv) Absolute / conditional exemption may be for any goods and / or services
- (v) Exemption by way of special order (and not notification) may be granted by citing the circumstances which are of exceptional nature.

The Central Government vide *Notification No. 09/2017-Central Tax (Rate) dated 28.06.2017* has exempted intra-State supplies of goods or services or both received by a deductor under section 51 of the said Act, from any supplier, who is not registered, from the whole of the central tax leviable thereon under sub-section (4) of section 9 of the said Act, subject to the condition that the deductor is not liable to be registered otherwise than under sub-clause (vi) of section 24 of the said Act.

Further, the Central Government vide *Notification No. 10/2017-Central Tax (Rate) dated 28.06.2017* has exempted intra-State supplies of second hand goods received by a registered person, dealing in buying and selling of second hand goods and who pays the central tax on the value of outward supply of such second hand goods as determined under sub-rule (5) of rule 32 of the Central Goods and Services tax Rules, 2017, from any supplier, who is not registered, from the whole of the central tax leviable thereon under sub-section (4) of section 9 of the Central Good and Services Tax Act, 2017

- (vi) The registered person supplying the goods or services or both shall not collect tax more than the effective rate as exempted by the Government.

With specific reference to the fourth condition indicated above, it is important to note that the exemption would be in respect of goods or services or both, and not specifically for any classes of persons. E.g.: An absolute exemption could be granted in respect of supply of water. A conditional exemption could be supply of goods to canteen stores department.

From the explanation provided, there is one school of thought wherein it is opined / understood that in case of conditional exemptions, there is an option available to the taxable person to pay the tax (by which way, there would be no requirement for input tax credit reversals). However, an absolute exemption is required to be followed mandatorily. The other view is that neither of the exemption is optional but mandatory when the conditions relating to the exemption are satisfied.

Further, it is to be noted that an exemption issued under the CGST Act will 'automatically' exempt the same supply from the levy of tax under the SGST/UTGST Act. This is provided

## **Background Material on Exempted Services under GST**

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under the SGST/UTGST Act. But the converse is not true, that is, exemption under the SGST/UTGST Act will not exempt the supply from levy of tax under the CGST Act.

In terms of sub-section (2), the Government may issue a special order on a case-to-case basis exempting from payment of tax. The circumstances of exceptional nature would also have to be specified in the special order.

To provide more clarity to explain the exemption notification or the special order, it is provided that the Government may issue an "Explanation" at any time within a period of one year from the date of notification or special order. The effect of this "Explanation" would be retrospective, viz., from the effective date of the relevant notification or special order.

### **Effective date of the notification or special order**

The effective date of the notification or the special order would be the date which is so mentioned in the notification or special order. However, if no date is mentioned therein, it would be:

- the date of its issue for publication in the official gazette;
- the date on which it is made available on the official website of the Government Department

### **Illustrations for Absolute Exemptions:**

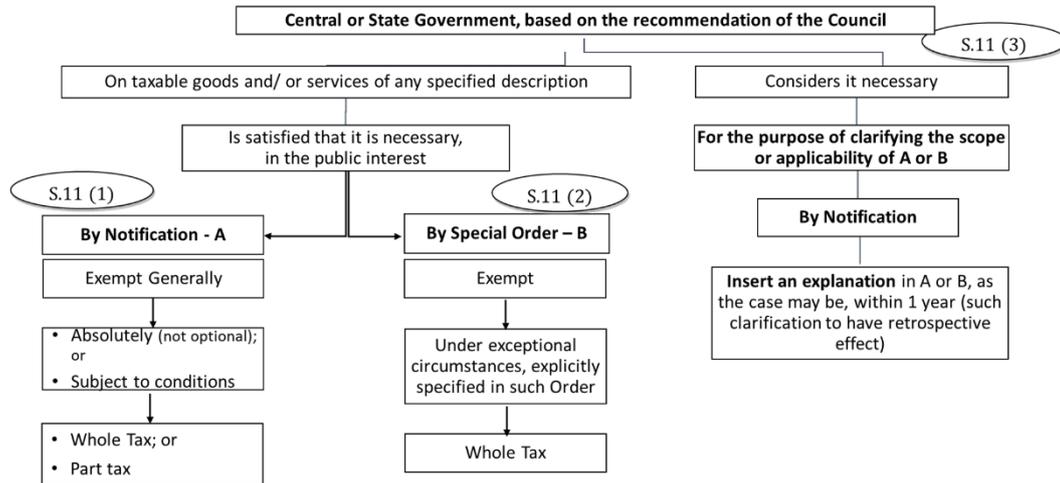
1. The Central Government has exempted the tax payable under the CGST / UTGST / IGST Acts by any taxable person on supply of "salt" with effect from 01.07.2017.
2. Transmission or distribution of electricity by an electricity transmission or distribution utility.

### **Illustrations for Conditional Exemptions:**

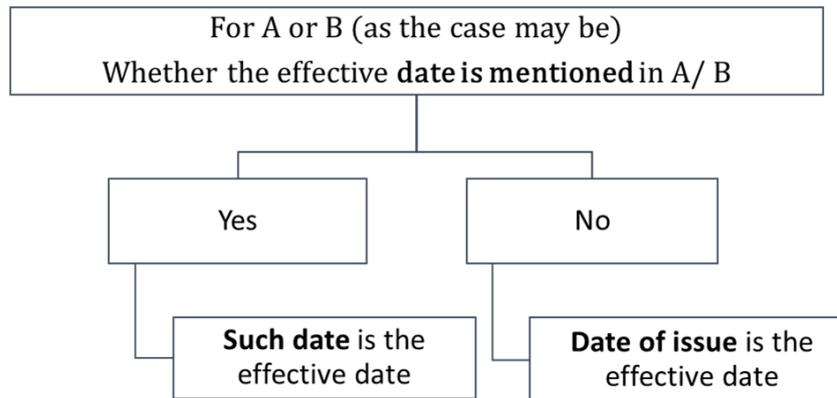
1. The Central Government has exempted the tax payable under the CGST/ UTGST/ IGST Acts by any taxable person on supply of "Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation less than ₹ 1000/- per day".

The analysis of the above provision could be summarised in a flowchart as under:

**Power to grant exemptions: Section 11**



**For the purpose of Section 11, the effective date or date of issue of the Notification or Order, is determined as under:**



Notification No.	Particulars	Comments
02/2017 - Central Tax (Rate) dated 28.06.2017	Exempted supplies of around 149 items of goods in terms of Section 11(1) of the CGST Act, 2017. Eg. Electricity, Salt, fresh fruits, plastic bangles, passenger baggage etc.	Parallel notification under IGST also. Notification no. is also the same
Notification No. 03/2017-Central Tax (Rate) dated	Goods specified in the List annexed required in connection with various kinds of petroleum operations undertaken are	Parallel notification under IGST also. Notification no. is also the same.

## Background Material on Exempted Services under GST

28.06.2017		given concessional rate i.e. at the rate of 2.5% under CGST i.e. 5% IGST.	
Notification No. 07/2017-Central Tax (Rate) dated 28.06.2017		Exemption to supplies by CSD to Unit Run Canteens and supplies by CSD / Unit Run Canteens to authorised customers	Parallel notification under IGST also. Notification No. is also the same.
Notification No. 08/2017-Central Tax (Rate) dated 28.06.2017		Exemption granted from levy of CGST under RCM on supplies received from unregistered persons. (if value of supplies does not exceed ₹ 5000 from any or all the suppliers in a day)	No such exemption under IGST.
Notification No. 09/2017-Central Tax (Rate) dated 28.06.2017		Exemption granted to supplies to a tax deductor by an unregistered supplier	This exemption notification is not available under IGST (Rate).
Notification No. 10/2017 - Central Tax (Rate) dated 28.06.2017		Exemption to Supplies of second hand goods received by registered person dealing in buying & selling of second hand goods from unregistered person provided the dealer pays central tax on supply of such second-hand goods as per Valuation Rules	This exemption notification is not available under IGST (Rate).
Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017		Exemption to supply of 81 services under CGST Act. More or less, all the exemptions were available earlier also under service tax law	This Notification No. 9/2017- IGST (Rate) dated 28.06.2017. Under IGST Exemption to supply 84 services.

### Section 11 – Illustration I

Notification issued u/s 11(1): Conditional, partial exemption

- Intra state supplies of goods or services or both by a registered person from an unregistered person is exempt from payment of tax under reverse charge provided the aggregate value of such supplies received by a registered person from all or any of the suppliers does not exceed ₹ 5000/- in a day.

*Notification No. 08/2017-Central Tax (Rate) dated 28.06.2017*

Note: The requirement to pay GST on supplies from un-registered person to registered

person has been deferred till 31.03.2018. (Notification No. 38/2017-Central Tax (Rate) dated 13.10.2017.

### **Section 11 – Illustration II**

Notification issued u/s 11(1): Absolute exemption

Exemption to following taxable services from tax leviable thereon:

- Services by way of renting of residential dwelling for use as residence.
- Services by Reserve Bank of India.
- Services by a veterinary clinic in relation to health care of animals or birds.
- This notification has come into force on the 1st day of July 2017

*Notification No. 12/2017 - Central Tax (Rate) dt.28.06.2017*

### **3. Exemptions to Goods**

Exemption has been given to Intra State Supplies of certain goods vide Notification No. 02/2017-Central Tax (Rate), dt. 28-06-2017 as rectified vide Corrigendum dated July 12, 2017 and July 27, 2017, amended by Notifications 28/2017-Central Tax (Rate) dated 22-09-2017, 35/2017-Central Tax (Rate) dated 13-10-2017 and 42/2017-Central Tax (Rate) dated 14-11-2017. and Inter State Supplies of Goods vide notification dated 02/2017-Integrated Tax (Rate), dt. 28-06-2017 as rectified vide Corrigendum dated July 12, 2017 and July 27, 2017 amended by Notifications 28/2017-Integrated Tax (Rate) dated 22-09-2017, 36/2017-Integrated Tax (Rate) dated 13-10-2017 and 44/2017-Integrated Tax (Rate) dated 14-11-2017. Exemption under UTGST Act to Intra State Supplies has been given vide Notification No. 02/2017-Union Territory Tax (Rate), dt. 28-06-2017 as rectified vide Corrigendum dated July 12, 2017 and July 27, 2017 amended by Notifications 28/2017-UTT(Rate) dated 22-09-2017, 36/2017-UTT (Rate) dated 13-10-2017 and 42/2017-UTT (Rate) dated 14-11-2017. States have also issued Notifications to notify exempted goods. The list of Exempted goods is as **Annexure I** to this Chapter:

### **4. Exemptions to Services**

Exemption has been given to Intra State Supplies of certain Services vide Notification No. 12/2017-Central Tax (Rate), dt. 28-06-2017, amended by Notifications 21/2017-Central Tax (Rate), dated 22-08-2017, 25/2017-Central Tax (Rate), dated 21-09-2017, 32/2017-Central Tax (Rate), dated 13-10-2017 and 47/2017-Central Tax (Rate) dated 14-11-2017 and Inter State Supplies of Goods vide 09/2017-Integrated Tax (Rate), dt. 28-06-2017 amended by Notifications 21/2017-Integrated Tax (Rate), dated 22-08-2017, 25/2017-Integrated Tax (Rate), dated 21-09-2017 and 49/2017-Integrated Tax (Rate) dated 14-11-2017. Exemption under UTGST Act to Intra State Supplies has been given vide Notification No. 12/2017-Union Territory Tax (Rate), dt. 28-06-2017 amended by Notifications 21/2017-UTT (Rate), dated 22-

## **Background Material on Exempted Services under GST**

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08-2017, 25/2017-UTT (Rate), dated 21-09-2017, 32/2017-UTT (Rate), dated 13-10-2017 and 47/2017-UTT(Rate) dated 14-11-2017. States have also issued Notifications to notify exempted services. The list of Exempted Services appears in **Annexure II** to this Chapter

### **5. Comparative review**

The provisions relating to exemption are broadly similar to the exemption provisions under the erstwhile tax regime. There are no significant differences.

### **6. FAQs**

Q1. When exemption from whole of tax leviable on goods and/or services has been granted unconditionally, can a taxable person pay tax?

Ans. No, the taxable person providing goods and/or services shall not pay the tax on such goods and/or services in respect of those supplies which are notified for absolute exemptions.

Q2. Under what circumstances can a special order be issued?

Ans. The Government may in public interest, issue a special order on the recommendation of GST Council exempting from payment of tax, any goods and/or services on which tax is leviable. The circumstances of exceptional nature would also have to be specified in the special order.

### **7. MCQs**

Q1. Which of the following can be issued by Central Government/ State Government to exempt goods and/or services on which tax is leviable in exceptional cases?

- (a) Exemption Notification
- (b) Special order
- (c) Other notifications
- (d) None of the above

Ans. (b) Special Order

## C. List of Exemptions

### 1.2. List of Exempted Services

S. No.	Description of Services	Remarks
1	Services by an entity registered under section 12AA of the Income-tax Act, 1961 (43 of 1961) by way of charitable activities.	This exemption is the same as under S.No.6 of Notification No. 25/2012-ST dated 20.06.2012.
2	Services by way of transfer of a going concern, as a whole or an independent part thereof.	This exemption is the same as under S.No.37 of Notification No. 25/2012-ST dated 20.06.2012.
3	Pure services (excluding works contract service or other composite supplies involving supply of any goods) provided to the Central Government, State Government or Union territory or local authority or a Governmental authority by way of any activity in relation to any function entrusted to a Panchayat under Article 243G of the Constitution or in relation to any function entrusted to a Municipality under Article 243W of the Constitution.	This exemption is the same as under S.No.25 of Notification No. 25/2012-ST dated 20.06.2012. The entry earlier was restricted to services by way of water supply, public health, sanitation conservancy, solid waste management or slum improvement and up-gradation;
4	Services by Central Government, State Government, Union territory, local authority or governmental authority by way of any activity in relation to any function entrusted to a municipality under Article 243 W of the Constitution.	This exemption is the same as under S.No.39 of Notification No. 25/2012-ST dated 20.06.2012.
5	Services by a <sup>1</sup> [Central Government, State Government, Union territory, local authority or Governmental Authority] by way of any activity in relation to any function entrusted to a Panchayat under Article 243G of the Constitution.	This exemption is the same as under S.No.60 of Notification No. 25/2012-ST dated 20.06.2012.
6	Services by the Central Government, State Government, Union territory or local authority excluding the following services— (a) services by the Department of Posts by way of	This service was there in the Negative list

<sup>1</sup> Substituted for the words "governmental authority" vide Notification 32/2017-CT (Rate) / UTT(Rate), 33/2017-IT(Rate) all dated 13.10.2017.

## Background Material on Exempted Services under GST

S. No.	Description of Services	Remarks
	<p>speed post, express parcel post, life insurance, and agency services provided to a person other than the Central Government, State Government, Union territory;</p> <p>(b) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;</p> <p>(c) transport of goods or passengers; or</p> <p>(d) any service, other than services covered under entries (a) to (c) above, provided to business entities.</p>	
7	<p>Services provided by the Central Government, State Government, Union territory or local authority to a business entity with an aggregate turnover of up to twenty lakh rupees (ten lakh rupees in case of a special category State) in the preceding financial year.</p> <p>Explanation. - For the purposes of this entry, it is hereby clarified that the provisions of this entry shall not be applicable to-</p> <p>(a) services-</p> <p>(i) 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;</p> <p>(ii) in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;</p> <p>(iii) of transport of goods or passengers; and</p> <p>(b) services by way of renting of immovable property.</p>	<p>This exemption is the same as under S.No.48 of Notification No. 25/2012-ST dated 20.06.2012.</p>
8	<p>Services provided by the Central Government, State Government, Union territory or local authority to another Central Government, State Government, Union territory or local authority:</p> <p>Provided that nothing contained in this entry shall</p>	<p>Nil</p>

**List of Exemptions**

<b>S. No.</b>	<b>Description of Services</b>	<b>Remarks</b>
	<p>apply to services-</p> <p>(i) 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;</p> <p>(ii) in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;</p> <p>(iii) of transport of goods or passengers.</p>	
9	<p>Services provided by Central Government, State Government, Union territory or a local authority where the consideration for such services does not exceed five thousand rupees:</p> <p>Provided that nothing contained in this entry shall apply to -</p> <p>(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;</p> <p>(ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;</p> <p>(iii) transport of goods or passengers:</p> <p>Provided further that in case where continuous supply of service, as defined in sub-section (33) of section 2 of the Central Goods and Services Tax Act, 2017, is provided by the Central Government, State Government, Union territory or a local authority, the exemption shall apply only where the consideration charged for such service does not exceed five thousand rupees in a financial year.</p>	<p>This exemption is the same as under S.No.56 of Notification No. 25/2012-ST dated 20.06.2012.</p>

## Background Material on Exempted Services under GST

S. No.	Description of Services	Remarks
<sup>2</sup> [9A]	Services provided by and to Fédération Internationale de Football Association (FIFA) and its subsidiaries directly or indirectly related to – any of the events under FIFA U-17 World Cup 2017 to be hosted in India]	
<sup>3</sup> [9B]	Supply of services associated with transit cargo to Nepal and Bhutan (landlocked countries)]	
<sup>4</sup> [9C]	Supply of service by a Government Entity to Central Government, State Government, Union territory, local authority or any person specified by Central Government, State Government, Union territory or local authority against consideration received from Central Government, State Government, Union territory or local authority, in the form of grants]	
10	Services provided by way of pure labour contracts of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of a civil structure or any other original works pertaining to the beneficiary-led individual house construction or enhancement under the Housing for All (Urban) Mission or Pradhan Mantri Awas Yojana.	This exemption is the same as under S.No.12 of Notification No. 25/2012-ST dated 20.06.2012.
11	Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex.	This exemption is the same as under S.No.13 of Notification No. 25/2012-ST dated 20.06.2012.
12	Services by way of renting of residential dwelling for use as residence.	This exemption was earlier in the Negative List
<sup>5</sup> [12]	<sup>6</sup> [Service provided by Fair Price Shops to Central	

<sup>2</sup> Inserted *vide* Notification 21/2017- CT (Rate), UTT (Rate) & IT (Rate), all dated 22-8-2017.

<sup>3</sup> Inserted *vide* Notification No. 30/2017-CT (Rate), UTT (Rate), 31/2017-ITT (Rate) all dated 13.10.2017.

<sup>4</sup> Inserted *vide* Notification No. 32/2017-CT (Rate), UTT (Rate), 33/2017-ITT (Rate) all dated 13.10.2017.

**List of Exemptions**

<b>S. No.</b>	<b>Description of Services</b>	<b>Remarks</b>
A]	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]	
<sup>7</sup> [12 B]	<sup>8</sup> ]	
13	<p>Services by a person by way of-</p> <p>(a) conduct of any religious ceremony;</p> <p>(b) renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust under section 12AA of the Income-tax Act, 1961 (here- inafter referred to as the Income-tax Act) or a trust or an institution registered under sub clause (v) of clause (23C) of section 10 of the Income-tax Act or a body or an authority covered under clause (23BBA) of section 10 of the said Income-tax Act:</p> <p>Provided that nothing contained in entry (b) of this exemption shall apply to,-</p> <p>(i) renting of rooms where charges are one thousand rupees or more per day;</p> <p>(ii) renting of premises, community halls, kalyanamandapam or open area, and the like where charges are ten thousand rupees or more per day;</p> <p>(iii) renting of shops or other spaces for business or commerce where charges are ten</p>	<p>This exemption is the same as under S.No.5 of Notification No. 25/2012-ST dated 20.06.2012. However, monetary limit has been introduced to restrict the exemption to institutions which are charging for their facilities over such limits</p>

<sup>5</sup> Inserted *vide* Notification 21/2017- CT (Rate), UTT (Rate) & IT (Rate), all dated 22-8-2017.

<sup>6</sup> Substituted for the words "Service provided by Fair Price Shops to Central Government by way of sale of wheat, rice and coarse grains under Public Distribution System (PDS) against consideration in the form of commission or margin]" *vide* Notification 47/2017-CT (Rate), 47/2017- UTT (Rate), 49/2017- IT (Rate) all effective from 15.11.2017.

<sup>7</sup> Inserted *vide* Notification 21/2017- CT (Rate), UTT (Rate) & IT (Rate), all dated 22-8-2017.

<sup>8</sup> Omitted to consolidate with entry 11A *vide* Notification 47/2017-CT (Rate), 47/2017- UTT (Rate), 49/2017- IT (Rate) all effective from 15.11.2017.

## Background Material on Exempted Services under GST

S. No.	Description of Services	Remarks
	thousand rupees or more per month.	
14	Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation below one thousand rupees per day or equivalent.	This exemption is the same as under S.No.18 of Notification No. 25/2012-ST dated 20.06.2012.
15	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-airconditioned contract carriage other than radio taxi, for transportation of passengers, excluding tourism, conducted tour, charter or hire; or (c) stage carriage other than air-conditioned stage carriage.	This exemption is the same as under S.No.23 of Notification No. 25/2012-ST dated 20.06.2012.
16	Services provided to the Central Government, by way of transport of passengers with or without accompanied belongings, by air, embarking from or terminating at a regional connectivity scheme airport, against consideration in the form of viability gap funding: Provided that nothing contained in this entry shall apply on or after the expiry of a period of one year from the date of commencement of operations of the regional connectivity scheme airport as notified by the Ministry of Civil Aviation.	This exemption is the same as provided in S.No. 23A of Notification No. 25/2012-ST dated 20.06.2012.
17	Service of transportation of passengers, with or without accompanied belongings, by— (a) railways in a class other than— (i) first class; or (ii) an air-conditioned coach;	This exemption was earlier in the Negative List

**List of Exemptions**

<b>S. No.</b>	<b>Description of Services</b>	<b>Remarks</b>
	(b) metro, monorail or tramway; (c) inland waterways; (d) public transport, other than predominantly for tourism purpose, in a vessel between places located in India; and (e) metered cabs or auto rickshaws (including e-rickshaws).	
18	Services by way of transportation of goods- (a) by road except the services of— (i) a goods transportation agency; (ii) a courier agency; (b) by inland waterways.	This exemption was earlier in Section 66D of Finance Act, 1994
19	Services by way of transportation of goods by an aircraft from a place outside India upto the customs station of clearance in India.	This exemption is the same as provided in S.no. 53 of Notification No. 25/2012-ST dated 20.06.2012.
20	Services by way of transportation by rail or a vessel from one place in India to another of the following goods: (a) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; (b) defence or military equipments; (c) newspaper or magazines registered with the Registrar of Newspapers; (d) railway equipments or materials; (e) agricultural produce; (f) milk, salt and food grain including flours, pulses and rice; and (g) organic manure.	This exemption is the same as provided in S.no. 20 of Notification No. 25/2012-ST dated 20.06.2012.
21	Services provided by a goods transport agency, by way of transport in a goods carriage of - (a) agricultural produce; (b) goods, where consideration charged for the transportation of goods on a consignment transported in a single carriage does not	This exemption is the same as provided in S.no. 21 of Notification No. 25/2012-ST dated 20.06.2012.

## Background Material on Exempted Services under GST

S. No.	Description of Services	Remarks
	<p>exceed one thousand five hundred rupees;</p> <p>(c) goods, where consideration charged for transportation of all such goods for a single consignee does not exceed rupees seven hundred and fifty;</p> <p>(d) milk, salt and food grain including flour, pulses and rice;</p> <p>(e) organic manure;</p> <p>(f) newspaper or magazines registered with the Registrar of Newspapers;</p> <p>(g) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; or</p> <p>(h) defence or military equipment.</p>	
22	<p>Services by way of giving on hire –</p> <p>(a) to a State transport undertaking, a motor vehicle meant to carry more than twelve passengers; or</p> <p>(b) to a goods transport agency, a means of transportation of goods.</p>	This exemption is the same as provided in S.no. 22 of Notification No. 25/2012-ST dated 20.06.2012.
¶22 A	<p>Services provided by a goods transport agency to an unregistered person, including an unregistered casual taxable person, other than the following recipients, namely: -</p> <p>(a) any factory registered under or governed by the Factories Act, 1948(63 of 1948); or</p> <p>(b) any Society registered under the Societies Registration Act, 1860 (21 of 1860) or under any other law for the time being in force in any part of India; or</p> <p>(c) any Co-operative Society established by or under any law for the time being in force; or</p> <p>(d) any body corporate established, by or under any law for the time being in force; or</p>	

<sup>9</sup> Inserted vide Notification 32/2017-CT (Rate)/UTT (Rate), 33/2017- IT (Rate) all dated 13.10.2017.

**List of Exemptions**

<b>S. No.</b>	<b>Description of Services</b>	<b>Remarks</b>
	(e) any partnership firm whether registered or not under any law including association of persons; (f) any casual taxable person registered under the Central Goods and Services Tax Act or the Integrated Goods and Services Tax Act or the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act.	
23	Service by way of access to a road or a bridge on payment of toll charges.	This exemption was earlier in Section 66D of Finance Act, 1994
24	Services by way of loading, unloading, packing, storage or warehousing of rice.	This exemption is the same as provided in S.no. 22 of Notification No. 25/2012-ST dated 20.06.2012.
<sup>10</sup> [24 A	Service by way of access to a road or a bridge on payment of annuity	
25	Transmission or distribution of electricity by an electricity transmission or distribution utility.	This exemption was earlier in Section 66D of Finance Act, 1994
26	Services by the Reserve Bank of India.	This exemption was earlier in Section 66D of Finance Act, 1994
27	Services by way of: (a) extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount (other than interest involved in credit card services); (b) inter se sale or purchase of foreign currency amongst banks or authorised dealers of foreign exchange or amongst banks and such dealers.	This exemption was earlier in Section 66D of Finance Act, 1994
28	Services of life insurance business provided by	This exemption is the same as

<sup>10</sup> Inserted vide Notification 32/2017-CT (Rate)/UTT (Rate), 33/2017- IT (Rate) all dated 13.10.2017.

## Background Material on Exempted Services under GST

S. No.	Description of Services	Remarks
	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 (23 of 2013).	provided in S.no. 26C of Notification No. 25/2012-ST dated 20.06.2012.
29	Services of life insurance business provided or agreed to be provided by the Army, Naval and Air Force Group Insurance Funds to members of the Army, Navy and Air Force, respectively, under the Group Insurance Schemes of the Central Government.	This exemption is the same as provided in S.no. 26D of Notification No. 25/2012-ST dated 20.06.2012
30	Services by the Employees' State Insurance Corporation to persons governed under the Employees' State Insurance Act, 1948 (34 of 1948).	This exemption is the same as provided in S.no. 36 of Notification No. 25/2012-ST dated 20.06.2012.
31	Services provided by the Employees Provident Fund Organisation to persons governed under the Employees Provident Funds and the Miscellaneous Provisions Act, 1952 (19 of 1952).	This exemption is the same as provided in S.no. 49 of Notification No. 25/2012-ST dated 20.06.2012.
32	Services provided by the Insurance Regulatory and the Development Authority of India to insurers under the Insurance Regulatory and the Development Authority of India Act, 1999 (41 of 1999).	This exemption is the same as provided in S.no. 50 of Notification No. 25/2012-ST dated 20.06.2012.
33	Services provided by the Securities and Exchange Board of India set up under the Securities and Exchange Board of India Act, 1992 (15 of 1992) by way of protecting the interests of investors in securities and to promote the development of, and to regulate, the securities market.	This exemption is the same as provided in S.no. 51 of Notification No. 25/2012-ST dated 20.06.2012.
34	Services by an acquiring bank, to any person in relation to settlement of an amount upto two thousand rupees in a single transaction transacted through credit card, debit card, charge card or	This exemption is the same as provided in S.no. 64 of Notification No. 25/2012-ST dated 20.06.2012.

**List of Exemptions**

<b>S. No.</b>	<b>Description of Services</b>	<b>Remarks</b>
	<p>other payment card service.                      Explanation. — For the purposes of this entry, “acquiring bank” means any banking company, financial institution including non-banking financial company or any other person, who makes the payment to any person who accepts such card.</p>	
35	<p>Services of general insurance business provided under following schemes –</p> <ul style="list-style-type: none"> <li>(a) Hut Insurance Scheme;</li> <li>(b) Cattle Insurance under Swarnajaynti Gram Swarozgar Yojna (earlier known as Integrated Rural Development Programme);</li> <li>(c) Scheme for Insurance of Tribals;</li> <li>(d) Janata Personal Accident Policy and Gramin Accident Policy;</li> <li>(e) Group Personal Accident Policy for Self-Employed Women;</li> <li>(f) Agricultural Pumpset and Failed Well Insurance;</li> <li>(g) Premia collected on export credit insurance;</li> <li>(h) Weather Based Crop Insurance Scheme or the Modified National Agricultural Insurance Scheme, approved by the Government of India and implemented by the Ministry of Agriculture;</li> <li>(i) Jan Arogya Bima Policy;</li> <li>(j) National Agricultural Insurance Scheme (Rashtriya Krishi Bima Yojana);</li> <li>(k) Pilot Scheme on Seed Crop Insurance;</li> <li>(l) Central Sector Scheme on Cattle Insurance;</li> <li>(m) Universal Health Insurance Scheme;</li> <li>(n) Rashtriya Swasthya Bima Yojana;</li> <li>(o) Coconut Palm Insurance Scheme;</li> <li>(p) Pradhan Mantri Suraksha BimaYojna;</li> <li>(q) Niramaya Health Insurance Scheme implemented by the Trust constituted under the provisions of the National Trust for the Welfare of Persons with Autism, Cerebral</li> </ul>	<p>This exemption is the same as provided in S.no. 26 of Notification No. 25/2012-ST dated 20.06.2012.</p>

## Background Material on Exempted Services under GST

S. No.	Description of Services	Remarks
	Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999).	
36	<p>Services of life insurance business provided under following schemes-</p> <p>(a) Janashree Bima Yojana;</p> <p>(b) Aam Aadmi Bima Yojana;</p> <p>(c) Life micro-insurance product as approved by the Insurance Regulatory and Development Authority, having maximum amount of cover of fifty thousand rupees;</p> <p>(d) Varishtha Pension BimaYojana;</p> <p>(e) Pradhan Mantri Jeevan Jyoti BimaYojana;</p> <p>(f) Pradhan Mantri Jan DhanYogana;</p> <p>(g) Pradhan Mantri Vaya Vandana Yojana.</p> <p>(h) 11[Restructured Weather Based Crop Insurance Scheme (RWCIS)] or the Modified National Agricultural Insurance Scheme, approved by the Government of India and implemented by the Ministry of Agriculture;</p> <p>(i) Jan Arogya Bima Policy;</p> <p>(j) 12[Pradhan Mantri Fasal Bima Yojana (PMFBY);]</p> <p>(k) Pilot Scheme on Seed Crop Insurance;</p> <p>(l) Central Sector Scheme on Cattle Insurance;</p> <p>(m) Universal Health Insurance Scheme;</p> <p>(n) Rashtriya Swasthya Bima Yojana;</p> <p>(o) Coconut Palm Insurance Scheme;</p> <p>(p) Pradhan Mantri Suraksha BimaYojna;</p> <p>(q) Niramaya Health Insurance Scheme implemented by the Trust constituted under the provisions of the National Trust for the Welfare of Persons with Autism, Cerebral</p>	This exemption is the same as provided in S.no. 26A of Notification No. 25/2012-ST dated 20.06.2012.

<sup>11</sup> Substituted for "Weather Based Crop Insurance Scheme or the Modified National Agricultural Insurance Scheme" by Notification 21/2017- CT (Rate), UTT (Rate) & IT (Rate), all dated 22-8-2017.

<sup>12</sup> Substituted for "National Agricultural Insurance Scheme (Rashtriya Krishi Bima Yojana)" by Notification 21/2017- CT (Rate), UTT (Rate) & IT (Rate), all dated 22-8-2017.

**List of Exemptions**

<b>S. No.</b>	<b>Description of Services</b>	<b>Remarks</b>
	Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999).	
37	Services by way of collection of contribution under the Atal Pension Yojana.	This exemption is the same as provided in S.no. 26B of Notification No. 25/2012-ST dated 20.06.2012.
38	Services by way of collection of contribution under any pension scheme of the State Governments.	
39	Services by the following persons in respective capacities – (a) business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch; (b) any person as an intermediary to a business facilitator or a business correspondent with respect to services mentioned in entry (a); or (c) business facilitator or a business correspondent to an insurance company in a rural area.	This exemption is the same as provided in S.no. 29 of Notification No. 25/2012-ST dated 20.06.2012. However, the exemption is restricted and is no longer available to sub broker and selling agents of SIM Cards
40	Services provided to the Central Government, State Government, Union territory under any insurance scheme for which total premium is paid by the Central Government, State Government, Union territory.	New Exemption
41	One time upfront amount (called as premium, salami, cost, price, development charges or by any other name) leviable in respect of service, by way of granting long term (thirty years, or more) lease of industrial plots, provided by the State Government Industrial Development Corporations or Undertakings to industrial units.	This exemption is the same as provided in Notification No. 41/2016-ST dated 22.9.2016
42	Services provided by the Central Government, State Government, Union territory or local authority by way of allowing a business entity to operate as a telecom service provider or use radio	This exemption is the same as provided in S.no. 62 of Notification No. 25/2012-ST dated 20.06.2012.

## Background Material on Exempted Services under GST

S. No.	Description of Services	Remarks
	frequency spectrum during the period prior to 1 <sup>st</sup> April, 2016, on payment of licence fee or spectrum user charges, as the case may be.	
43	<sup>13</sup> [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 thirty 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 per cent. or more ownership of Central Government, State Government, Union territory to industrial units or developers in any industrial or financial business area]	Already exempted
44	Services provided by an incubatee up to a total turnover of fifty lakh rupees in a financial year subject to the following conditions, namely:- (a) the total turnover had not exceeded fifty lakh rupees during the preceding financial year; and (b) a period of three years has not elapsed from the date of entering into an agreement as an incubate.	This exemption is the same as provided in S.no. 27 of Notification No. 25/2012-ST dated 20.06.2012.
45	Services provided by- (a) an arbitral tribunal to – (i) any person other than a business entity; or (ii) a business entity with an aggregate turnover up to twenty lakh rupees (ten lakh rupees in the case of special category States) in the preceding financial year;	This exemption is the same as under S.No.6 of Notification No. 25/2012-ST dated 20.06.2012

<sup>13</sup> Substituted for “one time upfront premium leviable” vide notification 32/2017-CT (Rate)/UTT (Rate), 33/2017-IT (Rate) all dated 13.10.2017

**List of Exemptions**

<b>S. No.</b>	<b>Description of Services</b>	<b>Remarks</b>
	<p>(b) a partnership firm of advocates or an individual as an advocate other than a senior advocate, by way of legal services to-</p> <p>(i) an advocate or partnership firm of advocates providing legal services;</p> <p>(ii) any person other than a business entity; or</p> <p>(iii) a business entity with an aggregate turnover up to twenty lakh rupees (ten lakh rupees in the case of special category States) in the preceding financial year;</p> <p>(c) a senior advocate by way of legal services to-</p> <p>(i) any person other than a business entity; or</p> <p>(ii) a business entity with an aggregate turnover up to twenty lakh rupees (ten lakh rupees in the case of special category States) in the preceding financial year.</p>	
46	Services by a veterinary clinic in relation to health care of animals or birds.	Similar to Exemption vide S.no. 3 of notification No. 25/2012 dated 20.06.2012
47	<p>Services provided by the Central Government, State Government, Union territory or local authority by way of-</p> <p>(a) registration required under any law for the time being in force;</p> <p>(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.</p>	This exemption is the same as provided in S.no. 58 of Notification No. 25/2012-ST dated 20.06.2012.
48	Taxable services, provided or to be provided, by a Technology Business Incubator or a Science and Technology Entrepreneurship Park recognised by	This exemption is the same as provided in Notification No. 32/2012-ST dated 20.06.2012.

## Background Material on Exempted Services under GST

S. No.	Description of Services	Remarks
	the National Science and Technology Entrepreneurship Development Board of the Department of Science and Technology, Government of India or bio-incubators recognised by the Biotechnology Industry Research Assistance Council, under the Department of Biotechnology, Government of India.	
49	Services by way of collecting or providing news by an independent journalist, Press Trust of India or United News of India.	This exemption is the same as provided in S.No. 17 of Notification No. 25/2012-ST dated 20.06.2012
50	Services of public libraries by way of lending of books, publications or any other knowledge-enhancing content or material.	This exemption is the same as provided in S.No. 35 of Notification No. 32/2012-ST dated 20.06.2012
51	Services provided by the Goods and Services Tax Network to the Central Government or State Governments or Union territories for implementation of Goods and Services Tax.	New Exemption
52	Services by an organiser to any person in respect of a business exhibition held outside India.	This exemption is the same as provided in S.No. 31 of Notification No. 32/2012-ST dated 20.06.2012
53	<p>Services by way of sponsorship of sporting events organised -</p> <p>(a) by a national sports Federation, or its affiliated Federations, where the participating teams or individuals represent any district, State, zone or Country;</p> <p>(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;</p> <p>(c) by the Central Civil Services Cultural and Sports Board;</p> <p>(d) as part of national games, by the Indian Olympic Association; or</p>	This exemption is the same as provided in S.No. 11 of Notification No. 32/2012-ST dated 20.06.2012

**List of Exemptions**

<b>S. No.</b>	<b>Description of Services</b>	<b>Remarks</b>
	(e) under the Panchayat Yuva Kreedha Aur Khel Abhiyaan Scheme.	
54	<p>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—</p> <p>(a) agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing;</p> <p>(b) supply of farm labour;</p> <p>(c) processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging and such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market;</p> <p>(d) renting or leasing of agro machinery or vacant land with or without a structure incidental to its use;</p> <p>(e) loading, unloading, packing, storage or warehousing of agricultural produce;</p> <p>(f) agricultural extension services;</p> <p>(g) services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce.</p>	This exemption was earlier part of Section 66D of Finance Act, 1994
55	Carrying out an intermediate production process as job work in relation to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce.	This exemption is the same as provided in S.No. 30(a) of Notification No. 32/2012-ST dated 20.06.2012
56	Services by way of slaughtering of animals.	This exemption is the same as

## Background Material on Exempted Services under GST

S. No.	Description of Services	Remarks
		provided in S.No. 33 of Notification No. 32/2012-ST dated 20.06.2012. However, this exemption was restricted to bovine animals.
57	Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables which do not change or alter the essential characteristics of the said fruits or vegetables.	This exemption is the same as provided in S.No. 44 of Notification No. 32/2012-ST dated 20.06.2012
58	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.	This exemption is the same as provided in S.No. 52 of Notification No. 32/2012-ST dated 20.06.2012
59	Services by a foreign diplomatic mission located in India.	This exemption was earlier part of Section 66D of Finance Act, 1994
60	Services by a specified organisation in respect of a religious pilgrimage facilitated by the Ministry of External Affairs, the Government of India, under bilateral arrangement.	This exemption is the same as given under S.No. 5A of Notification No. 25/2012-ST dated 20.6.2012
61	Services provided by the Central Government, State Government, Union territory or local authority by way of issuance of passport, visa, driving licence, birth certificate or death certificate.	This exemption is the same as given under S.No. 55 of Notification No. 25/2012-ST dated 20.6.2012
62	Services provided by the Central Government, State Government, Union territory or local authority by way of tolerating non-performance of a contract for which consideration in the form of fines or liquidated damages is payable to the Central Government, State Government, Union territory or local authority under such contract.	This exemption is the same as given under S.No. 57 of Notification No. 25/2012-ST dated 20.6.2012
63	Services provided by the Central Government, State Government, Union territory or local authority by way of assignment of right to use natural resources to an individual farmer for cultivation of plants and rearing of all life forms of	This exemption is the same as given under S.No. 59 of Notification No. 25/2012-ST dated 20.6.2012

**List of Exemptions**

<b>S. No.</b>	<b>Description of Services</b>	<b>Remarks</b>
	animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products.	
64	Services provided by the Central Government, State Government, Union territory or local authority by way of assignment of right to use any natural resource where such right to use was assigned by the Central Government, State Government, Union territory or local authority before 1 <sup>st</sup> April, 2016: Provided that the exemption shall apply only to tax payable or one time charge payable, in full upfront or in installments, for assignment of right to use such natural resource.	This exemption is the same as given under S.No. 61 of Notification No. 25/2012-ST dated 20.6.2012
65	Services provided by the Central Government, State Government, Union territory by way of deputing officers after office hours or on holidays for inspection or container stuffing or such other duties in relation to import export cargo on payment of Merchant Overtime charges.	This exemption is the same as given under S.No. 63 of Notification No. 25/2012-ST dated 20.6.2012
66	Services provided - (a) by an educational institution to its students, faculty and staff; (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; upto higher secondary: Provided that nothing contained in entry (b) shall	This exemption is same as exemption given under S.No. 9 of Notification No. 25/2012-ST dated 20.6.2012.  However, the scope of such services has been limited when provided to educational institutions providing services by way of pre-school education and education up to higher secondary school or equivalent

## Background Material on Exempted Services under GST

S. No.	Description of Services	Remarks
	apply to an educational institution other than an institution providing services by way of pre-school education and education up to higher secondary school or equivalent.	
67	<p>Services provided by the Indian Institutes of Management, as per the guidelines of the Central Government, to their students, by way of the following educational programmes, except Executive Development Programme: -</p> <p>(a) two year full time Post Graduate Programmes in Management for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test (CAT) conducted by the Indian Institute of Management;</p> <p>(b) fellow programme in Management;</p> <p>(c) five year integrated programme in Management.</p>	This exemption is the same as given under S.No. 9B of Notification No. 25/2012-ST dated 20.6.2012.
68	<p>Services provided to a recognised sports body by-</p> <p>(a) an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organised by a recognized sports body;</p> <p>(b) another recognised sports body.</p>	This exemption is the same as given under S.No. 10 of Notification No. 25/2012-ST dated 20.6.2012
69	<p>Any services provided by, -</p> <p>(a) the National Skill Development Corporation set up by the Government of India;</p> <p>(b) a Sector Skill Council approved by the National Skill Development Corporation;</p> <p>(c) an assessment agency approved by the Sector Skill Council or the National Skill Development Corporation;</p> <p>(d) a training partner approved by the National Skill Development Corporation or the Sector Skill Council, in relation to-</p>	This exemption is the same as given under S.No. 9A of Notification No. 25/2012-ST dated 20.6.2012.

**List of Exemptions**

<b>S. No.</b>	<b>Description of Services</b>	<b>Remarks</b>
	(i) the National Skill Development Programme implemented by the National Skill Development Corporation; or (ii) a vocational skill development course under the National Skill Certification and Monetary Re-ward Scheme; or (iii) any other Scheme implemented by the National Skill Development Corporation.	
70	Services of assessing bodies empanelled centrally by the Directorate General of Training, Ministry of Skill Development and Entrepreneurship by way of assessments under the Skill Development Initiative Scheme.	This exemption is the same as given under S.No. 9C of Notification No. 25/2012-ST dated 20.6.2012
71	Services provided by training providers (Project implementation agencies) under Deen Dayal Upadhyaya Grameen Kaushalya Yojana implemented by the Ministry of Rural Development, Government of India by way of offering skill or vocational training courses certified by the National Council for Vocational Training.	This exemption is the same as given under S.No. 9D of Notification No. 25/2012-ST dated 20.6.2012
72	Services provided to the Central Government, State Government, Union territory administration under any training programme for which the total expenditure is borne by the Central Government, State Government, Union territory administration.	New Expenditure
73	Services provided by the cord blood banks by way of preservation of stem cells or any other service in relation to such preservation.	This exemption is the same as given under S.No.2A of Notification No. 25/2012-ST dated 20.06.2012
74	Services by way of- (a) health care services by a clinical establishment, an authorised medical practitioner or paramedics; (b) services provided by way of transportation of a patient in an ambulance, other than those	This exemption is the same as given under S.No.2 of Notification No. 25/2012-ST dated 20.06.2012.

## Background Material on Exempted Services under GST

S. No.	Description of Services	Remarks
	specified in (a) above.	
75	Services provided by operators of 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.	This exemption is the same as given under S.No.2B of Notification No. 25/2012-ST dated 20.06.2012.
76	Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lava- tories, urinal or toilets.	This exemption is the same as given under S.No.2 of Notification No. 38/2012-ST dated 20.06.2012.
77	Service by an unincorporated body or a non- profit entity registered under any law for the time being in force, to its own members by way of reimbursement of charges or share of contribution – (a) as a trade union; (b) for the provision of carrying out any activity which is exempt from the levy of Goods and service Tax; or (c) up to an amount of five thousand rupees per month per member for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex.	This exemption is the same as given under S.No.28 of Notification No. 25/2012-ST dated 20.06.2012.
78	Services by an artist by way of a performance in folk or classical art forms of- (a) music, or (b) dance, or (c) theatre, if the consideration charged for such performance is not more than one lakh and fifty thousand rupees: Provided that the exemption shall not apply to service provided by such artist as a brand ambassador.	This exemption is the same as given under S.No.16 of Notification No. 25/2012-ST dated 20.06.2012.
79	Services by way of admission to a museum, national park, wildlife sanctuary, tiger reserve or	This exemption is the same as given under S.No.45 of Notification

**List of Exemptions**

S. No.	Description of Services	Remarks
	zoo.	No. 25/2012-ST dated 20.06.2012.
<sup>14</sup> [79 A	Services by way of admission to a protected monument so declared under the Ancient Monuments and Archaeological Sites and Remains Act 1958 (24 of 1958) or any of the State Acts, for the time being in force]	
80	Services by way of training or coaching in recreational activities relating to: (a) arts or culture, or (b) sports by charitable entities registered under section 12AA of the Income-tax Act.	This exemption is the same as given under S.No.8 of Notification No. 25/2012-ST dated 20.06.2012. However, the scope of sports training has been restricted to services when provided by Charitable entities
81	Services by way of right to admission to- (a) circus, dance, or theatrical performance including drama or ballet; (b) award function, concert, pageant, musical performance or any sporting event other than a recognised sporting event; (c) recognised sporting event, where the consideration for admission is not more than ₹ 250 per person as referred to in (a), (b) and (c) above.	This exemption is the same as given under S.No.47 of Notification No. 25/2012-ST dated 20.06.2012.
<sup>15</sup> 82	Services by way of right to admission to the events organised under FIFA U-17 World Cup 2017.	

There are three more exemptions notified under IGST Act which are as follows:

1	Services received from a provider of service located in a non- taxable territory by – (a) the Central Government, State Government, Union territory, a local authority, a governmental authority or an individual in relation to any purpose other than
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<sup>14</sup> Inserted vide notification 47/2017-CT (Rate) dated 14.11.2017

<sup>15</sup> Inserted vide notification 25/2017-CT (Rate) dated 21.09.2017 and Notification 25/2017-IT (Rate) dated 21.09.2017.

## Background Material on Exempted Services under GST

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	<p>commerce, industry or any other business or profession;</p> <p>(b) an entity registered under section 12AA of the Income-tax Act, 1961 (43 of 1961) for the purposes of providing charitable activities; or</p> <p>(c) a person located in a non-taxable territory:</p> <p>Provided that the exemption shall not apply to –</p> <p>(i) online information and database access or retrieval services received by persons specified in entry (a) or entry (b); or</p> <p>(ii) services by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India received by persons specified in the entry</p>
2.	Services received by the Reserve Bank of India, from outside India in relation to management of foreign exchange reserves.
3.	Services provided by a tour operator to a foreign tourist in relation to a tour conducted wholly outside India.

## D. Analysis of Exemption

### 1. S. No. 1 of Exemption Notification No. 12/2017-Central Tax (Rate)

#### 1. Exemption Entry

**S. No 1:** Services by an entity registered under section 12AA of the Income-tax Act, 1961 (43 of 1961) by way of charitable activities.

#### 2. Interpretation

Exemption has been granted subject to the following conditions:

- The entity should be registered under Section 12AA of the Income-tax Act, 1961 (43 of 1961):
- Services should be by way of charitable activities

The two requisites could be explained as under:

(a) Any entity registered under Section 12AA of the Income-tax Act, 1961 (43 of 1961)

A Trust, a Society or a Company formed under Section 8 of Companies Act, 2013 (company with charitable objects) are allowed to take registration under section 12A and they are eligible to claim exemption under the provisions of Income Tax Act'1961 subject to certain conditions. Section 12AA of the Income-tax Act, 1961 provides for the procedure of registration of such entities.

(b) Services should be by way of charitable activities

Mega Exemption Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 defines the term charitable activities as follows:

(r) "charitable activities" means activities relating to –

(i) public health by way of ,-

(A) care or counseling of

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

(II) persons afflicted with HIV or AIDS;

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

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

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- (ii) advancement of religion, spirituality or yoga;*
- (iii) advancement of educational programmes or skill development relating to,-*
  - (A) abandoned, orphaned or homeless children;*
  - (B) physically or mentally abused and traumatized persons;*
  - (C) prisoners; or*
  - (D) persons over the age of 65 years residing in a rural area;*
- (iv) preservation of environment including watershed, forests and wildlife;*

Thus, not all charitable activities are exempt but only those activities of the charitable trust which fall within the ambit of the above definition. The activities are very specific in their application and thus, many entities with charitable objects shall be exigible to GST as they may not fall within the above parameters.

Examples could be advancement of religion which is very wide whereas the advancement of educations and skill development is only for limited categories who may not need such services.

### **3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided vide Entry No. 6 of Notification No. 25/2012-ST dated 20.06.2012.

### **4. Example**

- (a) Prakash Charitable Trust (registered under section 12AA of Income Tax Act, 1961) has provided service of public health by way of care and counseling of persons afflicted with HIV or AIDS. It is exempt.
- (b) Yoga Sadan is conducting training camps and is taking consideration for such camps. Since Yoga Sadan is not registered under Section 12AA of Income Tax Act, 1961, no exemption shall be available to it unless it is in advancement of religion.

## **2. S. No. 2 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

**S. No 2:** Services by way of transfer of a going concern, as a whole or an independent part thereof.

### **2. Interpretation**

Sale of business as a going concern is the sale of a business. Under erstwhile State VAT laws specific provisions were there for exemption from the levy of VAT on the sale of business as a

'going concern'. In line with that, an exemption has been provided under GST law as well. The present exemption covers services by way of transfer of a going concern:

- o As a whole
- o An independent part thereof (Division)

Sale of the entire business should be as a 'going concern', i.e 'lock, stock and barrel' wherein all assets, liabilities, rights, stock in trade, goodwill, agreements, employees, subsisting licences and contracts of the business are transferred to the purchaser. The High Court of Rajasthan in the case of Mecson Marbles Pvt. Ltd. v Commercial Taxes Officer [2007(3) WLN401] observed that transfer of a business implies the transfer of a running business together with all its rights, liabilities, stock-in-trade and goodwill. Transfer of a going concern means transfer of an existing business which is capable of being carried on by the purchaser as an independent business and not in parts. Such business when purchased can be continued by the buyer without introduction of any new segment of business. Sales as a going concern shall comprise sale of business with all its assets and liabilities including but not limited to sale of immovable property, goods and transfer of unexecuted orders, employees, goodwill etc.

### 3. Similarity / Difference with Earlier law

This entry is similar to Service Tax exemption as provided vide Entry No. 37 of Notification No. 25/2012-ST dated 20.06.2012.

### 4. Example

Mr. Ritesh, a sole proprietor has transferred all assets and liabilities of his business carried on under the name and style of Ramesh Interiors as a going concern to M/s XY Private Limited. This sale is exempt.

## 3. S. No. 3 of Exemption Notification No. 12/2017-Central Tax (Rate)

### 1. Exemption Entry

**S. No 3:** Pure services (excluding works contract service or other composite supplies involving supply of any goods) provided to the Central Government, State Government or Union territory or local authority or a Governmental authority by way of any activity in relation to any function entrusted to a Panchayat under Article 243G of the Constitution or in relation to any function entrusted to a Municipality under Article 243W of the Constitution.

### 2. Interpretation

This exemption stipulates the following requisites for exempting services provided by any person:

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- There should be no supply of goods: Exemption has been given to pure services and not to any services including works contract where there is any supply of goods during the course of provision of such service.
- The recipient should be Central Government, State Government or Union territory or local authority or a Governmental authority.
- Services should be by way of any activity in relation to any function entrusted to a Panchayat under Article 243G of the Constitution or in relation to any function entrusted to a Municipality under Article 243W of the Constitution:

### **Article 243W of the Constitution**

#### **Powers, authority and responsibilities of Municipalities, etc.**

Subject to the provisions of this Constitution, the Legislature of a State may, by law, endow-

- (a) The Municipalities with such powers and authority as may be necessary to enable them to function as institutions of self-government and such law may contain provisions for the devolution of powers and responsibilities upon Municipalities, subject to such conditions as may be specified therein, with respect to
  - i. the preparation of plans for economic development and social justice;
  - ii. the performance of functions and the implementation of schemes as may be entrusted to them including those in relation to matters listed in the Twelfth Schedule;
- (b) The Committees with such powers and authority as may be necessary to enable them to carry out the responsibilities conferred upon them including those in relation to the matters listed in the Twelfth Schedule.

#### **Matters listed in twelfth schedule are:**

1. Urban planning including town planning.
2. Regulation of land-use and construction of buildings.
3. Planning for economic and social development.
4. Roads and bridges.
5. Water supply for domestic, industrial and commercial purposes.
6. Public health, sanitation conservancy and solid waste management.
7. Fire services.
8. Urban forestry, protection of the environment and promotion of ecological aspects.

9. Safeguarding the interests of weaker sections of society, including handicapped and mentally retarded.
10. Slum improvement and upgradation.
11. Urban poverty alleviation.
12. Provision of urban amenities and facilities such as parks, gardens, playgrounds.
13. Promotion of cultural, educational and aesthetic aspects.
14. Burials and burial grounds; cremations, cremation grounds; and electric crematoriums.
15. Cattle pounds; prevention of cruelty to animals.
16. Vital statistics including registration of births and deaths.
17. Public amenities including street lighting, parking lots, bus stops and public conveniences.
18. Regulation of slaughter houses and tanneries

**3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided vide Entry No. 25 of Notification No. 25/2012-ST dated 20.06.2012. Since only Service tax part of the transaction was exempt, now, only pure services have been exempted under the GST Law.

**4. Example**

Mukesh has provided labour services for construction of a community park to a Panchayat. This service is exempt.

**4. S. No. 4 of Exemption Notification No. 12/2017-Central Tax (Rate)**

**1. Exemption Entry**

**S. No 4:** Services by Central Government, State Government, Union Territory, Local authority or Governmental authority by way of any activity in relation to any function entrusted to a municipality under Article 243W of the Constitution.

**2. Scope**

The scope of the exemption is subject to some restrictions which can be easily understood from the following table:

Who is eligible	What specifically is exempt	Limits for Exemption
Central Government, State Government,	Functions entrusted to municipality under Article	The purpose is to exempt the services provided by Central

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Union Territory, Local Authority and Governmental Authority	243W	Government, State Government, Union Territory, Local Authority and Governmental Authority for facilitating the working of municipality. Any services provided other than those specified in Article 243W of the Constitution are not exempted, hence taxable.
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### 3. Interpretation

#### MEANING OF GOVERNMENT

Section 2(53) of CGST Act provides that “Government” means the Central Government.

Section 2 of different SGST Acts provide that “Government” means the respective State Government. For instance in Rajasthan GST “Government” means the Government of Rajasthan”.

Section 2(114) of CGST Act provides that “Union Territory” means the territory of-

- (a) The Andaman and Nicobar Island;
- (b) Lakshadweep;
- (c) Dadra and Nagar Haveli;
- (d) Daman and Diu;
- (e) Chandigarh; and
- (f) Other territory

As per Section 65(B)(26A) inserted by the Finance Act, 2015

*Government means the Department of the Central Government, a State Government and its Departments and a Union territory and its Departments, but shall not include any entity, whether created by a statute or otherwise, the accounts of which are not required to be kept in accordance with Article 150 of the Constitution or the rules made there under.*

Again, what is ‘department’ is not defined but any department or part of government would be considered as integral part of government. It would obviously include ministries and various departments comprised therein. For example, Ministry of Finance of a government may have revenue department, expenditure department, planning / budgeting department, department of banking, economic affairs department and so on.

According to the definition, 'government' shall not include entity or enterprise which has been created under a statute or otherwise, the accounts of which are not required to be kept as per Article 150 of the constitution or any rules framed thereunder.

Thus only those departments whose accounts are so prescribed and maintained would be covered under the scope of government.

**MEANING OF CENTRAL GOVERNMENT**

Section 3(8) of General Clauses Act, 1987 States that 'Central Government', in relation to anything done or to be done after the commencement of the Constitution, mean the President.

Article 53 of the Constitution specifies that the executive power of the Union shall be vested in the President and shall be exercised by him either directly or indirectly through officers subordinate to him in accordance with the Constitution.

Further, in terms of Article 77 of the Constitution all executive actions of the Government of India shall be expressed to be taken in the name of the President.

Therefore, Central Government means the President and the officers sub-ordinate to him while exercising the executive powers of the Union vested in the President and in the name of the President.

**MEANING OF STATE GOVERNMENT**

Similarly under clause (60) of section 3 of the General Clause Act, 1987, 'State Government, refers to, in a State the Governor, and in a Union Territory the Central Government.

According to Article 154 of the Constitution the executive power of the State shall be vested in the Governor and shall be exercised by him either directly or indirectly through officers subordinate to him in accordance with the Constitution.

Further, under Article 166 of the Constitution all executive actions of the Government of State shall be expressed to be taken in the name of Governor.

Therefore, State Government means the Governor or the officer sub-ordinate to him who exercise the executive power of the State vested in the Governor and in the name of the Governor.

**MEANING OF LOCAL AUTHORITY**

As per Section 2(69) of CGST Act, "local authority" means-

- (a) a "Panchayat" as defined in clause (d) of Article 243 of the Constitution;

*"Panchayat" means an institution (by whatever name called) of self- government constituted under Article 243B, for the rural areas.*

- (b) a "Municipality" as defined in clause (e) of Article 243P of the Constitution;

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*“Municipality” means an institution of self-government constituted under Article 243Q*

### **Article 243Q. Constitution of Municipalities.**

*(1) There shall be constituted in every State,—*

*(a) a Nagar Panchayat (by whatever name called) for a transitional area, that is to say, an area in transition from a rural area to an urban area;*

*(b) a Municipal Council for a smaller urban area; and*

*(c) a Municipal Corporation for a larger urban area,*

*in accordance with the provisions of this Part:*

*Provided that a Municipality under this clause may not be constituted in such urban area or part thereof as the Governor may, having regard to the size of the area and the municipal services being provided or proposed to be provided by an industrial establishment in that area and such other factors as he may deem fit, by public notification, specify to be an industrial township.*

*(2) In this Article, “a transitional area”, “a smaller urban area” or “a larger urban area” means such area as the Governor may, having regard to the population of the area, the density of the population therein, the revenue generated for local administration, the percentage of employment in non-agricultural activities, the economic importance or such other factors as he may deem fit, specify by public notification for the purposes of this Part.*

- (c) a Municipal Committee, a Zilla Parishad, a District Board, and any other authority legally entitled to, or entrusted by the Central Government or any State Government with the control or management of a municipal or local fund;
- (d) a Cantonment Board as defined in section 3 of the Cantonments Act, 2006 (41 of 2006);
- (e) a Regional Council or a District Council constituted under the Sixth Schedule to the Constitution;
- (f) a Development Board constituted under article 371 of the Constitution; or
- (g) a Regional Council constituted under article 371A of the Constitution;

**This definition is similar to the definition in Service Tax under Section 65B(31) of Finance Act, 1994**

### **MEANING OF GOVERNMENT AUTHORITY**

Governmental Authority is not defined under GST Act. We can analyze this from notification No. 25/2012 under service tax which may be relevant.

The term Governmental Authority has been defined under clause (s) of para 2 of Notification No. 25/2012-ST, dated 20/06/2012 as follows-

**From 30-01-2014**

'Governmental authority' means a board, or an authority or any other body;

- i. Set up by an Act of Parliament or a State legislature; or
- ii. Established by Government;

With 90% or more participation by way of equity or control, to carry out any function entrusted to a municipality under Article 243W of the Constitution.

The change in the definition of governmental authority is to enhance the coverage of the definition.

Henceforth, an authority or a board or any other body established by government with 90% or more participation by way of equity or control need not to be set up under an Act of Parliament or a State Legislature to qualify as governmental authority.

**Article 243W of the Constitution**

**Powers, authority and responsibilities of Municipalities, etc**

Subject to the provisions of this Constitution, the Legislature of a State may, by law, endow-

- (a) The Municipalities with such powers and authority as may be necessary to enable them to function as institutions of self-government and such law may contain provisions for the devolution of powers and responsibilities upon Municipalities, subject to such conditions as may be specified therein, with respect to
  - i. The preparation of plans for economic development and social justice;
  - ii. The performance of functions and the implementation of schemes as may be entrusted to them including those in relation to the matters listed in the Twelfth Schedule;
- (b) The Committees with such powers and authority as may be necessary to enable them to carry out the responsibilities conferred upon them including those in relation to the matters listed in the Twelfth Schedule.

**Matters listed in twelfth schedule are:**

- 1. Urban planning including town planning.
- 2. Regulation of land-use and construction of buildings.
- 3. Planning for economic and social development.
- 4. Roads and bridges.

## Background Material on Exempted Services under GST

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5. Water supply for domestic, industrial and commercial purposes.
6. Public health, sanitation conservancy and solid waste management.
7. Fire services.
8. Urban forestry, protection of the environment and promotion of ecological aspects.
9. Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.
10. Slum improvement and upgradation.
11. Urban poverty alleviation.
12. Provision of urban amenities and facilities such as parks, gardens, playgrounds.
13. Promotion of cultural, educational and aesthetic aspects.
14. Burials and burial grounds; cremations, cremation grounds; and electric crematoriums.
15. Cattle pounds; prevention of cruelty to animals.
16. Vital statistics including registration of births and deaths.
17. Public amenities including street lighting, parking lots, bus stops and public conveniences.
18. Regulation of slaughter houses and tanneries.

### 4. Similarity / Difference with Earlier law

This entry is similar to Service Tax exemption as provided vide Entry No.39 of Notification No. 25/2012-ST dated 20.06.2012. Since only Service tax part of the transaction was exempt, only pure services have now been exempt under GST.

**5. Example:** The State Government has built a burial ground in a village from the funds received by Government from public; such services shall be exempt.

### 5. S. No. 5 of Exemption Notification No. 12/2017-Central Tax (Rate)

#### 1. Exemption Entry

**S. No 5:** Service by a Central Government, State Government, Union territory, local authority or Governmental Authority by way of any activity in relation to any function entrusted to a Panchayat under Article 243G of the Constitution.

#### 2. Scope

The scope of the exemption is subject to some restrictions which can be easily understood from the following table:

## Analysis of Exemption

Who is eligible	What specifically is exempt	Limits for exemption
Central Government, State Government, Union territory, local authority or Governmental Authority	Any activity in relation to any function entrusted to panchayat	For fulfilling duties/responsibilities entrusted upon the panchayat by the Constitution.

Note: The exemption was extended to Central Government, State Government, Union territory, local authority with effect from 13.10.2017.

### 3. Interpretation

The exemption is when a Central Government, State Government, Union territory, local authority or government authority provides any service which is similar to any function entrusted to Panchayat under Article 243W of the Constitution. Main functions of panchayat are relating to preparation of plans for economic development and social justice and implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to the matters listed in the Eleventh Schedule. Article 243G provides for the following functions as being entrusted to Panchayat:

#### ELEVENTH SCHEDULE

(Article 243G)

- (a) Agriculture, including agricultural extension.
- (b) Land improvement, implementation of land reforms, land consolidation and soil conservation.
- (c) Minor irrigation, water management and watershed development.
- (d) Animal husbandry, dairying and poultry.
- (e) Fisheries.
- (f) Social forestry and farm forestry.
- (g) Minor forest produce.
- (h) Small scale industries, including food processing industries.
- (i) Khadi, village and cottage industries.
- (j) Rural housing.
- (k) Drinking water.
- (l) Fuel and fodder.
- (m) Roads, culverts, bridges, ferries, waterways and other means of communication.

## Background Material on Exempted Services under GST

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- (n) Rural electrification, including distribution of electricity.
- (o) Non-conventional energy sources.
- (p) Poverty alleviation programme.
- (q) Education, including primary and secondary schools.
- (r) Technical training and vocational education.
- (s) Adult and non-formal education.
- (t) Libraries.
- (u) Cultural activities.
- (v) Markets and fairs.
- (w) Health and sanitation, including hospitals, primary health centres and dispensaries.
- (x) Family welfare.
- (y) Women and child development.
- (z) Social welfare, including welfare of the handicapped and mentally retarded.
  - (aa) Welfare of the weaker sections, and in particular, of the Scheduled Castes and the Scheduled Tribes.
  - (bb) Public distribution system.
  - (cc) Maintenance of community assets.

Services provided by government are now taxable on reverse charge basis. The purpose of this exemption is that persons availing services which are entrusted to Panchayats are not taxed.

#### 4. Similarity / Difference with Earlier law

**Similarity:** - This entry is similar to Service Tax exemption as provided vide Entry No.60 of Notification No. 25/2012-ST dated 20.06.2012.

**Difference:** - No difference

#### 5. Example

Provision of Library services by State Government shall be exempt.

### 6. S. No. 6 of Exemption Notification No. 12/2017-Central Tax (Rate)

#### 1. Exemption Entry

**S. No 6:** Services by the Central Government, State Government, Union territory or local

authority excluding the following services—

- (a) 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;
- (b) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;
- (c) transport of goods or passengers; or
- (d) any service, other than services covered under entries (a) to (c) above, provided to business entities.

## **2. Interpretation**

All Services by Central Government, State Government, Union territory or local authority have been exempt. Thus, any service by any Government or local authority to any person shall be exempt. However, certain services which government provides but such services are provided by certain private players also to public or when services are provided by government to business entity, then such services have been excluded from the above exemption. The idea is to exempt all services which are provided to individuals and when such services are not provided in competition to private players. The services which are excluded from the exemption are as under:

- (a) Services by the Department of Posts:

Services by the Department of Post 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. Thus, services of general post has been exempted when provided by department of post.

- (b) Services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;

Mega Exemption Notification No. 12/2017-Central Tax (rate) dated 28.06.2017 defines the term aircraft and airport as follows:

(f) *“aircraft” has the same meaning as assigned to it in clause (1) of section 2 of the Aircraft Act, 1934 (22 of 1934);*

(g) *“airport” has the same meaning as assigned to it in clause (b) of section 2 of the Airports Authority of India Act, 1994 (55 of 1994.);*

- (c) Transport of goods or passengers: Such transportation can be undertaken by government in any manner including roadways, waterways or airways, all such transportation shall be exigible to GST.

## Background Material on Exempted Services under GST

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- (d) Any service, other than services covered under entries (a) to (c) above, provided to business entities: This is a residual clause which makes all services of government taxable when provided to a business entity. Mega Exemption Notification No. 12/2017-Central Tax (rate) dated 28.06.2017 defines the term “*business entity*” to mean any person carrying out business;

Thus, any service provided to any person for his business shall be taxable irrespective of the fact that such services are in exclusive domain of government or local authority. Such residual services shall include advertisement, support services, licensing etc.

### 3. Similarity / Difference with Earlier law

This entry is similar to Service Tax exemption as provided in the negative list of services.

### 4. Example:

When the Central Government provides Security service to a government authority, such services shall be taxable. When Government charges driving license fees for issuing license to a person, such license fee shall be exempt.

## 7. S. No. 7 of Exemption Notification No. 12/2017-Central Tax (Rate)

### 1. Exemption Entry

**S. No 7:** Services provided by the Central Government, State Government, Union territory or local authority to a business entity with an aggregate turnover of up to twenty lakh rupees (ten lakh rupees in case of a special category State) in the preceding financial year.

Explanation.- For the purposes of this entry, it is hereby clarified that the provisions of this entry shall not be applicable to-

- (a) services,-
- (i) 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) in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;
  - (iii) of transport of goods or passengers; and
- (b) services by way of renting of immovable property.

### 2. Scope

The scope of the exemption is subject to some restrictions which can be easily understood from the table below:

<b>Who is eligible</b>	<b>What specifically is exempt</b>	<b>Limits for exemption.</b>
<p>Central Government, State Government, Union Territory, Local Authority and Governmental Authority.</p>	<p>Services provided to a business entity with an aggregate turnover of up to twenty lakh rupees (ten lakh rupees in case of a special category State) in the preceding financial year.</p> <p>Explanation. - For the purposes of this entry, it is hereby clarified that the provisions of this entry shall not be applicable to-</p> <p>(a) services, -</p> <p>(i) 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;</p> <p>(ii) in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;</p> <p>(iii) of transport of goods or passengers; and</p> <p>(b) services by way of renting of immovable property.</p>	<p>Services provided to a business entity with an aggregate turnover of up to twenty lakh rupees</p>

### **3. Interpretation**

All Services by Central Government, State Government, Union territory or local authority to a business entity with an aggregate turnover of up to twenty lakh rupees excluding the following services have been exempt:

- (i) 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) in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;
- (iii) of transport of goods or passengers; and
- (b) services by way of renting of immovable property.

## **Background Material on Exempted Services under GST**

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Basically, the present entry exempts levy of GST on services provided to Small entities by the government. Mega Exemption Notification No. 12/2017-Central Tax (rate) dated 28.06.2017 defines the term aircraft and airport as follows:

“Aircraft” has the same meaning as assigned to it in clause (1) of section 2 of the Aircraft Act, 1934 (22 of 1934);

“Airport” has the same meaning as assigned to it in clause (b) of section 2 of the Airports Authority of India Act, 1994 (55 of 1994.);

Thus, except the services described above, all other services when provided by government to business entities having turnover less than Rs. 20 Lakhs shall be exempt.

### **4. Similarity / Difference with Earlier law:**

This entry is similar to Service Tax exemption as provided vide Entry No.48 of Notification No. 25/2012-ST dated 20.06.2012, however the limit has been enhanced to ₹ 20 Lakhs.

### **5. Example**

Raj Enterprise had turnover of ₹ 10 lakhs during FY 2016-2017. Raj enterprise has taken testing service from Central Government department. The supply of services by government are exempt and no GST is payable on such services by Raj Enterprise on reverse charge.

## **8. S. No. 8 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

**S. No 8:** Services provided by the Central Government, State Government, Union territory or local authority to another Central Government, State Government, Union territory or local authority:

Provided that nothing contained in this entry shall apply to services-

- (i) 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) in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;
- (iii) of transport of goods or passengers

### **2. Interpretation**

All Services by Central Government, State Government, Union territory or local authority to another Central Government, State Government, Union territory or local authority have been exempt, excluding the following services

- (i) 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) in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;
- (iii) of transport of goods or passengers

This exemption has been provided to reduce the compliance burden on Government departments whereby they shall be burdened with collection of tax and deposit from other government department with no gain to government treasury as the payer of such tax is also government. However, in case of three specific departments, GST has not been exempt *interse* between government since such exemption might reduce the available Input tax credit for such entities and in such cases, the government department would have been burdened to maintain proper records of services when supplies to other government / its department are made.

### **3. Similarity / Difference with Earlier law**

There is no change in this exemption.

### **4. Example**

Water Resources Ministry of Central Government has provided data services to Water Resource Ministry of Karnataka State for ₹ 25 Lakhs. It is exempt.

## **9. S. No. 9 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

**S. No 9:** Services provided by Central Government, State Government, Union territory or a local authority where the consideration for such services does not exceed five thousand rupees:

Provided that nothing contained in this entry shall apply to

- (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:

Provided further that in case where continuous supply of service, as defined in sub-section (33) of section 2 of the Central Goods and Services Tax Act, 2017, is provided by the Central Government, State Government, Union territory or a local authority, the exemption shall apply only where the consideration charged for such service does not exceed five thousand rupees in a financial year

## Background Material on Exempted Services under GST

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### 2. Interpretation

All Services by Central Government, State Government, Union territory or local authority have been exempt where the consideration for such services does not exceed five thousand rupees. The exemption has provided relief in case of tax payment by business entities for small payments to government for various supplies including fees for filing under different statutes. However, the limit of five thousand rupees shall not be applicable to the following services

- (i) 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) in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;
- (iii) of transport of goods or passengers.

### 3. Similarity / Difference to Earlier law:

This entry is similar to Service Tax exemption as provided vide Entry No.56 of Notification No. 25/2012-ST dated 20.06.2012.

### 4. Example

Housing Board of Haryana Government has taken sanitary fee of ₹ 3000 from companies. Such fees shall be exempt.

## 10. S. No. 9A of Exemption Notification No. 12/2017-Central Tax (Rate)

### 1. Exemption Entry

**S. No 9A:** Services provided by and to Fédération Internationale de Football Association (FIFA) and its subsidiaries directly or indirectly related to any of the events under FIFA U-17 World Cup 2017 to be hosted in India.  
Provided that Director (Sports), Ministry of Youth Affairs and Sports certifies that the services are directly or indirectly related to any of the events under FIFA U- 17 World Cup 2017]

### 2. Scope

The scope of the exemption is subject to some restrictions which can be easily understood from the below table:

Who is eligible	What specifically is exempt	Limits for exemption.
Any person	Services provided by and to Fédération Internationale de Football Association (FIFA) and its subsidiaries directly or indirectly	Provided that Director (Sports), Ministry of Youth Affairs and Sports certifies that the services are directly or indirectly related to

## Analysis of Exemption

	related to any of the events under FIFA U-17 World Cup 2017 to be hosted in India.	any of the events under FIFA U-17 World Cup 2017]
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The above exemption has been inserted w.e.f. 22.8.2017 vide notification No. 21/2017 – Central Tax (Rate) dt 22.08.2017.

### 3. Interpretation

This exemption has been granted to provide no tax cost to the preparations of proposed FIFA U-17 World Cup 2017 to be hosted in India.

### 4. Similarity / Difference with Earlier law

New Entry.

### 5. Example

M/s ABC enterprises provides shipment services for equipment of Fédération Internationale de Football Association (FIFA) for one of its games from Chennai to Bengaluru for FIFA U-17 World Cup 2017 in India. Such services are exempt.

## 11. S. No. 9B of Exemption Notification No. 12/2017-Central Tax (Rate)

### 1. Exemption Entry

<b>S. No 9B:</b> Supply of services associated with transit cargo to Nepal and Bhutan (landlocked countries).
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This entry has been inserted vide notification No. 30/2017 – Central Tax (Rate) dt 29.09.2017

### 2. Interpretation

Exemption has been provided to services related to transit cargo whose ultimate destination is Nepal or Bhutan but when such cargo has been imported from any country via any port or airport in India. To support trade with its neighbouring countries, tax cost on such transportation has been exempt.

### 3. Similarity / Difference with Earlier law

New entry.

### 4. Example

M/s Fast transit provides services of loading, unloading and transporting cargo which is imported by M/s Kath man Enterprises of Kathmandu to be shipped to Nepal. This is exempt.

## **12. S. No. 9C of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

**S. No 9C:** Supply of service by a Government Entity to Central Government, State Government, Union territory, local authority or any person specified by Central Government, State Government, Union territory or local authority against consideration received from Central Government, State Government, Union territory or local authority, in the form of grants.

### **2. Interpretation**

Exemption has been provided when services are provided by a government entity to other Government bodies including Central Government, State government, Union territory, local authority or any person specified by Central Government, State Government, Union territory or local authority. Government entity has been defined by the Notification as under:

*(zfa) "Government Entity" means an authority or a board or any other body including a society, trust, corporation,*

*(i) set up by an Act of Parliament or State Legislature; or*

*(ii) established by any Government, with 90 per cent. or more participation by way of equity or control,*

*to carry out a function entrusted by the Central Government, State Government, Union Territory or a local authority*

The only condition specified here is that the consideration for such services should have been received from Central Government, State Government, Union territory or local authority, in the form of grants. To promote certain specified work in the country by certain specific purpose companies formed by government when such bodies are unable to meet their requirements from their sources, grants are given by Government to enable their sustenance. Such specified bodies have been formed in fields like education, health, environment etc.

This entry has been inserted vide notification No. 32/2017 – Central Tax (Rate) dt 13.10.2017

### **3. Similarity / Difference with Earlier law**

New entry

**4. Example:** M/s Training Ltd. provides training for improvement of procedures in government companies and government bodies for which it receives grants for its functioning. It is entitled to exemption.

### **13. S. No. 10 of Exemption Notification No. 12/2017-Central Tax (Rate)**

#### **1. Exemption Entry**

**S. No 10:** Services provided by way of pure labour contracts of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of a civil structure or any other original works pertaining to the beneficiary-led individual house construction or enhancement under the Housing for All (Urban) Mission or Pradhan Mantri Awas Yojana.

#### **2. Interpretation**

Exemption has been provided against services provided by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of,

- a civil structure or any other original works pertaining to the “In-situ rehabilitation of existing slum dwellers using land as a resource through private participation” under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana, only for existing slum dwellers
- a civil structure or any other original works pertaining to the “Beneficiary-led individual house construction / enhancement under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana”

#### **3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided vide Entry No. 12 of Notification No. 25/2012-ST dated 20.06.2012.

#### **4. Example**

M/s RML Enterprises provided labour services for construction of housing flats, under the Housing for All (Urban) Mission or Pradhan Mantri Awas Yojana. It is exempt.

### **14. S. No. 11 of Exemption Notification No. 12/2017-Central Tax (Rate)**

#### **1. Exemption Entry**

**S. No 11:** Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex.

#### **2. Interpretation**

The present category exempts Services by way of erection or construction of original works pertaining to single residential unit otherwise as a part of a residential complex;

## **Background Material on Exempted Services under GST**

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Both these terms 'single residential unit' and 'residential complex' have been defined as follows:

- a. "single residential unit" means a self-contained residential unit which is designed for use, wholly or principally, for residential purposes for one family;
- b. "residential complex" means any complex comprising of a building or buildings, having more than one single residential unit.

Thus, construction of any new single unit residential house would be exempt from Goods and Service tax. It is important that such house should qualify as original work. Also, the scope of single residential unit has been restricted to as one family. The term "one single family" should be read as one single undivided family and where expenses of such construction is being borne in by a single person. The intent of deciding whether it is a single residential unit may be derived from all circumstantial evidences which required the construction of that unit.

GST is payable on construction of a residential complex having more than one single residential unit. Single residential unit is defined in the Notification to mean a self-contained residential unit which is designed for use, wholly or principally, for residential purposes for one family. If each of the floors of your house is a single residential unit in terms of the definition, the contractor is rightly demanding service tax. If the title of each floor is capable of being transferred to another person by mutation in land/ municipal records, both the floors may be considered as separate single residential units."

### **3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided vide Entry No. 13 of Notification No. 25/2012-ST dated 20.06.2012.

### **4. Example**

If Mr X gets his house constructed on a vacant land, such construction would qualify as Original work, however, if he gets modifications in a house done through Mr Y to suit his requirements, such construction would not qualify as Original works.

## **15. S. No. 11A of Exemption Notification No. 12/2017-Central Tax (Rate) as amended by Notification No. 21/2017-Central Tax (Rate) and 47/2017-Central Tax (Rate).**

### **1. Exemption Entry**

**S. No. 11A:** Service provided by Fair Price Shops to Central Government, State Government or Union territory by way of sale of food grains, kerosene, sugar, edible oil, etc. under Public Distribution System against consideration in the form of commission or margin

**2. Scope**

The scope of the exemption is subject to some restrictions which can be easily understood from the following table:

<b>Who is eligible</b>	<b>What specifically is exempt</b>	<b>Limits</b>
Fair Price Shop	Services 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	A

**3. Interpretation**

To rationalize the services of fair price shops which make available food grains etc. at subsidized rates as provided by government to the poor and marginal consumers, exemption has been granted from GST on such supplies. It is important to mention that such tax would otherwise be paid by the government only and thus, payment and collection is only an administrative exercise. Accordingly, consideration earned by fair price shops shall be exempt from the levy of GST.

**4. Similarity / Difference with Earlier law**

New entry.

**5. Example**

Amit runs a fair price shop and earns ₹ 30,000 as consideration received from government for sale of food grains during the month of October 2017. Such consideration is exempt from GST.

**16. S. No. 12 of Exemption Notification No. 12/2017-Central Tax (Rate)**

**1. Exemption Entry**

<b>S No 12:</b> Services by way of renting of residential dwelling for use as residence.
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**2. Interpretation**

'Renting' has been defined in section 65B as "allowing, permitting or granting access, entry, occupation, usage or any such facility, wholly or partly, in an immovable property, with or without the transfer of possession or control of the said immovable property and includes letting, leasing, licensing or other similar arrangements in respect of immovable property'.

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The phrase 'residential dwelling' has not been defined in the Act. It has therefore to be interpreted in terms of the normal trade parlance as per which it is any residential accommodation, but does not include hotel, motel, inn, guest house, camp-site, lodge, house boat, or like places meant for temporary stay.

These services by way of renting of residential dwelling for use as residence are exempt.

### 3. Similarity / Difference with Earlier law:

This entry is similar to Service Tax exemption as provided in the negative list of services.

### 4. Example

Amit a resident has given part of his residence by the way of renting to Mahesh for his residential purpose. Such service shall be exempt.

## 17. S. No. 13 of Exemption Notification No. 12/2017-Central Tax (Rate)

### 1. Exemption Entry

**S No 13:** Services by a person by way of-

- (a) conduct of any religious ceremony;
- (b) renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust under section 12AA of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act), or a trust or an institution registered under sub clause (v) of clause (23C) of section 10 of the Income-tax Act or a body or an authority covered under clause (23BBA) of section 10 of the Income-tax Act: Provided that nothing contained in (b) of this exemption shall apply to,-
  - (i) renting of rooms where charges are ₹ 1000/- or more per day;
  - (ii) renting of premises, community halls, kalyanmandapam or open area, etc where charges are ₹ 10,000/- or more per day;
  - (iii) renting of shops or other spaces for business or commerce where charges are ₹ 10,000/- or more per month.

### 2. Scope

The scope of the exemption is subject to some restrictions which can be easily understood from the below table:

Who is eligible	What specifically is exempt	Limits for exemption.
Any Person	Conduct of Religious ceremony	No conditions

Any Person	Renting of <b>Precincts</b> of a religious place meant for general public.	The exemption as contained in clause (b) shall not be available if: 1) Rooms are rented for ₹ 1000/- or more per day; 2) Renting of premises, community halls, kalyanmandapam or open area, etc where charges are ₹ 10,000/- or more per day; 3) Renting Shops for business and commerce for ₹ 10000/- or more per day.
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### 3. Interpretation

In order to understand or interpret the scope of exemption, it is important to understand the following terms:

- (a) The word **Religious ceremony** has not been defined under the Service Tax Law or GST Act, but it can include special religious poojas conducted by a person authorized by such religion. Occasions like birth, death and marriage ceremony involve religious ceremonies.
- (b) Notification No. 12/2017 clause (zy) under the - Central Tax (Rate) dt.28<sup>th</sup>June, 2017 specifies **Religious Place** to mean “a place which is primarily meant for conduct of prayers or worship pertaining to a religion, meditation or spirituality.
- (c) Clause (zc) defines **general public** to mean “the body of people at large sufficiently defined by some common quality of public or impersonal nature”. In simple words general public means ordinary people in the society rather than people who are considered to be important or who belong to a particular group.
- (d) The word ‘precincts’ has not been defined under the Act. However, the CBEC had clarified in the context of Service Tax laws that the word “**Precincts**” should be considered as all immovable property of the religious place located within the outer boundary wall of the complex (of building and facilities) in which religious place is located, as being located in the precincts of the religious place. The immovable property located in the immediate vicinity and surrounding of the religious place and owned by the religious place or under the same management as the religious place or under the same management as the religious place may be considered as being located in the precincts of religious place.

### 4. Similarity / Difference with Earlier law

This entry is similar to Service Tax exemption as provided vide Entry No. 5 of Notification No. 25/2012-ST dated 20.06.2012.

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However, under GST law the said service continues to be exempt from GST but subject to conditions mentioned herein above.

### 5. Examples

- (a) Mr A, a priest, charged ₹ 51000/- for services provided to Mr B for conducting his marriage ceremony at Church.

Service by any person by way of conduct of any religious ceremony would be exempt from GST as the same is covered under clause (a).

- (b) T Classes took a hall on rent for its last day revision batch in the precincts of a temple owned by a charitable trust at the rent of ₹ 9000/- per day.

It would be exempt from GST as it is not specified anywhere that renting of precincts of religious place should be for particular purpose i.e. renting can be for any purpose but the rent charged should be less than ₹ 10000/- per day.

- (c) If in the above example (b), the rent charged is ₹ 10000/- per day, then GST would be leviable since the rent per day is equal or more than ₹ 10000/-.

## 18. S. No. 14 of Exemption Notification No. 12/2017-Central Tax (Rate)

### 1. Exemption Entry

**S. No 14:** A hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation less than one thousand rupees per day or equivalent.

### 2. Scope

The scope of the exemption is subject to some restrictions which can be easily understood from the following table:

Who is eligible	What specifically is exempt	Limits for exemption.
A hotel, inn, guest house, club or campsite, by whatever name called	GST on Residential or lodging purpose	The declared tariff must be less than ₹ 1000/- per day.

### 3. Interpretation

In order to understand or interpret the scope of exemption, it is important to understand following terms:

Notification No. 12/2017 clause (w) - Central Tax (Rate) dated: 28<sup>th</sup> June, 2017 provides that “declared tariff” would include charges for all amenities provided in the unit of accommodation, (given on rent for stay) like furniture, air-conditioner, refrigerators, or any

other amenities, but without excluding any discount offered on the published charges for such unit.

**4. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided vide Entry No. 18 of Notification No. 25/2012-ST dated 20.06.2012.

However, under GST law there is no such abatement and GST is payable on the amount charged if declared tariff is equal to or more than ₹ 1000/- per day.

Pre-GST	Post GST	Effect of Change
Abatement of 40%	No abatement	GST payable on full amount charged if declared tariff is equal to or more than ₹ 1000/- per day.
No Cenvat Credit on inputs, input services and capital goods was available.	Service is considered as exempt services and is therefore subjected to proportionate allowance of ITC under section 17.	Input tax credit on Inputs, input services and capital goods is available proportionately under section 17.

However, where the declared tariff is equal to or more than ₹ 1000/- per day GST is payable at the following rates:

DECLARED TARIFF PER DAY	GST RATE
Less than ₹ 1000/-	NIL
From ₹ 1000/- to less than ₹ 2500/-	12%
From ₹ 2500/- to less than ₹ 7500/-	18%
From ₹ 7500/-	28%

**COMPARISON WITH SERVICE TAX**

This entry is similar to Service Tax exemption as provided vide Entry No. 18 of Notification No. 25/2012-ST dated 20.06.2012. i.e. Services by a Government, Local Authority or Governmental authority by way of any activity in relation to any function entrusted to a municipality under Article 243W of the Constitution.

In GST, this service is covered under Entry No. 4 of Notification No. 12/2017-Central Tax (Rate) issued by CBEC i.e. Services by Central Government, State Government, Union Territory, Local authority or Governmental authority by way of any activity in relation to any function entrusted to a municipality under Article 243W of the Constitution.

## Background Material on Exempted Services under GST

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The phrase “by way of” is much narrower than “in relation to” and therefore exemption would be available only if it directly fits. Activities which are required for the directly specified activity would not qualify for the exemption. It may be noted that the intention of the Government is to broaden the base of the taxation and provide fewer exemptions.

### 5. Examples

- (a) Tirupati temple provides accommodation services which has a declared tariff of ₹ 900/- per day for 100 units.

GST is not leviable on the above amount charged since declared tariff does not exceed ₹ 999/- per day.

- (b) Tirupati temple provides accommodation services which has a declared tariff of ₹ 1200/- per day for 100 units but charges ₹ 900/- per day.

GST would be leviable since the declared tariff is ₹ 1000/- or more per day even though the amount charged is less than ₹ 1000/- per day as the exemption is provided only if declared tariff is less than ₹ 1000/-. Therefore, in the present case GST would be leviable on ₹ 900.

## 19. S. No. 15 of Exemption Notification No. 12/2017-Central Tax (Rate)

### 1. Exemption Entry

**S. No. 15:** 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 transportation of passengers, excluding tourism, conducted tour, charter or hire; or
- (c) stage carriage other than air-conditioned stage carriage;

### 2. Interpretation

Services are exempt if the services are provided through

- (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 transportation of passengers, excluding tourism, conducted tour, charter or hire; or

(c) stage carriage other than air-conditioned stage carriage;

Mega Exemption Notification No. 12/2017-Central Tax (rate) dated 28.06.2017 defines the term “stage carriage” and “contract carriage” as under:

*(zzh) “stage carriage” shall have the same meaning as assigned to it in clause (40) of section 2 of the Motor Vehicles Act, 1988 (59 of 1988);*

*(t) “contract carriage” has the same meaning as assigned to it in clause (7) of section 2 of the Motor Vehicles Act, 1988 (59 of 1988);*

The Department vide letter DOF No 334/03/2010 TRU Dated 01-07-2010 had clarified that in round trip tickets involving multiple journeys/ flights sectors with one of the sectors involving embarkation or disembarkation at North-Eastern States/ Bagdogra, the journey/flight/sector that involves embarkation or disembarkation at North-Eastern States/ Bagdogra would alone be covered under exemption provided to Transport of passenger by Air service (2010).

That said, in cases of flight embarking from or terminating on any of the airports mentioned in the Notification the Service provider shall have the benefit of exemption, irrespective of multiple journeys.

### **3. Similarity / Difference with Earlier law:**

This entry is similar to Service Tax exemption as provided vide Entry No. 23 of Notification No. 25/2012-ST dated 20.06.2012. There is no change in this exemption.

### **4. Example**

Mr Ramesh embarked on a journey from Bagdogra airport on 1.12.2017, no GST is leviable on his air travel.

## **20. S. No. 16 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

**S. No. 16:** Services provided to the Central Government, by way of transport of passengers with or without accompanied belongings, by air, embarking from or terminating at a regional connectivity scheme airport, against consideration in the form of viability gap funding:

Provided that nothing contained in this entry shall apply on or after the expiry of a period of one year from the date of commencement of operations of the regional connectivity scheme airport as notified by the Ministry of Civil Aviation.

### **2. Interpretation**

Services provided to the Central Government way of transport of passengers with or without accompanied belongings, by air, embarking from or terminating at a regional connectivity scheme airport, against consideration in the form of viability gap funding shall be exempt. The

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exemption tries to do away the GST levy on the amount received from Government for the airports under regional connectivity scheme. Thus, the administrative procedure for recovery and payment of GST has been avoided by way of this exemption.

This Airports Authority of India (AAI) would connect 22 airports under regional connectivity scheme in the first phase. The 22 airports include the one in Andaman Nicobar, three in Assam, two each in Gujarat, Uttar Pradesh, Punjab and Rajasthan. This exemption is available for a limited time and shall cease after one year from the date of commencement of operations of the regional connectivity scheme airport as notified by the Ministry of Civil Aviation.

### 3. Similarity / Difference with Earlier law

This entry is similar to Service Tax exemption as provided vide Entry No. 23a of Notification No. 25/2012-ST dated 20.06.2012 which provided exemption of service tax from Transport of passengers, with or without accompanied belongings, by 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;

### 4. Example

M/s EFG Pvt Ltd. providing services of air transportation has received ₹ 10 Lakhs as viability funding from Central government for operation of air travel services.

## 21. S. No. 17 of Exemption Notification No. 12/2017-Central Tax (Rate)

### 1. Exemption Entry

**S. No. 17:** Service of transportation of passengers, with or without accompanied belongings, by—

- (a) railways in a class other than—
  - (i) first class; or
  - (ii) an air-conditioned coach;
- (b) metro, monorail or tramway;
- (c) inland waterways;
- (d) public transport, other than predominantly for tourism purpose, in a vessel between places located in India; and
- (e) metered cabs or auto rickshaws (including e-rickshaws).

### 2. Interpretation

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

- (a) railways in a class other than—
  - (i) first class; or
  - (ii) an air-conditioned coach;
- (b) metro, monorail or tramway;
- (c) inland waterways;
- (d) public transport, other than predominantly for tourism purpose, in a vessel between places located in India; and
- (e) metered cabs or auto rickshaws (including e-rickshaws)

Mega Exemption Notification No. 12/2017-Central Tax (rate) dated 28.06.2017 defines the relevant terms as follows:

- (za) “e-rickshaw” means a special purpose battery powered vehicle of power not exceeding 4000 watts, having three wheels for carrying goods or passengers, as the case may be, for hire or reward, manufactured, constructed or adapted, equipped and maintained in accordance with such specifications, as may be prescribed in this behalf;
- (zp) “metered cab” means any contract carriage on which an automatic device, of the type and make approved under the relevant rules by the State Transport Authority, is fitted which indicates reading of the fare chargeable at any moment and that is charged accordingly under the conditions of its permit issued under the Motor Vehicles Act, 1988 (59 of 1988) and the rules made thereunder (but does not include radio taxi);
- (zv) “radio taxi” means a taxi including a radio cab, by whatever name called, which is in two-way radio communication with a central control office and is enabled for tracking using the Global Positioning System or General Packet Radio Service;

All of the above services mentioned are exempt.

### **3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided in the negative list of services.

### **4. Example**

Shriman travelled in an auto rickshaw from Lajpat Nagar to Pitampura in Delhi. His services would be exempt from tax as it is a service of transportation of passengers.

## **22. S. No. 18 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

**S. No. 18:** Services by way of transportation of goods-

- (a) by road except the services of—
  - (i) a goods transportation agency;
  - (ii) a courier agency;
- (b) by inland waterways.

### **2. Interpretation**

Services by way of transportation of goods are exempt

- (a) by road except the services of
  - (i) a goods transportation agency;
  - (ii) a courier agency;
- (b) by inland waterways

Mega Exemption Notification No. 12/2017-Central Tax (rate) dated 28.06.2017 defines the following terms:

- (u) *“courier agency” means any person engaged in the door-to-door transportation of time-sensitive documents, goods or articles utilising the services of a person, either directly or indirectly, to carry or accompany such documents, goods or articles;*
- (ze) *“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;*
- (zi) *“inland waterway” means national waterways as defined in clause (h) of section 2 of the Inland Waterways Authority of India Act, 1985 (82 of 1985) or other waterway on any inland water, as defined in clause (b) of section 2 of the Inland Vessels Act, 1917 (1 of 1917);*

Truck owners usually give their trucks on hire to Goods transport agencies for transportation of goods. A transaction of allowing another person to use the goods, without giving legal right of possession and effective control, not being treated as sale of goods, is treated as service which is also included as a declared service. This would not be GTA therefore exemption is available.

### **3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided earlier in Section 66D of Finance Act, 1994.

**4. Example**

Raju has transported wheat to APMC by road to another city. It is exempt from tax.

**23. S. No. 19 of Exemption Notification No. 12/2017-Central Tax (Rate)**

**1. Exemption Entry**

**S. No. 19:** Services provided by way of transportation of goods by an aircraft from a place outside India upto the customs station of clearance in India

**2. Scope**

The scope of the exemption is subject to some restrictions which can be easily understood from the table given below:

Who is eligible	What specifically is exempt	Limits for exemption
Any person	Transportation of goods by an Aircraft from a place outside India upto the customs station of clearance in India	The exemption is only upto the customs station of clearance in India.  In case the goods after Custom clearance are further transported through an Aircraft, the same would be taxable.

**3. Interpretation**

Mega Exemption Notification No. 12/2017-Central Tax (rate) dated 28.06.2017 defines the following terms:

- (v) "Customs station" shall have the same meaning as assigned to it in clause (13) of section 2 of the Customs Act, 1962 (52 of 1962);

ABC Ltd has its offices at Chennai & Delhi. ABC Ltd Imported goods by an aircraft from a place outside India. Goods landed at Delhi and transported to Chennai.

In this case if the goods are to be cleared at Chennai customs station then transportation from Delhi to Chennai is also exempt but in case the goods need to be cleared at Delhi customs station than transportation from Delhi to Chennai after custom clearance is taxable.

**4. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided vide Entry No. 53 of Notification No. 25/2012-ST dated 20.06.2012.

Earlier these services were exempt under the Service Tax Law vide entry No. 53 of Notification No. 25/2012-ST w.e.f. 01/06/2016. The entry was inserted vide Notification

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09/2016-ST dated 01/03/2016. Before 01/06/2016 these services were not taxable under the Service Tax Law being an entry under the Negative List as per Section 66D(p) (ii). Note that, in the Negative list the services of transportation of goods by a vessels and aircraft both upto the customs station of clearance in India were not taxable but the same position was not followed after deletion of this entry from the Negative list. Only the services provided by an aircraft in the above manner continued to be exempted under exemption Notification No. 25/2012-ST. The same exemption in relation to aircraft is provided under the GST regime, the language of the entry is exactly the same as provided in the exemption entry in the Service Tax Law earlier.

### 5. Example

Ramesh Enterprise has a business in Germany and sent goods by aircraft to India. Goods are being cleared at customs stations in India. Such transportation services shall be exempt.

## 24. S. No. 20 of Exemption Notification No. 12/2017-Central Tax (Rate)

### 1. Exemption Entry

**S. No 20:** Services by way of transportation by rail or a vessel from one place in India to another of the following goods –

- (a) relief materials meant for victims of natural or man-made disasters, calamities, accidents, or mishap;
- (b) defence or military equipment's;
- (c) newspaper or magazines registered with the Registrar of Newspapers;
- (d) railway equipment's or materials;
- (e) agricultural produce;
- (f) milk, salt and food grain including flours, pulses and rice; and
- (g) organic manure

### 2. Scope

The scope of the exemption is subject to some restrictions which can be easily understood from the below table:

Who is eligible	What specifically is exempt	Limits for exemption.
Any person	Transportation by way of Rail or a Vessel within India.	Exemption only in relation to goods specified above

### 3. Interpretation

It is important to note that, transportation of specified goods is exempt only if it is transported by rail or vessel. Transportation by rail would include goods train, passenger train & transportation of goods by any train. The transportation is not restricted to the Govt. railways.

## Analysis of Exemption

Mega Exemption Notification No. 12/2017-Central Tax (rate) dated 28.06.2017 defines the following terms:

“vessel” has the same meaning as assigned to it in clause (z) of section 2 of the Major Port Trusts Act, 1963 (38 of 1963).

#### 4. Similarity / Difference with Earlier law

This entry is similar to Service Tax exemption as provided vide Entry No. 20 of Notification No. 25/2012-ST dated 20.06.2012.

Pre- GST	Post GST	Effect of Change
Services by way of transportation by rail or a vessel of: a) Chemical fertilizer, oil cake and organic manure b) Cotton, Ginned or Baled along with other goods specified above.	Services by way of transportation by rail or a vessel of: Organic Manure along with other goods specified above is exempt.	The Services of transportation of goods which are not included in the exemption notification under the GST Act would be now subjected to GST at appropriate rate.
Abatement of 70% for goods transported by rail other than those mentioned above were exempt.	No abatement	Transportation by rail or vessel of goods other than those mentioned above are taxable @5% under GST Act.
No Cenvat Credit on inputs, input services and capital goods	Service is considered as exempt services and is therefore subjected to proportionate allowance of ITC under section 17.	Input tax credit on Inputs, input services & capital goods is available proportionately under section 17.

#### 5. Example:

Transportation of by way of Rail or a Vessel within India:	GST
Relief materials to flood affected areas	Not leviable
Newspaper or magazines registered with the Registrar of Newspapers	Not leviable
Milk.	Not leviable
Defense or military equipment's	Not leviable
Chemical fertilizers by rail	Leviable
Cotton, ginned, baled.	Leviable

## **25. S. No. 21 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

**S. No 21:** Services provided by a goods transport agency, by way of transport in a goods carriage of,-

- (a) agricultural produce;
- (b) goods, where gross amount charged for the transportation of goods on a consignment transported in a single carriage does not exceed one thousand five hundred rupees;
- (c) goods, where gross amount charged for transportation of all such goods for a single consignee does not exceed rupees seven hundred fifty;
- (d) milk, salt and food grain including flour, pulses and rice;
- (e) organic manure;
- (f) newspaper or magazines registered with the Registrar of Newspapers;
- (g) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; or
- (h) defence or military equipment's;

### **2. Scope**

The scope of the exemption is subject to some restrictions which can be easily understood from the below table:

<b>Who is eligible</b>	<b>What specifically is exempt</b>	<b>Limits for exemption</b>
Goods Transport agency	Transportation in goods carriage	Exemption in relation to only goods specified above

### **Interpretation**

“Goods transport agency” has been defined under clause (ze) of the Notification No. 12/2017-Central Tax (Rate) dated: 28<sup>th</sup> June 2017 to mean “any person who provides service in relation to transport of goods by road and issues consignment note, by whatever name called.”

### **3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided vide Entry No. 21 of Notification No. 25/2012-ST dated 20.06.2012.

**4. Example**

(a)

Consignee	Total Freight of All consignments of a consignee.	GST
A	200	} <b>GST not leviable</b>
B	800	
C	100	
D	150	
E	250	
<b>TOTAL</b>	<b>1500**</b>	

\*\* Since the gross amount charged for all the consignments does not exceed ₹ 1500/, GST would not be leviable on the same.

(b)

Consignee	Total Freight of All consignments of a consignee.	GST
A	700	
B	450	<b>GST not leviable</b>
C	500	} <b>GST not leviable</b>
D	750	
E	1000	GST Leviable.
<b>TOTAL</b>	<b>3400**</b>	

\*\* Since the gross amount charged for all the consignments exceed Rs. 1500/-, the entire service is not exempt. However, exemption in respect of individual consignments may be claimed if the freight for individual consignment does not exceed ₹ 750/-. Hence services provided to consignee would be liable to GST.

**26. S. No. 21A of Exemption Notification No. 12/2017-Central Tax (Rate) as amended by Notification No 32/2017-Central Tax (Rate) dated 13.10.2017**

**1. Exemption Entry**

<p><b>S. No. 21A:</b> Services provided by a goods transport agency to an unregistered person, including an unregistered casual taxable person, other than the following recipients, namely: -</p> <p>(a) any factory registered under or governed by the Factories Act, 1948(63 of 1948); or</p> <p>(b) any Society registered under the Societies Registration Act, 1860 (21 of 1860) or under any other law for the time being in force in any part of India; or</p> <p>(c) any Co-operative Society established by or under any law for the time being in force; or</p> <p>(d) any body corporate established, by or under any law for the time being in force; or</p> <p>(e) any partnership firm whether registered or not under any law including association of persons;</p> <p>(f) any casual taxable person registered under the Central Goods and Services Tax Act or the Integrated Goods and Services Tax Act or the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act.</p>
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**2. Scope**

The scope of the exemption is subject to some restrictions which can be easily understood from the following table:

Who is eligible	What specifically is exempt	Limits for Exemption
Goods Transport Agent	Service provided by a goods transport agency to unregistered person including unregistered casual taxable person	The specified entities are not eligible for exemption and they are liable to pay GST under RCM.

**3. Interpretation**

Prior to 13.10.2017, on the service provided by GTA to unregistered persons, GST was required to be paid by GTA. This was creating lot of workload and inconvenience to GTA. Therefore, exemption was given to GTA for the service provided to the un-registered person including un-registered taxable person. However, this exemption is not applicable to registered persons.

**4. Similarity / Difference with Earlier law:**

New entry

**5. Example**

Jagdish Transport is providing GTA service to Mr. Mankad, an individual who is not registered under GST law. Jagdish Transport is exempted from payment of GST on this supply.

**27. S. No. 22 of Exemption Notification No. 12/2017-Central Tax (Rate)**

**1. Exemption Entry**

<p><b>S. No 22:</b> Services by way of giving on hire -</p> <p>(a) to a State transport undertaking, a motor vehicle meant to carry more than twelve passengers; or</p> <p>(b) to a goods transport agency, a means of transportation of goods;</p>
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**2. Scope**

The scope of the exemption is subject to some restrictions which can be easily understood from the below table:

Who is eligible	What specifically is exempt	Limits for Exemption
Owner of Motor Vehicle	Services by way of giving on hire - (a) to a State transport undertaking, a motor vehicle meant to carry more than twelve passengers; or (b) to a goods transport agency, a means of transportation of goods;	The term "State transport undertaking" has been defined in Para 2 (zg) of the Mega Exemption Notification no. 25/2012 dated June 20, 2012 as having the meaning assigned to it in clause (42) of section 2 of the Motor Vehicles Act, 1988 (59 of 1988); Section 2 (42) of the Motor Vehicles Act, 1988 defines the "State transport undertaking" to mean any undertaking providing road transport service, where such undertaking is carried on by,-- (i) the Central Government or a State Government; (ii) any Road Transport Corporation established under section 3 of the Road Transport

## Background Material on Exempted Services under GST

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		Corporations Act, 1950; (64 of 1950.) (iii) any municipality or any corporation or company owned or controlled by the Central Government or one or more State Governments, or by the Central Government and one or more State Governments. (iv) Zilla Parishad or any other similar local authority
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### 3. Interpretation

Exemption has been provided to services which are by way of giving on hire to a State transport undertaking, a motor vehicle meant to carry more than twelve passengers.

**The Mega Exemption Notification** defines a "State transport undertaking" thus:

"State transport undertaking has the meaning assigned to it in clause (42) of Section 2 of the Motor Vehicles Act, 1988 (59 of 1988)"

The definition as provided in clause (42) of Section 2 of the Motor Vehicles Act, 1988 is as follows:

"(42) **"State transport undertaking"** means any undertaking providing road transport service, where such undertaking is carried on by –

- (i) the Central Government or a State Government;
- (ii) any Road Transport Corporation established under section 3 of the Road Transport Corporations Act, 1950;
- (iii) any municipality or any corporation or company owned or controlled by the Central Government or one or more State Governments, or by the Central Government and one or more State Government;
- (iv) Zilla Parishad or any other similar local authority.

Explanation: For the purposes of this clause, "road transport service" means a service of motor vehicles carrying passengers or goods or both by road for hire or reward"

Usually, in case of shortage of public transport, State Transport Undertaking have the liberty to run any private vehicle taken on hire on payment of fixed hire charges may be day wise or on the basis of distance covered or any other mode of computation. The transaction of allowing another person to use the goods, without giving legal right of possession and

effective control, not being treated as sale of goods, is treated as service which is also included as a declared service. The exemption aims to provide exemption in such cases when the vehicle is provided to specified authority.

**4. Similarity / Difference with Earlier law:**

This entry is similar to Service Tax exemption as provided vide Entry No. 22 of Notification No. 25/2012-ST dated 20.06.2012.

There is no change in this exemption.

**5. Example:** Ajay an owner of a motor vehicle gives his vehicle to a goods transport agency for hiring and transportation of goods. Such services shall be considered as exempt services.

**28. S. No. 23 of Exemption Notification No. 12/2017-Central Tax (Rate)**

**1. Exemption Entry**

<b>S. No 23:</b> Service by way of access to a road or a bridge on payment of toll charges.
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**2. Interpretation**

It covers access to a road or a bridge on payment of toll charges. Services of toll collection on behalf of an agency authorized to levy toll are in the nature of exemption of services.

Therefore, there is no GST payable on Services by way of access to a road or a bridge on payment of toll charges.

**3. Similarity / Difference with Earlier law:**

This entry is similar to Service Tax exemption as provided earlier in Section 66D of Finance Act, 1994.

**4. Example**

Raju has collected toll on behalf of an agency authorized to levy toll for newly made roads at the Yamuna Express Highway. This shall be taken as exempt services.

**29. S. No. 23A of Exemption Notification No. 12/2017-Central Tax (Rate), amended by Notification No. 32/2017-Central Tax (Rate) dated 13.10.2017.**

**1. Exemption Entry**

<b>S. No 23A:</b> Service by way of access to a road or a bridge on payment of annuity.
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### 2. Interpretation

It covers access to a road or a bridge on payment of annuity. Earlier only services of toll collection on behalf of an agency authorized to levy toll were exempted from GST. Now access to a road or a bridge on payment of annuity is also exempt. Thus, annuity paid by NHAI (and State authorities or State owned development corporations for construction of roads) to concessionaires for construction of public roads/bridge would be exempt.

### 3. Similarity / Difference with Earlier law:

New entry

### 4. Example

NHAI pays annuity to ABC Ltd, a concessionaire who constructed the road. This would be exempt from GST.

## 30. S. No. 24 of Exemption Notification No. 12/2017-Central Tax (Rate)

### 1. Exemption Entry

<b>S. No. 24:</b> Services by way of loading, unloading, packing, storage or warehousing of rice
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### 2. Scope

The scope of the exemption is subject to some restrictions which can be easily understood from the following table:

Who is eligible	What specifically is exempt	Limits for exemption.
Any Person	Services relating to Loading, unloading, packing, storage, or warehousing.	Specific activities in relation to Rice only is exempt.

### 3. Interpretation

In general parlance, we need to understand the following terms for interpreting the scope of this exemption.

**Storage:** Means placing, accommodation, reservation, or safe keeping in store.

**Warehousing:** Means the act of depositing goods in a warehouse.

### 4. Similarity / Difference with Earlier law

This entry is similar to Service Tax exemption as provided vide Entry No. 22 of Notification No. 25/2012-ST dated 20.06.2012. Benefit to rice as differentiated from paddy however, is not found in the new exemption.

<b>Pre-GST</b>	<b>Post GST</b>	<b>Effect of Change</b>
Services by way of loading, unloading, packing, storage or warehousing of rice, cotton, ginned or baled.	Only services mentioned in relation to Rice is covered.	Loading, unloading, packing etc in relation to cotton, ginned or baled is taxable under GST Act.

**5. Example**

Raj has a business of rice storage, packing etc and has provided service of, packing and storage or warehousing of rice such service shall be exempt.

**31. S. No. 25 of Exemption Notification No. 12/2017-Central Tax (Rate)**

**1. Exemption Entry**

**S. No. 25:** Transmission or distribution of electricity by an electricity transmission or distribution utility.

**2. Interpretation**

Services provided by transmission or distribution of electricity by an electricity transmission or distribution utility is exempt from GST.

Mega Exemption Notification No. 12/2017-Central Tax (rate) dated 28.06.2017 defines the following terms:

- (z) “electricity transmission or distribution utility” means the Central Electricity Authority; a State Electricity Board; the Central Transmission Utility or a State Transmission Utility notified under the Electricity Act, 2003 (36 of 2003); or a distribution or transmission licensee under the said Act, or any other entity entrusted with such function by the Central Government or, as the case may be, the State Government;

**3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided earlier in Section 66D of Finance Act, 1994.

**4. Example**

Tata Power Delhi Distribution Limited has provided service by the way of transmission or distribution of electricity; such service shall be exempt.

## **32. S. No. 26 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

**S. No. 26:** Services by the Reserve Bank of India.

### **2. Scope**

The scope of the exemption is subject to some restrictions.

### **3. Interpretation**

All services provided by the Reserve Bank of India to any person are exempt.

### **4. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided earlier in Section 66D of Finance Act, 1994.

### **5. Example**

Reserve Bank of India has given loans to some banks such service shall be exempt.

## **33. S. No. 27 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

**S. No. 27:** Services by way of—

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

### **2. Interpretation**

Following Services are exempt:

- (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.

Mega Exemption Notification No. 12/2017-Central Tax (rate) dated 28.06.2017 defines the following terms:

(zk) “interest” means interest payable in any manner in respect of any moneys borrowed or debt incurred (including a deposit, claim or other similar right or obligation) but does not include any service fee or other charge in respect of the

moneys borrowed or debt incurred or in respect of any credit facility which has not been utilised;

(j) “authorised dealer of foreign exchange” shall have the same meaning assigned to “Authorised person” in clause (c) of section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999);

**3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided earlier in Section 66D of Finance Act, 1994.

**4. Example**

Raj an authorized dealer of foreign exchange regularly purchases and sells foreign currency these types of services are exempt.

**34. S. No. 28 of Exemption Notification No. 12/2017-Central Tax (Rate)**

**1. Exemption Entry**

**S. No. 28:** Services of life insurance business provided by way of annuity under the National Pension System regulated by Pension Fund Regulatory and Development Authority of India (PFRDA) under the Pension Fund Regulatory and Development Authority Act, 2013 (23 of 2013);

**2. Scope**

The scope of the exemption is subject to some restrictions which can be easily understood from the below table:

Who is eligible	What specifically is exempt	Limits for exemption
Services provided by life insurance entities	The service of life insurance business provided by way of annuity under the National Pension System regulated by Pension Fund Regulatory and Development Authority (PFRDA) of India is exempt from GST.	The premium received by such life insurance companies under the National Pension System was exempt from Services Tax w.e.f. 1 <sup>st</sup> April, 2016. The same benefits are also provided under GST

**3. Interpretation**

Mega Exemption Notification No. 12/2017-Central Tax (rate) dated 28.06.2017 define the following terms:

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- (zj) “insurance company” means a company carrying on life insurance business or general insurance business;
- (zo) “life micro-insurance product” shall have the same meaning as assigned to it in clause (e) of regulation 2 of the Insurance Regulatory and Development Authority (Micro-insurance) Regulations, 2005;
- (zn) “life insurance business” has the same meaning as assigned to it in clause (11) of section 2 of the Insurance Act, 1938 (4 of 1938);

The premium received by life insurance companies under the National Pension System regulated by Pension Fund Regulatory and Development Authority (PFRDA) of India is exempt.

### **4. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided vide Entry No. 26C of Notification No. 25/2012-ST dated 20.06.2012.

There is no change in this exemption.

**5. Example:** RR Ltd an insurance company provides life insurance business to its clients; such services shall be exempt if the company is under the National Pension System regulated by Pension Fund Regulatory and Development Authority (PFRDA) of India.

## **35. S. No. 29 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

**S. No. 29:** Services of life insurance business provided or agreed to be provided by the Army, Naval and Air Force Group Insurance Funds to members of the Army, Navy and Air Force, respectively, under the Group Insurance Schemes of the Central Government

### **2. Interpretation**

Mega Exemption Notification No. 12/2017-Central Tax (rate) dated 28.06.2017 define the following terms:

- (zj) “insurance company” means a company carrying on life insurance business or general insurance business;
- (zn) “life insurance business” has the same meaning as assigned to it in clause (11) of section 2 of the Insurance Act, 1938 (4 of 1938); Services provided or agreed to be provided by the Army, Naval and Air Force Group Insurance Funds by way of life insurance to members of the Army, Navy and Air Force under the Group Insurance Schemes of the Central Government is being exempted from GST.

Special funds have been established under the Army Act 1950, Naval Act 1957 and Air Force Act 1950 to safeguard the social interest of the members of Army, Naval and Air Force.

The main objective of these funds is to provide insurance benefits to the families of members of Army, Naval and Air Force who may expire while serving the nation.

Earlier also this exemption was provided under the Finance Act 1994 by amending the Mega Exemption Notification 12/ 2012 vide Notification No. 7 / 2017 dated February 02, 2017 w.e.f 2<sup>nd</sup> February 2017

**3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided vide Entry No. 26D of Notification No. 25/2012-ST dated 20.06.2012. Benefit to rice however, is not found in the new exemption.

There is no change in this exemption.

**4. Example**

Rajan an officer of the Indian Navy has been provided life insurance services by the Army, Naval and Air Force Group Insurance. Such services shall be exempt.

**36. S. No. 30 of Exemption Notification No. 12/2017-Central Tax (Rate)**

**1. Exemption Entry**

**S. No 30:** Services by the Employees' State Insurance Corporation to persons governed under the Employees' State Insurance Act, 1948 (34 of 1948).

**2. Interpretation**

Under Service Tax Law earlier, services by Employees' State Insurance Corporation to persons governed under the Employees' Insurance Act, 1948 (34 of 1948) were exempt; as per Notification no. 25/2012 dated 20.06.2012, effective from 01.07.2012.

The term person is not defined under ESIC Act 1948, instead insured person is defined by Section 2(14) to mean a person who is or was an employee in respect of whom contributions are or were payable under this Act and who is, by reason thereof, entitled to any of the benefits provided by this Act;

**Similarity or difference from current exemption**

The exemption which was available under service tax regime has been carried forward in GST regime.

The inter-State or intra State supply of Services by Employees' State Insurance Corporation to persons governed under the Employees' Insurance Act, 1948 is exempt.

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### 3. Similarity / Difference with Earlier law

This entry is similar to the Service Tax exemption as provided vide Entry No. 36 of Notification No. 25/2012-ST dated 20.06.2012. The benefit to rice however, is not found in the new exemption.

### 4. Example

Insurance related services provided by Employee State Insurance Corporation to its employees are exempt.

## 37. S. No. 31 of Exemption Notification No. 12/2017-Central Tax (Rate)

### 1. Exemption Entry

**S. No. 31:** Services provided by the Employees Provident Fund Organization to the persons governed under the Employees Provident Funds and the Miscellaneous Provisions Act, 1952 (19 of 1952).

### 2. Interpretation

Exemption in case of services provided by Employee's Provident Fund Organization (EPFO) to persons governed under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952) has been provided by inserting new entry no. 49 in Notification No. 25/2012-Service Tax dated 20.06.2012.

### 3. Similarity / Difference with Earlier law

This entry is similar to Service Tax exemption as provided vide Entry No. 49 of Notification No. 25/2012-ST dated 20.06.2012.

### 4. Example

The Employees Provident Fund Organization provides finance related services to its employees; such services are exempt.

## 38. S. No. 32 of Exemption Notification No. 12/2017-Central Tax (Rate)

### 1. Exemption Entry

**S. No.32:** Services provided by the Insurance Regulatory and Development Authority of India (IRDA) to insurers under the Insurance Regulatory and Development Authority of India Act, 1999 (41 of 1999);

### 2. Scope of the exemption

Who is eligible	What specifically is exempt	Limits
Insurance Regulatory and Development Authority of India	GST on services provided by IRDA in the grant of the registration, licenses, renewals	No conditions

<p>(IRDA) IRDA is a regulatory body for the development and regulation of insurance activities in India.</p>	<p>etc. to the insurers shall be exempt. IRDA exercises regulatory powers and charges various fees or other levies for granting registrations, renewals and for doing other activities as per the IRDA Act.</p>	
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### 3. Interpretation

GST on services provided by IRDA in the grant of the registration, licenses, renewals etc. to the insurers shall be exempt.

IRDA exercises regulatory powers and charges various fee or other levies for granting registrations, renewals and for doing other activities as per the IRDA Act.

Exemption in the case of services provided by Insurance Regulatory and Development Authority of India (IRDA) to insurers under the Insurance Regulatory and Development Authority of India Act, 1999 (41 of 1999) has been granted by inserting new entry no. 50 in Notification No. 25/2012-Service Tax dated 20.06.2012.

### 4. Similarity / Difference with Earlier law

Earlier these services were exempt under the Service Tax Law vide entry No. 50 in Notification No. 25/2012-ST w.e.f. 01/03/2016. The entry was inserted vide Notification 09/2016-ST dated 01-03-2016. Before 01-03.2016 these services were not taxable under the Service Tax Law being services provided by the Government and covered under the Negative List Entry (a). The same exemption is continued in the GST regime, the language of the entry is exactly the same was provided in the Service Tax Law earlier.

### 5. Example

IRDA Charged ₹ 1,00,000/- from M/s XYZ Insurance Co. Pvt. Ltd. (Insurer) in lieu of grant of registration certificate.

As the above entry specifically exempts, services provided by IRDA to insurers, the fee of ₹ 1,00,000/- would not be chargeable to GST.

## 39. S. No. 33 of Exemption Notification No. 12/2017-Central Tax (Rate)

### 1. Exemption Entry

**S. No.33:** Services provided by Securities and Exchange Board of India (SEBI) set up under the Securities and Exchange Board of India Act, 1992 (15 of 1992) by way of protecting the interests of investors in securities and to promote the development of, and to regulate, the securities market;

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### 2. Scope

The scope of the exemption is subject to some restrictions which can be easily understood from the following table:

Who is eligible	What specifically is exempt	Limits
Securities and Exchange Board of India (SEBI) SEBI is a regulatory body responsible for development and regulation of securities market in India.	It provides services to various stock exchanges, intermediaries, issuers and investors. SEBI registers various market intermediaries and levies fees or other charges. It also imposes monetary penalties for various contraventions. It also regulates stock exchanges in the country. All incomes by way of fees, charges etc collected by SEBI shall be exempt from levy of Goods & Service Tax	No Conditions

### 3. Interpretation

Exemption in the case of services provided by Securities and Exchange Board of India (SEBI) set up under the Securities and Exchange Board of India Act, 1992 (15 of 1992) by way of protecting the interests of investors in securities and to promote the development of, and to regulate, the securities market has been provided by inserting new entry no. 51 in Notification No. 25/2012-Service Tax dated 20.06.2012.

### 4. Similarity / Difference with Earlier law

Earlier these services were exempt under the Service Tax Law vide entry No. 51 in the Notification No. 25/2012-ST w.e.f. 01/03/2016. The entry was inserted vide Notification 09/2016-ST dated 01-03-2016. Before 01-03.2016 these services were not taxable under the Service Tax Law being the services provided by the Government and covered under the Negative List Entry (a). The same exemption is provided in the GST regime, the language of the entry being exactly the same as was provided in the Service Tax Law earlier.

### 5. Example:

SEBI Charged ₹ 5,00,000/- as a regulatory fee from ABC Co. (Stock Exchange).

The above entry specifically exempts, services provided by SEBI and, therefore the fee of ₹ 5,00,000/- would not be chargeable to GST.

#### **40. S.no. 34 of Exemption Notification No. 12/2017-Central Tax (Rate)**

##### **1. Exemption Entry**

**S. No 34:** Service by an acquiring bank, to any person in relation to settlement of an amount upto two thousand rupees in a single transaction transacted through credit card, debit card, charge card or other payment card service.

##### **2. Scope**

**The scope of the exemption is subject to some restrictions which can be easily understood from the following table:**

The exemption is not limitless, it has boundaries

<b>Who is eligible</b>	<b>What specifically is exempt</b>	<b>Limits for exemption</b>
Acquiring Bank	Charges of bank on transactions upto ₹ 2000/- when made by card.	It is a step towards government policy of keeping less cash in the economy.

##### **3. Interpretation**

###### **POINTS OF BASICS OF GST OR OTHER LAW TO BE UNDERSTOOD IN ORDER TO INTERPRET THE SCOPE OF EXEMPTION**

“Acquiring Bank” means any banking company, financial institution including non-banking financial company or any other person, who makes the payment to any person who accept such card.

GST shall not be charged on charges charged by bank of payment of upto ₹ 2000/- made by any person through card. The said exemption is to encourage online transaction for small amounts made by credit card, debit card, charge card or other payment card service.

##### **4. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided vide Entry No. 64 of Notification No. 25/2012-ST dated 20.06.2012. Benefit to rice however, is not found in new exemption.

###### **SIMILARITY OR DIFFERENCE FROM CURRENT EXEMPTION**

###### **Similarity: -**

- Such exemption was introduced vide Notification No. 52/2016 S.T dated 08.12.2016 under Service Tax Law by inserting entry no. 64 in Notification no. 25/2012-ST dated 20.06.2012.

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### Difference: -

- No difference.

### 5. Example

- Charges on account of settlement of payments upto ₹ 2000/- are only covered.
- The exemption does not cover cases of bank charges on any account other than payment through cards.
- The exemption also does not cover the cases when settlement of amount in a transaction is more than ₹ 2000/-.

### CONCLUSION

GST is not leviable on amount charged by acquiring bank on transactions of amounts upto ₹ 2000/- when made through credit card, debit card, charge card or other card payments.

## 41. S. No. 35 of Exemption Notification No. 12/2017-Central Tax (Rate)

### 1. Exemption Entry

**S. No 35:** Services of general insurance business provided under following schemes –

- (a) Hut Insurance Scheme;
- (b) Cattle Insurance under Swarnajayanti Gram Swarozgar Yojna (earlier known as Integrated Rural Development Programme);
- (c) Scheme for Insurance of Tribals;
- (d) Janata Personal Accident Policy and Gramin Accident Policy;
- (e) Group Personal Accident Policy for Self-Employed Women;
- (f) Agricultural Pumpset and Failed Well Insurance;
- (g) Premia collected on export credit insurance;
- (h) Restructured Weather Based Crop Insurance Scheme (RWCIS)] or the Modified National Agricultural Insurance Scheme, approved by the Government of India and implemented by the Ministry of Agriculture;
- (i) Jan Arogya Bima Policy;
- (j) Pradhan Mantri Fasal Bima Yojana (PMFBY);
- (k) Pilot Scheme on Seed Crop Insurance;
- (l) Central Sector Scheme on Cattle Insurance;(m) Universal Health Insurance Scheme;
- (n) Rashtriya Swasthya Bima Yojana;

- (o) Coconut Palm Insurance Scheme;
- (p) Pradhan Mantri Suraksha BimaYojna;
- (q) Niramaya Health Insurance Scheme implemented by the Trust constituted under the provisions of the National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999).

## **2. Interpretation**

Services of general insurance business provided under the above specified schemes are exempt.

## **3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided vide Entry No. 26 of Notification No. 25/2012-ST dated 20.06.2012. The Benefit to rice however, is not found under the new exemption.

## **4. Example**

Ritesh has provided services of general insurance business under Hut Insurance Scheme; this is exempt.

# **42. S. No. 36 of Exemption Notification No. 12/2017-Central Tax (Rate)**

## **1. Exemption Entry**

**S. No 36:** Services of life insurance business provided under following schemes-

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

## **2. Interpretation**

Services of life insurance business provided under the above mentioned schemes only are exempt.

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### **3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided vide Entry No. 26A of Notification No. 25/2012-ST dated 20.06.2012. The benefit to rice however, is not found in new exemption.

### **4. Example**

Raj has provided services of life insurance business under Janashree Bima Yojana; such services shall be exempt.

## **43. S. No. 37 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

<b>S. No 37:</b> Services by way of collection of contribution under the Atal Pension Yojana.
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### **2. Interpretation**

Services by way of collection of contribution under the Atal Pension Yojana has been exempt.

### **3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided vide Entry No. 26B of Notification No. 25/2012-ST dated 20.06.2012. The benefit to rice however, is not found under the new exemption.

### **4. Example**

Mukesh is collecting contribution under the Atal Pension Yojana. This is eligible to be exempted.

## **44. S. No. 38 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

<b>S. No 38:</b> Services by way of collection of contribution under any pension scheme of the State Governments.
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### **2. Interpretation**

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

### **3. Similarity / Difference with Earlier law**

### **4. Example**

Anuj is collecting contribution; since any pension scheme of the State Governments is eligible to be exempt there is no need to pay tax on the above collection service.

## 45. S. No. 39 of Exemption Notification No. 12/2017-Central Tax (Rate)

### 1. Exemption Entry

<p><b>S. No 39:</b> Services by the following persons in respective capacities –</p> <p>(a) business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branches;</p> <p>(b) any person as an intermediary to a business facilitator or a business correspondent with respect to services mentioned in clause (a); or</p> <p>(c) business facilitator or a business correspondent to an insurance company in a rural area;</p>
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### 2. Scope

The scope of the exemption is subject to some restrictions which can be easily understood from the following table:

Who is eligible	What specifically is exempt	Limits For exemption
(i) Business Facilitator/ Business Correspondent	Services to a banking/ insurance company	Exemption is restricted only to the extent such services are provided to banking / insurance company in rural areas
(ii) Intermediary to Business Facilitator/ Business Correspondent	Services to Business Facilitator/ Business Correspondent	Exemption is restricted only to the extent such services are provided to Business Facilitator/ Business Correspondent with respect to services mentioned at Point (i) above

### 3. Interpretation

The terms 'Business facilitator' and 'business correspondent' are defined under GST by notification No. 12/2017- Central Tax (Rate) dated: 28<sup>th</sup> June,2017 vide clause (o) to mean "an intermediary appointed under the business facilitator model or business correspondent model by a banking company or an insurance company under the guidelines issued by Reserve Bank of India." Besides this term, terms like "Reserve bank", "Banking company", "Insurance company" and "rural area" have also been defined.

The above exemption is available only if:

- a person providing the services in a capacity of business facilitator or a business correspondent

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- Such services are provided to banking company with respect to accounts in rural area or to insurance company in rural area.
- any person providing services as an intermediary to a business facilitator or a business correspondent with respect to the above services.

### 4. Similarity / Difference with Earlier law

This entry is similar to Service Tax exemption as provided vide Entry No. 29 of Notification No. 25/2012-ST dated 20.06.2012.

The exemption for the above-mentioned services has been continued as under the existing law i.e. Service Tax laws except for the following services which have been **discontinued under GST Act and therefore liable to GST**:

Sr No	Services by the following persons in respective capacities—
(a)	Sub-broker or an authorized person to a stock broker
(b)	Authorized person to a member of a commodity exchange
(c)	Selling agent or a distributor of SIM cards or recharge coupon vouchers
(d)	Sub-contractor providing services by way of works contract to another contractor providing works contract services which are exempt;

### 5. Example

Mahesh has provided services in a capacity of business facilitator to banks and insurance company in rural areas; such service shall be exempt.

## 46. S. No. 40 of Exemption Notification No. 12/2017-Central Tax (Rate)

### 1. Exemption Entry

**S. No 40:** Services provided to the Central Government, State Government, Union territory under any insurance scheme for which total premium is paid by the Central Government, State Government, Union territory.

### 2. Scope

The scope of the exemption is subject to some restrictions which can be easily understood from the following table:

Who is eligible	What specifically is exempt	Limits .
Any person providing services to the Central	Services provided to the Central Government, State Government, Union	NA

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

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 is exempt from GST.

Service exemption notification has defined “insurance company” vide clause (zi) to mean a company carrying on life insurance business or general insurance business;

**4. Similarity / Difference with Earlier law**

New Exemption

**5. Example:** Central Government is paying premium for insurance services of Kamlesh such services shall be exempt.

**47. S. No. 41 of Exemption Notification No. 12/2017-Central Tax (Rate)**

**1. Exemption Entry**

**S. No 41:** Upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable in respect of service by way of granting of long term lease of thirty 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 per cent. or more ownership of Central Government, State Government, Union territory to the industrial units or the developers in any industrial or financial business area.

**2. Interpretation**

Upfront amount (called as premium, salami, cost, price, development charges or by any other name) leviable in respect of the service, by way of granting long term (thirty years, or more) lease 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 per cent. or more ownership of Central Government, State Government, Union territory to the industrial units or the developers in any industrial or financial business area are exempt from GST.

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### **3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided in Notification No. 41/2016-ST dated 22.09.2012.

### **4. Example**

Anuj has provided services of lease of industrial plots by the State Government Industrial Development Corporations. This is exempt.

## **48. S. No. 42 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

**S. No 42:** Services provided by the Central Government, State Government, Union territory or local authority by way of allowing a business entity to operate as a telecom service provider or use radio frequency spectrum during the period prior to 1<sup>st</sup> April, 2016, on payment of licence fee or spectrum user charges, as the case may be.

### **2. Interpretation**

On clarification sought by telecom service providers (TSP) on the issue as to whether Service Tax is payable on instalments due after 1.4.2016, for spectrum assigned /auctioned to them in the past, the Government vide PIB release dated 14.4.2016 has clarified that service tax payable, whether in full upfront or in instalments, for assignment of right to use such spectrum has been exempt from service tax. Furthermore, services provided by Government by way of allowing a TSP to operate as a telecom service provider or use radiofrequency spectrum during the financial year 2015-16 on payment of license fee or spectrum user charges, has been specifically exempt from service tax. By these measures, the Government has ensured that there is no new tax liability on the TSPs in respect of the services provided in the past.

### **3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided via entry no 62 of Notification No. 25/2012-ST dated 20.06.2012.

### **4. Example**

Central Government has allowed Airtel, a business entity, to operate as a telecom service provider on payment of license fee; such services shall be exempt.

## **49. S. No. 43 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

**S. No 43:** Services of leasing of assets (rolling stock assets including wagons, coaches, locos) by the Indian Railways Finance Corporation to Indian Railways.

**2. Interpretation**

There is no GST payable on Services of leasing of assets like rolling stock assets including wagons, coaches, locos by Indian Railways Finance Corporation to Indian Railways.

**3. Similarity / Difference with Earlier law**

Already Exempt

**4. Example:** Indian Railways Finance Corporation has leased assets to Indian Railways; such type of service is exempt.

**50. S. No. 44 of Exemption Notification No. 12/2017-Central Tax (Rate)**

**1. Exemption Entry**

**S. No 44:** Services provided by an incubatee up to a total turnover of fifty lakh rupees in a financial year subject to the following conditions, namely: -

(a) the total turnover had not exceeded fifty lakh rupees during the preceding financial year; and

(b) a period of three years has not elapsed from the date of entering into an agreement as an incubatee.

**2. Interpretation**

Exemption has been provided to services provided by an incubatee up to a total business turnover of fifty lakh rupees in a financial year subject to the following conditions, namely:-

(a) the total business turnover had not exceeded fifty lakh rupees during the preceding financial year

(b) a period of three years has not lapsed from the date of entering into an agreement as an incubatee

The Mega Exemption Notification of Service Tax defines an “incubatee” to mean an entrepreneur located within the premises of a Technology Business Incubator (TBI) or Science and Technology Entrepreneurship Park (STEP) recognized by the National Science and Technology Entrepreneurship Development Board (NSTEDB) of the Department of Science and Technology, Government of India and who has entered into an agreement with the TBI or the STEP to enable himself to develop and produce hi-tech and innovative products.

**3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided by entry no 27 of Notification No. 25/2012-ST dated 20.06.2012.

### 4. Example

Raman an incubatee has provided the service of developing hi-tech products; such type of service shall be exempt.

## 51. S. No. 45 of Exemption Notification No. 12/2017-Central Tax (Rate)

### 1. Exemption Entry

**S. No. 45:** Services provided by- (a) an arbitral tribunal to – (i) any person other than a business entity; or (ii) a business entity with an aggregate turnover up to twenty lakh rupees (ten lakh rupees in the case of special category States) in the preceding financial year; (b) a partnership firm of advocates or an individual as an advocate other than a senior advocate, by way of legal services to-

- (i) an advocate or partnership firm of advocates providing legal services;
- (ii) any person other than a business entity; or (iii) a business entity with an aggregate turnover up to twenty lakh rupees (ten lakh rupees in the case of special category States) in the preceding financial year; (c) a senior advocate by way of legal services to-
  - (i) any person other than a business entity; or (ii) a business entity with an aggregate turnover up to twenty lakh rupees (ten lakh rupees in the case of special category States) in the preceding financial year.

### 2. Interpretation

Exemption is provided to services provided by an arbitral tribunal to -

- (i) any person other than a business entity; or
- (ii) a business entity with a turnover up to rupees ten lakh in the preceding financial year

The definition of arbitral tribunal as provided in clause (d) of section 2 of the Arbitration and Conciliation Act, 1996 reads as follows:

“arbitral tribunal” means a sole arbitrator or a panel of arbitrators”

Service exemption notification has defined “advocate” as under

- (b) “advocate” has the same meaning as assigned to it in clause (a) of sub-section (1) of section 2 of the Advocates Act, 1961 (25 of 1961);

‘Business entity’ is defined in section 65B of the Finance Act, 1994 as ‘any person ordinarily carrying out any activity relating to industry, commerce or any other business’.

Thus, services provided by arbitral tribunal to a business entity having turnover of more than ₹ 10 Lakhs in the preceding financial year would not be exempt.

## Analysis of Exemption

Exemption is granted to services provided by an individual as an advocate or a partnership firm of advocates 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 rupees ten lakh in the preceding financial year.

Legal Service provided	Individual or a partnership firm of advocates other than senior advocates	Any other entity
To an individual advocate or a partnership firm of advocates providing legal services	Exempt	Taxable
To a Business entity with turnover more than 10 Lakhs	Taxable	Taxable
To a Business entity with turnover more than 10 Lakhs	Exempt	Taxable
To any other person	Exempt	Taxable

### 3. Similarity / Difference with Earlier law

This entry is similar to Service Tax exemption as provided by entry no 6 of Notification No. 25/2012-ST dated 20.06.2012.

### 4. Example

ABC an arbitral tribunal which is providing legal services to a Business entity with turnover more than 10 Lakhs rupees shall be exempt.

## 52. S. No. 46 of Exemption Notification No. 12/2017-Central Tax (Rate)

### 1. Exemption Entry

**S. No.46:** Services by a veterinary clinic in relation to health care of animals or birds.

### 2. Interpretation

Services by a veterinary clinic in relation to health care of animals or birds are exempt from tax.

### 3. Similarity / Difference with Earlier law

This entry is similar to Service Tax exemption as provided by entry no 3 of Notification No. 25/2012-ST dated 20.06.2012.

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### 4. Example

Ram a Veterinarian provides services at his veterinary clinic such service is exempt.

## 53. S. No. 47 of Exemption Notification No. 12/2017-Central Tax (Rate)

### 1. Exemption Entry

**S. No. 47:** Services Provided by 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;

### 2. Scope

The scope of the exemption is subject to some restrictions which can be easily understood from the following table:

Who is eligible	What specifically is exempt	Limits for exemption.
Any Person who has received the specified services from Central Government, State Government, Union Territory or local authority	Services Provided 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;	The exemption is limited only where the services are provided by the Government or local authority and the amount is payable to the Government or local authority

### 3. Interpretation

This exemption is only limited to cases where the services are provided by the Government or local authority and amount is payable to the Government or local authority. It covers Services Provided 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 shall be exempt.

#### **4. Similarity / Difference with Earlier law**

Under the Service Tax Law the same services were exempt vide entry No. 58 of Notification No. 25/2012 w.e.f. 13/04/2016. The entry was inserted by notification 22/2016 dated 13/04/2016. Before this, the services provided by Government other than the services specified in the provision was covered under the Negative List and therefore not liable to Service Tax.

Under GST law the intent of the exemption is the same.

#### **5. Example**

M/s ABC Limited applied for a No objection Certificate from the Fire authorities for his factory and paid ₹ 5,000/- as application fees.

As fire services are provided by the Local Authority or the State Government, which is specially covered under the specified services in the exemption entry, no GST would be leviable on the fee of ₹ 5,000/-.

### **54. S. No. 48 of Exemption Notification No. 12/2017-Central Tax (Rate)**

#### **1. Exemption Entry**

**S. No.48:** Taxable services, provided or to be provided, by a Technology Business Incubator or a Science and Technology Entrepreneurship Park recognised by the National Science and Technology Entrepreneurship Development Board of the Department of Science and Technology, Government of India or bio incubators recognised by the Biotechnology Industry Research Assistance Council, under the Department of Biotechnology, Government of India.

#### **2. Interpretation**

Services provided or to be provided by a Technology Business Incubator or a Science and Technology Entrepreneurship Park recognised by the National Science and Technology Entrepreneurship Development Board of the Department of Science and Technology, Government of India or bio incubators recognised by the Biotechnology Industry Research Assistance Council, under the Department of Biotechnology, Government of India are exempt.

#### **3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided in Notification No. 25/2012-ST dated 20.06.2012

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### 4. Example

Hitesh has provided service in relation to a Science and Technology Entrepreneurship Park by National Science and Technology Entrepreneurship Development Board; such service are exempt.

## 55. S. No. 49 of Exemption Notification No. 12/2017-Central Tax (Rate)

### 1. Exemption Entry

**S. No. 49:** Services by way of collecting or providing news by an independent journalist, Press Trust of India or United News of India;

### 2. Interpretation

The present category exempts the services by way of collecting or providing news to or by an independent journalist, Press Trust of India or United News of India. Thus, services of collecting news or providing news when provided to or received by the following parties are outside the ambit of Service tax:

- Independent journalist
- Press Trust of India
- United News of India

Thus, exemption is provided when news is supplied to these agencies/ persons. When news is supplied by other persons and news agencies like Reuters to persons other than the specified persons, such services shall be taxable.

Service tax exemption notification has defined the following terms:-

(zt) "print media" means,-

- (i) 'book' as defined in sub-section (1) of section 1 of the Press and Registration of Books Act, 1867 (25 of 1867), but does not include business directories, yellow pages and trade catalogues which are primarily meant for commercial purposes;
- (ii) 'newspaper' as defined in sub-section (1) of section 1 of the Press and Registration of Books Act, 1867 (25 of 1867);

News agencies have not been defined in the Finance Act, 1994 or Mega Exemption Notification. The following understanding is provided in respect of specified persons:

- Independent journalist

A journalist is a person engaged in the profession of journalism. Journalism is the art of writing, communicating or expressing. Journalists report, produce, and deliver the news for media be it print, wire, broadcast or online. Journalists collect and report facts, and they also

produce events, ideas, or issues in their own form. Thus, provision of services in the form of collation or provision of news by Independent journalist would be exempt from Service tax.

- Press Trust of India (PTI)

PTI is India's premier news agency having wider reach over almost every district in India. PTI also has news exchange arrangements with several foreign news agencies.

- United News of India

UNI is another premier news agency having wide reach in India and abroad. NUI also has news exchange arrangements with several foreign news agencies including Reuters.

### **3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided under Entry No. 17 of Notification No. 25/2012-ST dated 20.06.2012.

There is no change in this exemption.

### **4. Example:**

1. Mohan an independent journalist working for Press Trust of India and providing services by way of collecting or providing news is entitled to exemption in respect of such services rendered by him.
2. When a news reporter attends press conferences of ministers or visit police station or crime scenes for collection of news to be delivered to various news papers or TV channels the service rendered by him qualify for the exemption.

## **56. S. No. 50 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

**S. No 50:** Services of public libraries by way of lending of books, publications or any other knowledge-enhancing content or material.

### **2. Interpretation**

Public libraries are those libraries which are accessible to general public and are usually funded and governed in the public domain. Following services of public libraries are exempt from tax:

- lending of books
- lending of publications or any other knowledge- enhancing content or material

### **3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided under Entry No. 35 of Notification No. 32/2012-ST dated 20.06.2012.

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### **4. Example**

Services provided by Rohan a librarian of a public library by lending books, publications or any other knowledge-enhancing content or material would be exempt.

## **57. S. No. 51 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

**S. No 51:** Services provided by the Goods and Services Tax Network to the Central Government or State Governments or Union territories for implementation of Goods and Services Tax.

### **2. Interpretation**

Any service provided by the Goods and Services Tax Network to the Central Government or State Governments or Union territories for implementation of Goods and Services Tax is exempt.

### **3. Similarity / Difference with Earlier law**

New Exemption

### **4. Example**

Services provided by the Goods and Services Tax Network like helping in filing returns for GST to the State Governments for implementation of Goods and Services Tax shall be exempt.

## **58. S. No. 52 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

**S. No 52:** Services by an organizer to any person in respect of a business exhibition held outside India.

### **2. Interpretation**

This entry provides exemption to the services by an organizer to any person in respect of a business exhibition held outside India.

Service of a business exhibition per se when held outside India shall fall outside the ambit of Finance Act, 1994. However, there can be services which can be provided by persons in India in relation to such exhibitions. Similar position was observed in the case of Paramount Communication Ltd. v CCE (2012) 25 S.T.R. 76 (Tri.) – (Del.).

The above services would include provision of services by Organizers of Trade Fairs and Exhibitions, soliciting participation from the trade and industry and booking of space and other facilities, including furniture, cabins, security, electricity, etc., to display products and provision

of services. However, services of commission agent and event managers would not be covered by this category and their liability would be determined on facts specific to their case.

### **3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided under Entry No. 31 of Notification No. 32/2012-ST dated 20.06.2012.

### **4. Example**

Raju an organizer has provided services related to business exhibition in Australia. Such services shall be exempt.

## **59. S. No. 53 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

**S. No 53:** Services by way of sponsorship of sporting events organised -

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

### **2. Interpretation**

The present category exempts services provided to a recognized sports body by-

- Specified individuals for participation in a sporting event organized by a recognized sports body. Such specified individuals who have been exempted are:
  - Player
  - Referee
  - Umpire
  - Coach
  - Team Manager
- Another recognized sports body;

In the above context, the Master exemption Notification defines “recognized sports body” to mean:

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- (i) the Indian Olympic Association
- (ii) Sports Authority of India
- (iii) a national sports federation recognized by the Ministry of Sports and Youth Affairs of the Central Government, and its affiliate federations
- (iv) national sports promotion organizations recognized by the Ministry of Sports and Youth Affairs of the Central Government
- (v) the International Olympic Association or a federation recognized 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

National Olympic Committee and National Sports Federations are responsible for the control, regulation and technical development of sport at national level in India.

There are sport bodies which are not recognized in India by the Ministry of Sports and Youth affairs; still they represent our nation in major international Sports events. One such body is Board of Control for Cricket in India (BCCI). Though the BCCI does not find a place in national sports federation recognized by the Ministry of Sports and Youth Affairs, it is affiliated to ICC which regulates international cricket.

### 3. Similarity / Difference with Earlier law

This entry is similar to Service Tax exemption as provided by Entry No. 11 of Notification No. 32/2012-ST dated 20.06.2012.

### 4. Example

Mahesh has organised a cricket event by way of sponsorship which is under the National Sports Federation; these types of services would be exempt.

## 60. S. No. 54 of Exemption Notification No. 12/2017-Central Tax (Rate)

### 1. Exemption Entry

**S. No 54:** Services relating to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce by way of

- (a) agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing;
- (b) supply of farm labour;
- (c) processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading,

<p>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;</p> <p>(d) renting or leasing of agro machinery or vacant land with or without a structure incidental to its use;</p> <p>(e) loading, unloading, packing, storage or warehousing of agricultural produce;</p> <p>(f) agricultural extension services;</p> <p>(g) services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce.</p>
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## **2. Interpretation**

India offers vast potential for establishing agro-processing units for agricultural produce like oilseeds, foodgrains, sugarcane etc. Today most of them are located in the form of bakeries, traditional food units and fruit/ vegetable/ spices processing units in the unorganized sector. In order to promote organized sector, services by way of erection or construction of original works pertaining to mechanised food grain handling system, machinery or equipment for units processing agricultural produce would be exempt from GST.

“Agricultural extension” means application of scientific research and knowledge to agricultural practices through farmer education or training;

“Agricultural produce” means any produce out of cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products, on which either no further processing is done or such processing is done as is usually done by a cultivator or producer which does not alter its essential characteristics but makes it marketable for primary market;

“Agricultural Produce Marketing Committee or Board” means any committee or board constituted under a State law for the time being in force for the purpose of regulating the marketing of agricultural produce;

## **3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided earlier in Section 66D of Finance Act, 1994.

## **4. Example**

Prakash a farmer provides services relating to cultivation of seeds. This is exempt.

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### 61. S. No. 55 of Exemption Notification No. 12/2017-Central Tax (Rate)

#### 1. Exemption Entry

**S. No 55:** Carrying out an intermediate production process as job work in relation to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce.

#### 2. Scope

The scope of the exemption is subject to some restrictions which can be easily understood from the following table:

Who is eligible	What specifically is exempt	Limits for exemption.
Job Worker	Process in relation to cultivation of plants and rearing of all life forms of animals.	Rearing of horses is not exempt.

#### 3. Interpretation

The word "Job Work" has been defined in CGST Act by section 2(68) to mean "any treatment or process undertaken by a person on goods belonging to another registered person and the expression "Job Worker" shall be construed accordingly. "

It is thus, evident that "Job Worker" means a person who gets raw material/intermediate goods from the principal manufacturer and carries out any process thereon. For the purpose of job work, 'principal' means a registered person who sends any inputs or capital goods, to a job worker for job-work.

If need be reference can be made to Serial no 30 of notification no 25/2012 dated 20/06/2012 under Finance Act which grants exemption to intermediate production process carried out by the job worker.

The term "Agriculture" has not been defined under GST Act but defined under Section 65B (3) of the Service Tax Law to mean the cultivation of plants and rearing of all life-forms of animals, except the rearing of horses, for food, fiber, fuel, raw material or other similar products.

#### 4. Similarity / Difference with Earlier law

This entry is similar to Service Tax exemption as provided under Entry No. 30(a) of Notification No. 32/2012-ST dated 20.06.2012.

Pre-GST	Post GST	Effect of Change
(i) Any process amounting to manufacture or production of goods excluding alcoholic	Carrying out intermediate	a) The word Agriculture is replaced

## Analysis of Exemption

<p>liquor for human consumption; or</p> <p>(ii) Any intermediate production process as job work not amounting to manufacture or production in relation to:</p> <p>(a) Agriculture, Printing, Textile</p> <p>(b) Cut and polished diamonds and gemstones or plain studded jewellery.</p> <p>(c) Any goods excluding alcoholic liquor on which appropriate duty payable by principal manufacturer is nil.</p> <p>(d) processes of electroplating, zinc plating, anodizing, heat treatment, powder coating, painting including spray painting or auto black, during the course of manufacture of parts of cycles or sewing machines upto an aggregate value of taxable service of the specified processes of one hundred and fifty lakh rupees in a financial year subject to the condition that such aggregate value had not exceeded one hundred and fifty lakh rupees during the preceding financial year;</p>	<p>production process as job work in relation to: cultivation of plants and rearing all life forms of animals.</p>	<p>by “Cultivation of plants”</p> <p>b) Clauses (ii) [(b), (c) &amp; (d)] under service tax laws are not covered under GST exemption and hence taxable.</p>
<p>No Cenvat Credit on inputs and input services which are attributable to use in providing the exempt output services.</p>	<p>Service is considered as exempt services and is therefore subjected to proportionate allowance of ITC under section 17.</p>	<p>Input tax credit on Inputs, input services &amp; capital goods is available proportionately under section 17.</p>

### 5. Example:

Mr. M, a job worker carried out intermediate process in relation to cut and polished diamonds and gemstones.

GST is leviable on the same since it is not covered under the exemption notification under GST Act. The exemption under the GST Act is restricted only to carrying out intermediate

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production process as job work in relation to cultivation of plants and rearing all life forms of animals like dehusking of paddy

### **62. S. No. 56 of Exemption Notification No. 12/2017-Central Tax (Rate)**

#### **1. Exemption Entry**

**S. No 56:** Services by way of slaughtering of animals.

#### **2. Interpretation**

Entry 56 exempts the services provided by way of slaughtering of all animals. Earlier the entry covered only bovine animals. Accordingly, services by way of slaughtering of all animals has now been exempt from Goods and Service Tax.

#### **3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided vide Entry No. 33 of Notification No. 32/2012-ST dated 20.06.2012.

**4. Example:** Rakesh has a shop and runs a business of providing services by way of slaughtering of animals. This would be exempt.

### **63. S. No. 57 of Exemption Notification No. 12/2017-Central Tax (Rate)**

#### **1. Exemption Entry**

**S. No 57:** Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables which do not change or alter the essential characteristics of the said fruits or vegetables.

#### **2. Interpretation**

Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables has been exempt by introducing Clause 44 in Notification No. 25/2012-Service Tax dated 20.06.2012. As a condition it has been provided that such activities when provided on fruits or vegetables should not change or alter the essential characteristics of the said fruits or vegetables. Such activities were taken as part of making such fruits or vegetables marketable and were not covered by the activities forming part of Clause (d) of Section 66D of Finance Act, 1994 (Negative List) which included 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 only make it marketable for the primary market.

**3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided under Entry No. 44 of Notification No. 32/2012-ST dated 20.06.2012.

**4. Example**

Ritesh a businessman deals in services by way of pre-conditioning and pre-cooling of fruits and vegetables for refrigerated transport. This would be exempt from tax.

**64. S. No. 58 of Exemption Notification No. 12/2017-Central Tax (Rate)**

**1. Exemption Entry**

**S. No. 58:** Services provided by the National Centre for Cold Chain Development under Ministry of Agriculture, Cooperation and Farmer's Welfare by way of cold chain knowledge dissemination;

**2. Scope**

The scope of the exemption is subject to some restrictions which can be easily understood from the below table:

Who is eligible	What specifically is exempt	Limits for exemption.
National Centre for Cold Chain Development under Ministry of Agriculture, Cooperation and Farmer's Welfare	Services of knowledge dissemination for cold chain	The exemption is limited to the services of knowledge dissemination for cold chain. Services of any other nature would not qualify for the exemption.

**3. Interpretation**

Exemption is there in case of services provided by National Centre for Cold Chain Development under Ministry of Agriculture, Cooperation and Farmer's Welfare by way of cold chain knowledge dissemination.

**4. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided by Entry No. 52 of Notification No. 25/2012-ST dated 20.06.2012.

Earlier these services were exempt under the Service Tax Law under entry No. 52 in Notification No. 25/2012-ST w.e.f. 01/03/2016. The entry was inserted vide Notification 09/2016-ST dated 01-03-2016. Before 01-03.2016 these services were not taxable under the Service Tax Law being the services provided by the Government and covered under the

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Negative List as per Section 66D(a). The same exemption is provided in the GST regime, the language of the entry being exactly the same as provided in the Service Tax Law earlier.

### **5. Example:**

National Centre for Cold Chain organized a seminar for farmers to provide them knowledge for cold chain and charged a fee of ₹ 100 per person. As the services are exempt under the above entry, no GST would be imposed on these charges.

## **65. S. No. 59 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

<b>S. No 59:</b> Services by a foreign diplomatic mission located in India.
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### **2. Interpretation**

Prior to 01.07.2012, in terms of notifications No 33/2007-ST, dated 23.05.2012 and 34/2007-ST, dated 23.05.2007 all taxable services provided by any person for the official use of a foreign diplomatic mission or consular post in India or for the personal use or for the use of the family members of diplomatic agents or career consular officers posted in a foreign diplomatic mission or consular post in India had been exempt from the levy of Service tax respectively. Both notifications prescribed conditions which were required to be met for availing such exemption. Now both the Notifications stand rescinded vide Notification No 34/2012-ST, dated 20.06.2012.

Post 01.07.2012, vide Notification No 27/2012-ST, dated 20.06.2012 a composite notification has been brought forth providing exemption for all the taxable services provided by any person, for the official use of a foreign diplomatic mission or consular post in India, or for personal use or for the use of the family members of diplomatic agents or career consular officers posted therein.

A detailed procedure for claiming the above exemption has been detailed in the Notification brief details of which are as follows:

- a) Based on the principle of reciprocity, a certificate is issued to the diplomatic agents or career consular officers posted in foreign diplomatic missions or consular posts in India, by the Protocol Division of the Ministry of External Affairs, entitling the exemption from service tax.
- b) The Protocol Division of the Ministry of External Affairs or the Protocol Department of the State concerned, issues to each of such diplomatic agent or career consular officer an identification card bearing unique identification number and containing a photograph and name of such diplomatic agent or career consular officer and the name of the foreign diplomatic mission or consular post in India where he is posted.

- c) A copy of the certificate duly authenticated by the head of such foreign diplomatic mission or consular post, or any person of such mission or post authorized by him, is to be furnished to the service provider along with an undertaking in original, signed by him or such authorized person, bearing running serial number commencing from a financial year and the unique identification Number appearing in the identification card issued to such diplomatic agent.
- d) The undertaking must State that the services received are for official purpose of the said foreign diplomatic mission or consular post or that the services received are for the personal use of the family of the said Diplomatic agent.
- e) The Head of such Foreign Diplomatic mission or consular post or such authorized person shall maintain an account of such undertakings issued during a financial year.
- f) The invoice or bill issued to the Foreign Diplomat by the service provider must contain in addition to the information as required under Rule 4A of Service Tax Rules, 1994, the serial number and date of undertaking furnished by Foreign Diplomat and the unique identification number of the Diplomatic agent or carrer consular officer, as the case may be.

### **3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided earlier in Section 66D of Finance Act, 1994.

### **4. Example**

Services provided by Foreign Diplomatic Mission in India shall be exempt from tax.

## **66. S. No. 60 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

**S. No 60:** Services by a specified organisation in respect of a religious pilgrimage facilitated by the Ministry of External Affairs, the Government of India, under bilateral arrangement.

### **2. Interpretation**

Exemption has been granted to Services by a specified organisation in respect of a religious pilgrimage facilitated by the Ministry of External Affairs of the Government of India, under bilateral arrangement like "Haj"

For this purpose,

"specified organisation" shall mean, -

- (a) Kumaon Mandal Vikas Nigam Limited, a Government of Uttarakhand Undertaking; or

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- (b) 'Committee' or 'State Committee' as defined in section 2 of the Haj Committee Act, 2002 (35 of 2002);'.

Further, it has been clarified vide Circular No. 117/11/2009 – ST in respect of leviability of service tax on tour operator service in connection with Haj & Umrah Pilgrimage that the amount charged to the pilgrims in India undertaking Haj and Umrah pilgrimage, is for services provided by the Government of Saudi Arabia and the tour takes place outside India and hence such services shall not be chargeable to Service Tax in India. In present scenario also as these services are received by individuals from outside India from a person located outside India for purposes other than business or commerce, they are not chargeable to GST.

### **3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided under Entry No. 5A of Notification No. 25/2012-ST dated 20.06.2012.

### **4. Example**

Services provided by a specified organization like Kumaon Mandal Vikas Nigam Limited in respect of a religious pilgrimage like Vaishno Devi yatra would be exempt from tax.

## **67. S. No. 61 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

**S. No 61:** Services provided by the Central Government, State Government, Union territory or local authority by way of issuance of passport, visa, driving license, birth certificate or death certificate.

### **2. Interpretation**

Such specified services even when provided to a business entity would be exempt

### **3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided under Entry No. 55 of Notification No. 25/2012-ST dated 20.06.2012.

Under the Service Tax Law the same services were exempt vide entry No. 55 of Notification No. 25/2012 w.e.f. 13/04/2016. The entry was inserted by notification 22/2016 dated 13/04/2016. Before this, the services provided by Government other than the specified services in the provision were covered under the Negative List and therefore not liable to Service Tax.

Under GST law the intent of the exemption is the same.

### **4. Example**

Mr. Lal applied for a passport and paid a fees of ₹ 1,500/- at the passport office. As the

services were specifically exempt under entry 61 of the Notification No. 12/207-Central Tax (Rate), no GST would be leviable on this transaction.

## **68. S. No. 62 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

**S. No 62:** Services provided by the Central Government, State Government, Union territory or local authority by way of tolerating non-performance of a contract for which consideration in the form of fines or liquidated damages is payable to the Central Government, State Government, Union territory or local authority under such contract.

### **2. Scope**

The scope of the exemption is subject to some restrictions which can be easily understood from the following table:

<b>Who is eligible</b>	<b>What specifically is exempt</b>	<b>Limits for exemption.</b>
Any Person who has received specified services from Central Government, State Government, Union Territory or local authority	Services provided way of tolerating non-performance of a contract for which consideration in the form of fines or liquidated damages is payable to the Central Government, State Government, Union Territory or local authority under such contract;	The exemption is pertaining to the contracts entered into by the Central Government, State Government, Union territory or local authority, and is limited to the payments received by way of fines, penalty etc. for tolerating non-performance of contract.

### **3. Interpretation**

The exemption has been provided to reduce the suffering of a contractor who has already suffered fine or penalty for non-performance of a contract. Charging Goods and Services Tax would only increase his suffering.

The exemption is pertaining to contracts entered into by the Central Government, State Government, Union territory or local authority, and is limited to the payments received as fines, penalty etc. for tolerating non-performance of contract

### **4. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided under Entry No. 57 of Notification No. 25/2012-ST dated 20.06.2012.

Under the Service Tax Law the same services were exempt vide entry No. 57 of Notification No. 25/2012 w.e.f. 13/04/2016. The entry was inserted by notification 22/2016 dated

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13/04/2016. Before this, the services provided by Government other than specified services in the provision were covered under the Negative List and therefore not liable to be Service Tax.

Under GST law the intent of the exemption is the same.

### 5. Example

Government of India recovers ₹ 10 Crores as damages for not completing construction of a flyover within the time specified in the contract from the M/s ABC Limited.

In this case as the tolerating of a non-performance of an act is specifically covered under the exempt entry, no GST would be leviable on such damage recovered from the erring party.

## 69. S. No. 63 of Exemption Notification No. 12/2017-Central Tax (Rate)

### 1. Exemption Entry

**S. No. 63:** Service provided by Central Government, State Government, Union Territory or a 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, fiber, fuel, raw material or other similar products.

### 2. Scope

The scope of the exemption is subject to some restrictions which can be easily understood from the following table:

Who is eligible	What specifically is exempt	Limits for exemption
Central or State Government or Union Territory or local authority	Assignment of right to use natural resources.	The said service should be used for cultivation of plants & rearing of all life forms of animals. Exception- Rearing of horses. Exempt if the services are provided to individual Farmer. Individual farmer is not defined in the Act.

### 3. Interpretation

Allotment of natural resources by Government to various persons became taxable w.e.f. 01.04.2016. However, entry 59 of the Mega Exemption Notification No. 25/2012-ST (inserted w.e.f 13.04.2016) granted similar exemption when right to use natural resources has been

granted to individual farmers for the purpose of agriculture. Exemption entry 49 under GST is similar except that the definition of agriculture under service tax law has itself been inserted in the entry.

#### **4. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided vide Entry No. 59 of Notification No. 25/2012-ST dated 20.06.2012.

No difference from earliest position.

#### **CONCLUSION**

Exemption vide Serial No. 59 of the Mega Exemption Notification No. 25/2012-ST has been continued under the GST. This is in line with Government's policy to keep agriculture out of GST net.

#### **5. Example:**

##### **INCLUSIONS WITH REASONS**

- Exemption is available when natural resources are used by individual farmers for the purpose of agriculture.

##### **EXCLUSIONS WITH REASONS**

- Exemption is not available when natural resources are used by farmers for rearing of horses. It is also not available when farmers use natural resources for non-agricultural purposes.

### **70. S. No. 64 of Exemption Notification No. 12/2017-Central Tax (Rate)**

#### **1. Exemption Entry**

**S. No. 64:** Service provided by the Central Government, State Government, Union Territory or a local authority by way of assignment of right to use any natural resources where such right to use was assigned by the Central Government, State Government, Union Territory or the local authority before the 1<sup>st</sup> April 2016:

Provided that the exemption shall apply only to service tax payable on one time charge payable, in full upfront or in instalments, for assignment of right to use such natural resource.

#### **2. Scope**

**The scope of the exemption is subject to some restrictions which can be easily understood from the following table:**

The exemption is not limitless but it has boundaries

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Who is eligible	What specifically is exempt	Limits for Exemption
Central Government, State Government, Union Territory or a local authority	Charges for assignment of right to use any natural resources where such right to use was assigned before 01.04.2016.	The exemption shall apply only to service tax payable on one-time charges payable, in full upfront or in installments, for assignment of right to use such natural resource.

### 3. Interpretation

Allotment of natural resources by Government to various persons became taxable w.e.f. 01.04.2016.

However, entry 61 of Mega Exemption Notification No. 25/2012-ST (inserted w.e.f 13.04.2016) granted similar exemption when the assignment of right to use natural resources was done before 01.04.2016.

Exemption is available only to GST payable on one time charge payable on or before 1<sup>st</sup>April, 2016 whether payable fully upfront or in instalments.

The said exemption has been continued because there may be some instalments of the said one time charges payable to the government by a person when GST gets introduced in the system in replacement of Service Tax.

### 4. Similarity / Difference with Earlier law

This entry is similar to Service Tax exemption as provided by Entry No. 61 of Notification No. 25/2012-ST dated 20.06.2012.

No difference

### 5. Example:

#### INCLUSIONS WITH REASONS

- Exemption is available only when the assignment of right to use any natural resources has been done before 01.04.2016.

#### EXCLUSIONS WITH REASONS

- Exemption is not available on amounts other than one time charge.

#### CONCLUSION

Exemption vide Serial No. 61 of the Mega Exemption Notification No. 25/2012-ST has been continued under exemption entry No. 64. It can be concluded that the exemption would be

availed only for the assignment of right to use on which service tax was payable on one time charge whether upfront or in instalments. The said exemption from payment of GST is not granted on any regular charges to be paid on yearly basis or as the case may be in regard to assignment of such rights.

**71. S. No. 65 of Exemption Notification No. 12/2017-Central Tax (Rate)**

**1. Exemption Entry**

**S. No. 65:** Service provided by 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(MOT).

**2. Scope**

The scope of the exemption is subject to some restrictions which can be easily understood from the following table:

Who is eligible	What specifically is exempt	Limits for exemption
Central Government, State Government or Union Territory	Merchant Overtime charges paid for inspection or container stuffing after office hours or on holidays or other duties in relation to import export cargo	It is a step towards facilitating import & export.

**3. Interpretation**

Merchant Overtime charges are payable to government for deputing officers after office hours or on holiday for inspection or container stuffing or any other duties in relation to export or import of cargo. As per list of entries, (S. No. 6) liable for payment of tax on reverse charge basis; in case of services provided by Government, GST shall be payable by the service receiver. The said entry in exemption list proposes to grant exemption from payment of GST on such charges payable to Government. It is the policy of the Government to make all exports zero rated. Only goods should be exported and not taxes. The exemption achieves the said objective.

At times, the trade requests for Customs clearance facilities or for Customs supervision of loading /unloading of vessels, stuffing, de-stuffing of containers, examination of cargo etc. beyond normal working hours of Customs or on holidays. Sometimes requests are received for posting of officers to supervise activities like stuffing, de-stuffing of containers etc., at a factory or place beyond the Customs area. Normally, the trade is required to plan its activities requiring Customs supervision or presence during working hours on working days and within

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the Customs area. However, in certain cases, e.g. in case of perishable cargo, life saving drugs or other consignments required urgently which has landed at an airport after working hours or on holidays, the importer may require immediate clearance. Considering the difficulties of the trade, services of Customs, after normal working hours or on holidays within the Customs area or at any time at a place beyond Customs area, are provided on payment of overtime fee.

The overtime fee (also referred as MOT fee) is collected in terms of Section 36 of the Customs Act, 1962 which allows unloading/loading of imported/export cargo from/on a vessel beyond working hours on a working day or on holidays only on payment of a prescribed fees and the Customs (Fees for Rendering Services by Customs Officers) Regulations, 1998 which prescribes the rates and the manner for collection of such fee.

The overtime fee is levied for services rendered by the Customs officers to trade beyond normal working hours or on holidays. If the service is rendered by officials at a place that is not their normal place of work or at a place beyond the Customs area, overtime is levied even during the normal working hours. The term 'service' means any function performed by the Customs officer under the Customs Act, 1962 and it includes:

- (a) Examination of the goods and related functions,
- (b) Loading and unloading of goods whether generally or specifically,
- (c) Escorting goods from one Customs area to the other, and
- (d) Any other Customs work authorised by the Commissioner of Customs.

The above services have been exempt from Service Tax.

### **4. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided vide Entry No. 63 of Notification No. 25/2012-ST dated 20.06.2012.

No difference

### **5. Example**

Central Government has provided services in relation to import export cargo on payment of Merchant Overtime charges(MOT). These services would be exempt from GST.

## **72. S. No. 66 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

**S. No 66:** Services provided -

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

<p>(b) to an educational institution, by way of,-</p> <p>(i) transportation of students, faculty and staff;</p> <p>(ii) catering, including any mid-day meals scheme sponsored by the Central Government, State Government or Union territory;</p> <p>(iii) security or cleaning or house-keeping services performed in such educational institution;</p> <p>(iv) services relating to admission to, or conduct of examination by, such institution; upto higher secondary:</p> <p>Provided that nothing contained in entry (b) shall apply to an educational institution other than an institution providing services by way of pre-school education and education up to higher secondary school or equivalent.</p>
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**2. Scope**

**The scope of the exemption is subject to some restrictions which can be easily understood from the following table:**

<b>Who is eligible</b>	<b>What specifically is exempt</b>	<b>Limits</b>
Any person	<p>Services provided -</p> <p>(a) by an educational institution to its students, faculty and staff;</p> <p>(b) to an educational institution, by way of,-</p> <p>(i) transportation of students, faculty and staff;</p> <p>(ii) catering, including any mid-day meals scheme sponsored by the Central Government, State Government or Union territory;</p> <p>(iii) security or cleaning or house-keeping services performed in such educational institution;</p> <p>(iv) services relating to admission to, or conduct of examination by, such institution; upto higher secondary:</p> <p>Provided that nothing contained in entry (b) shall apply to an educational institution other than an institution providing services by way of pre-school education and education up to higher secondary school or equivalent.</p>	NA

**3. Interpretation**

The term “educational institution” has been defined in Para 2 (zw) of exemption Notification no. 12/2017- Central Tax (Rate) as under:

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“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;

This exemption includes services provided,-

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

All services provided by an educational institution to its students, faculty and staff have been exempt.

### **4. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided under Entry No. 9 of Notification No. 25/2012-ST dated 20.06.2012.

However, the scope of such services have been limited when provided to educational institutions providing services by way of pre-school education and education up to higher secondary school or equivalent.

### **5. Example**

Kulachi Hansraj a private school is providing transportation facility to its students; such services shall be exempt.

## **73. S. No. 67 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

**S. No. 67:** Services provided by the Indian Institutes of Management, as per the guidelines of the Central Government, to their students, by way of the following educational programmes, except Executive Development Programme, -

- (a) two year full time Post Graduate Programmes in Management for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test (CAT), conducted by Indian Institute of Management;

- (b) fellow programme in Management;  
 (c) five year integrated programme in Management.

**2. Scope**

The scope of the exemption is subject to some restrictions which can be easily understood from the following table:

Who is eligible	What specifically is exempt	Limits
Indian Institutes of Management (IIM)	Services provided by way of :- (a) two year full time Post Graduate Programmes in Management for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test (CAT), conducted by Indian Institute of Management; (b) fellow programme in Management; (c) five year integrated programme in Management	NA

**3. Interpretation**

Exemption has been provided by inserting new entry no. 9B in Notification No. 25/2012-Service Tax dated 20.06.2012 to the services provided by the Indian Institutes of Management, to their students, by way of the following educational programmes, except Executive Development Programme:

- two year full time residential Post Graduate Programmes in Management for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test (CAT), conducted by Indian Institute of Management;
- fellow programme in Management;
- five year integrated programme in Management.

It has also been clarified that since IIMs have been conducting Post Graduate Programmes in Management and Fellowship Programmes which are equivalent to MBA and Ph.D degrees, respectively, such educational programme was exempt earlier also and this exemption is clarificatory in nature. It has been clarified vide F. No. 334/8/2016-TRU dated 29.2.2016 that it has been informed by Secretary, Ministry of Human Resource Development (MHRD) vide letter D. O. No.2-14/2009-TS.V dated 8th July, 2014 and 5th February, 2014 that MHRD is vested with the power to recognise educational courses [DoPT O.M. dated 08.01.1975], for

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the purpose of recruitment to posts under Government of India. It has been further Stated by MHRD in their above mentioned letters that IIMs have been conducting Post Graduate Programmes in Management and Fellowship Programmes which are equivalent to MBA and Ph.D degrees. It has been reiterated by Secretary, MHRD vide letter D.O. 3/5/2013-TS.V dated 15.1.2016 that the IIMs have been conducting Post Graduate Programmes in Management and Fellowship Programmes which are equivalent to MBA and Ph.D degrees, respectively, (as also clarified by associations like Association of Indian Universities, Inter – University Board of India etc.). In view of this, the exemption being given to the above programmes of IIMs is clarificatory in nature and in view of the same, liability to pay service tax in respect of the said programmes for the past period would also become infructuous.

### **4. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided vide Entry No. 9B of Notification No. 25/2012-ST dated 20.06.2012.

The above exemption is still available to all the Indian Institutes of Management under the Finance Act 1994, however, the word ‘residential’ appearing in “(a) two year full time **residential** Post Graduate Programmes” was omitted vide Notification No. 7/ 2017-ST dated February 02, 2017 so as to widen the scope of the exemption. That is to say, the exemption is also available to IIMs for the students who are not residing within the campus for the courses mentioned in the exemption notification.

Under GST, there has been no change in the exemption notification.

### **5. Example**

Indian Institute of Management provides educational programmes to its students. such type of services shall be exempt.

## **74. S. No. 68 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

**S. No. 68:** Services provided to a recognized sports body by-

- (a) an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body;
- (b) another recognised sports body;

### **2. Scope**

**The scope of the exemption is subject to some restrictions which can be easily understood from the following table:**

## Analysis of Exemption

Who is eligible	What specifically is exempt	Limits
Services provided by an individual as a player, referee, umpire, coach or team manager; or A recognised sports body	When such a sports person participates in a recognised sporting event organised by a recognized sports body. or Services provided by a recognised sports body to another recognised sports body If a sporting event is organized by a sports federation (football) of USA in India then the player, referee, umpire, coach or team manager participating in that event would be required to charge GST on their services.	NA

### 3. Interpretation

The present entry exempts services provided to a recognized sports body by-

- Specified individuals for participation in a sporting event organized by a recognized sports body. Such specified individuals who are exempt are:
  - Player
  - Referee
  - Umpire
  - Coach
  - Team Manager

The term “recognised sporting event” has been defined in Para 2 (zw) of exemption Notification no. 12/2017- Central Tax (Rate) dated June 28, 2017 as under -

(zw) “recognised sporting event” means any sporting event,-

- (i) organised by a recognised sports body where the participating team or individual represent any district, State, zone or country;
- (ii) organised -
  - (A) by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, State or zone;

## **Background Material on Exempted Services under GST**

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- (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;

Further, the term “recognised sports body” has been defined under para 2(zx) of the exemption Notification:

(zx) “recognised sports body” means –

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

The present entry exempts services by way of sponsorship of Sporting events.

- (a) by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, State, zone or Country [‘Country’ added from January 10, 2014];
- (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;

### **4. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided by Entry No. 71 of Notification No. 25/2012-ST dated 20.06.2012.

There is no change in this exemption from the earlier position.

**5. Example**

Anuj, a referee in a football exhibition match has provided his service to a recognized sports body; such service shall be exempt from tax.

**75. S. No. 69 of Exemption Notification No. 12/2017-Central Tax (Rate)**

**1. Exemption Entry**

**S. No 69:** Any services provided by, \_

- (a) the National Skill Development Corporation set up by the Government of India;
- (b) a Sector Skill Council approved by the National Skill Development Corporation;
- (c) an assessment agency approved by the Sector Skill Council or the National Skill Development Corporation; (d) a training partner approved by the National Skill Development Corporation or the Sector Skill Council,

in relation to-

- (i) the National Skill Development Programme implemented by the National Skill Development Corporation; or
- (ii) a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or
- (iii) any other Scheme implemented by the National Skill Development Corporation.

**2. Interpretation**

Vocational Education includes courses which intend to prepare persons for identified vocations/trades as per demand of emerging economy, industry or professions. Mega

Exemption Notification defines "approved vocational education course" as follows:

"(ba) "approved vocational education course" means, —

- (i) a course run by an industrial training institute or an industrial training centre affiliated to the National Council for Vocational Training or State Council for Vocational Training offering courses in designated trades notified under the Apprentices Act, 1961; or
- (ii) a Modular Employable Skill Course, approved by the National Council of Vocational Training, run by a person registered with the Directorate General of Employment and Training, Union Ministry of Labour and Employment"

## **Background Material on Exempted Services under GST**

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Vocational Training is a concurrent subject under Indian Constitution. At National Level, the Directorate General of Employment and Training (DGE&T), Ministry of Labour and Employment is the nodal agency for formulating policies, specifying norms, conducting trade test, certification of vocational training under the aegis of training advisory body National Council for Vocational Training. This training is implemented through a network of Government Industrial Training Institutes (ITIs) / Private Industrial Training Centres (ITCs) located in various parts of the country. The trainees after completion of craftsmen training appear in the All India Trade Test to obtain National Trade Certificate awarded by National Council of Vocational Training (NCVT), which is recognized for the purpose of recruitment to the subordinate technical posts at the shop floor level within the country as well as abroad. Similarly, various State governments also regulate the promotion of vocational programs through their directorates in their States.

The above definition includes specified courses which leave no scope for any interpretation as the courses which have been kept outside the ambit of being services are specified courses which need to be recognized by a specified body.

National Skill Development Corporation ("NSDC") was set up as part of a national skill development mission to fulfill the growing need in India for skilled manpower across sectors and narrow the existing gap between the demand and supply of skills. NSDC had affiliated centres which were earlier non taxable under the above category, however, post deletion, such centres would come under the purview of Service Tax unless affiliated to the National Council for Vocational Training.

### **3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided under Entry No. 9A of Notification No. 25/2012-ST dated 20.06.2012.

### **4. Example**

Prakash, owner of a dance academy which is registered under the National Skill Development Corporation has provided the services to people; such services shall be exempt.

## **76. S. No. 70 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

**S. No 70:** Services of assessing bodies empaneled centrally by the Directorate General of Training, Ministry of Skill Development and Entrepreneurship by way of assessments under the Skill Development Initiative Scheme.

**2. Interpretation**

Services of assessing bodies empaneled centrally by the Directorate General of Training, Ministry of Skill Development and Entrepreneurship by way of assessments under the Skill Development Initiative Scheme are exempt.

**3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided under Entry No. 9C of Notification No. 25/2012-ST dated 20.06.2012.

**4. Example**

Services of assessing bodies empaneled centrally by the Directorate General of Training would be exempt from tax. \

**77. S. No. 71 of Exemption Notification No. 12/2017-Central Tax (Rate)**

**1. Exemption Entry**

**S. No 71:** Services provided by training providers (Project implementation agencies) under Deen Dayal Upadhyaya Grameen Kaushalya Yojana implemented by the Ministry of Rural Development, Government of India by way of offering skill or vocational training courses certified by the National Council for Vocational Training.

**2. Interpretation**

Mega Exemption Notification has defined the following terms:

- (h) “approved vocational education course” means, -
- (i) a course run by an industrial training institute or an industrial training centre affiliated to the National Council for Vocational Training or State Council for Vocational Training offering courses in designated trades notified under the Apprentices Act, 1961 (52 of 1961); or
- (ii) a Modular Employable Skill Course, approved by the National Council of Vocational Training, run by a person registered with the Directorate General of Training, Ministry of Skill Development and Entrepreneurship; Services provided by training providers (Project implementation agencies) under Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) under the Ministry of Rural Development by way of offering skill or vocational training courses certified by National Council For Vocational Training. DDU-GKY follows a 3-tier implementation model. The DDU-GKY National Unit at MoRD functions as the policy-making, technical support and facilitation agency. The DDU-GKY State Missions provide implementation support; and the Project Implementing Agencies (PIAs) implement the programme through skilling and placement projects.

## **Background Material on Exempted Services under GST**

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### **3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided under Entry No. 9D of Notification No. 25/2012-ST dated 20.06.2012.

### **4. Example:**

Kamesh has provided vocational training courses under Deen Dayal Upadhyaya Grameen Kaushalya Yojana such type of services shall be exempt.

## **78. S. No. 72 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

**S. No 72:** 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.

### **2. Interpretation**

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 are exempt.

### **3. Similarity / Difference with Earlier law**

New exemption

### **4. Example**

Mohan has provided training programme to State Government such services shall be exempt.

## **79. S. No. 73 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

**S. No 73:** Services provided by the cord blood banks by way of preservation of stem cells or any other service in relation to such preservation.

### **2. Interpretation**

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

The entry provides exemption to services provided by cord blood banks, such as collection of umbilical cord blood, processing the same for segregation of stem cells, testing and cryo-preservation of stem cells.

### **3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided under Entry No. 2A of Notification No. 25/2012-ST dated 20.06.2012.

#### **4. Example**

Cord Blood Bank has provided services related to stem preservation such type of services would be exempt from tax.

### **80. S. No. 74 of Exemption Notification No. 12/2017-Central Tax (Rate)**

#### **1. Exemption Entry**

**S. No 74:** Services by way of-

- (a) health care services by a clinical establishment, an authorized medical practitioner or para-medics;
- (b) services provided by way of transportation of a patient in an ambulance, other than those specified in (a) above.

#### **2. Interpretation**

As per the Service tax Exemption Notification, the services are exempt when provided by:

- o A clinical establishment

Clinical establishment has been defined in the notification to mean “a hospital, nursing home, clinic, sanatorium or any other institution by, whatever name called, that offers services or facilities requiring diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognized system of medicine in India, or a place established as an independent entity or a part of an establishment to carry out diagnostic or investigative services of diseases.”

Health care services 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 and includes services by way of transportation of the patient to and from a clinical establishment, but does not include hair transplant or cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma;

- o An authorized medical practitioner

Authorized medical practitioner has been defined by the Notification to mean any medical practitioner registered with any of the Councils of the recognized system of medicine established or recognized by law in India and includes medical professional having the requisite qualification to practice in any recognized system of medicine in India as per any law for the time being in force.

- o Para-medics

Paramedics has not been defined in the Finance Act, 1994. However, Para 7.2.2. of Taxation

## **Background Material on Exempted Services under GST**

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of Services – An Education Guide dated 20.06.2012 describes Paramedics as trained health care professionals, for example nursing staff, physiotherapists, technicians, lab assistants etc. They are accountable for their services when provided independently. Services by them in a clinical establishment would be in the capacity of employee and not provided in independent capacity and would thus be considered as services by such clinical establishment. Similarly services of assisting an authorized medical professional would be considered as services by such authorized medical professional only.

Service provided by an Ambulance when belonging to a clinical establishment was already exempt vide clause 2 of Notification No. 25/2012-Service Tax dated 20.06.2012. However, ambulances when provided by private entities which are not clinical establishments were taxable. Vide Notification No. 6/2015-Service Tax, dated March 1, 2015, service of private ambulance operators has also been exempted.

### **3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided under Entry No. 2 of Notification No. 25/2012-ST dated 20.06.2012.

### **4. Example**

An ambulance carrying a patient for treatment in a hospital is a service which is exempt from tax.

## **81. S. No. 75 of Exemption Notification No. 12/2017-Central Tax (Rate)**

### **1. Exemption Entry**

<p><b>S. No 75:</b> 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.</p>
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### **2. Interpretation**

Exemption has been provided to Services provided by Common Bio-medical Waste Treatment Facility operators by way of treatment, disposal of bio medical waste or processes incidental to such treatment or disposal. However, it is pertinent to note that such exemption is available only when provided to a clinical establishment.

Clinical establishment has been defined in the notification to mean “a hospital, nursing home, clinic, sanatorium or any other institution by, whatever name called, that offers services or facilities requiring diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognized system of medicine in India, or a place established as an independent entity or a part of an establishment to carry out diagnostic or investigative services of diseases.”

### **3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided under Entry No. 2B of Notification No. 25/2012-ST dated 20.06.2012.

#### **4. Example**

Sam has provided services related to treatment and disposal of bio-medical waste to a clinical establishment; this is exempt from tax.

### **82. S. No. 76 of Exemption Notification No. 12/2017-Central Tax (Rate)**

#### **1. Exemption Entry**

**S. No 76:** Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets.

#### **2. Interpretation**

The specified service is self-explanatory. Thus, making available convenience service shall be exempt from Goods and Service tax.

#### **3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided under Entry No. 2 of Notification No. 38/2012-ST dated 20.06.2012.

**4. Example:** Ramesh collects ₹ 5 for use of of bathroom, washrooms for public – This service is exempt.

### **83. S. No. 77 of Exemption Notification No. 12/2017-Central Tax (Rate)**

#### **1. Exemption Entry**

**S. No 77:** Service by an unincorporated body or a non- profit entity registered under any law for the time being in force, to its own members by way of reimbursement of charges or share of contribution –

- (a) as a trade union;
- (b) for the provision of carrying out any activity which is exempt from the levy of Goods and service Tax; or
- (c) up to an amount of five thousand rupees per month per member for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex.

#### **2. Interpretation**

It is important to note that the present entry provides exemption to those services which are performed by the housing society or a body of the residential complex for the common use of its members. Further, contribution for such provision should not exceed ₹ 5000 per month per member. Thus, if any service is provided to such body on individual basis on payment of fee,

## Background Material on Exempted Services under GST

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such service would not form part of the exempt service. For e.g. when security is made available on individual request by members.

Further, Mega Exemption Notification defines a “residential complex” to mean any complex comprising of a building or buildings, having more than one single residential unit.

In this context, vide Circular No. 175/01 /2014 – ST, Dated 10th January, 2014, CBEC has clarified that Exemption has been provided to service by a Resident Welfare Association (RWA) to its members by way of reimbursement of charges or share of contribution up to five thousand rupees per month per member for sourcing of goods or services from a third person for the common use of its members. However, if per month per member contribution of any or some members of a RWA exceeds five thousand rupees, the entire contribution of such members whose per month contribution exceeds five thousand rupees would be ineligible for the exemption under the said circular.

### 3. Similarity / Difference with Earlier law

This entry is similar to Service Tax exemption as provided under Entry No. 28 of Notification No. 25/2012-ST dated 20.06.2012.

**4. Example:** A Non-profit entity has provided service to its member as a share contribution; Such service shall be exempt from tax.

## 84. S. No. 78 of Exemption Notification No. 12/2017-Central Tax (Rate)

### 1. Exemption Entry

**S. No. 78:** Services by an artist by way of a performance in folk or classical art forms of (i) music, or (ii) dance, or (iii) theatre, if the consideration charged for such performance is not more than one lakh and fifty thousand rupees:

Provided that the exemption shall not apply to service provided by such artist as a brand ambassador;

### 2. Scope

**The scope of the exemption is subject to some restrictions which can be easily understood from the following table:**

Who is eligible	What specifically is exempt	Limits for exemption
Services provided by an artist	a) Services shall be provided by artists b) Services must be in the nature of performance in folk or classical art forms of (i) music, or (ii) dance, or	The term “brand ambassador” has been defined in Para 2 (m) of the exemption Notification dated June 28, 2017 as a person engaged for promotion or marketing of a brand of goods,

## Analysis of Exemption

	(iii) theatre, c) The consideration charged for such performance shall not be more than one lakh and fifty thousand rupees d) This exemption shall not apply to service provided by such artist as a brand ambassador;	service, property or actionable claim, event or endorsement of name, including a trade name, logo or house mark of any person; Further, the limit of ₹ 1.5 lakh was enhanced from ₹ 1 lakh w.e.f. April 01, 2016
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### 3. Interpretation

This entry exempts Services by a performing artist in folk or classical art forms of (i) music, or (ii) dance, or (iii) theatre, excluding services provided by such artist as a brand ambassador. Thus, an artist performing in the folk or classical forms of dance, music or theatre, is not liable to Service tax. India is a land of culture and has numerous forms of classical and folk dances and performing arts.

Mega Exemption Notification has defined the following terms:

(m) "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;

Classical form of Music is generally associated with Hindustani and the Carnatic forms of music, however, the list of all classical and folk forms of music is very wide.

Exemption Limit enhanced from 1.4.2016

The threshold exemption limit of consideration charged for services provided by a performing artist in folk or classical art forms of music, dance or theatre, has been increased from ₹ 1 lakh to ₹ 1.5 lakh per performance.

Restriction imposed w.e.f. 1.4.2015

Service by a performing artist in folk or classical art forms of (i) music, or (ii) dance, or (iii) theatre were earlier exempt vide Clause 16 of Notification No. 25/2012-Service Tax dated 20.06.2012. The exemption has now been restricted and shall now be available when:

- (a) the consideration charged for such performance is not more than one lakh rupees; and
- (b) such service are not provided by such artist as a brand ambassador

### 4. Similarity / Difference with Earlier law

This entry is similar to Service Tax exemption as provided under Entry No. 16 of Notification No. 25/2012-ST dated 20.06.2012.

## Background Material on Exempted Services under GST

There is no change in this exemption.

### 5. Example

Suresh a dancer by way of a performance in folk dance entertains the crowd; he shall be exempt only if he charges not more than one lakh fifty thousand rupees for his performance.

## 85. S. No. 79 of Exemption Notification No. 12/2017-Central Tax (Rate)

### 1. Exemption Entry

**S. No 79:** Services by way of admission to a museum, national park, wildlife sanctuary, tiger reserve or zoo.

### 2. Interpretation

Services by way of admission to a museum, national park, wildlife sanctuary, tiger reserve or zoo have been exempt from GST.

### 3. Similarity / Difference with Earlier law

This entry is similar to Service Tax exemption as provided under Entry No. 45 of Notification No. 25/2012-ST dated 20.06.2012.

Pre-GST	Post GST	Effect of Change
Admission to: a) Exhibition of cinematographic films were also covered. b) Award function, concert, etc were exempt only if consideration charged per person was upto ₹ 500/-.	Admission to: a) Exhibition of cinematographic films is <b>not covered</b> b) All the above mentioned services are exempt if consideration charged is upto ₹ 250/- per person.	Admission to cinematographic films is taxable @ 28% under GST Act. For exemption in other cases discussed above, the admission charges is restricted upto ₹ 250/- instead of ₹ 500/-

### 4. Example:

- (a) PVR cinemas charges ₹ 200/- per person as admission charges for exhibition of cinematographic films.

GST would be leviable on the same even though admission charges are less than ₹ 250/- since exhibition of cinematographic films is not covered in the exemptions under GST Act.

- (b) ABC Circus charges ₹ 250/- per person as admission charges.

No GST would be leviable on admission charges since the same does not exceed ₹ 250/- per person.

- (c) ABC Circus charges ₹ 300/- per person as admission charges.

GST @ 18% would be leviable on admission charges since the same exceeds ₹ 250/- per person. However full ITC can be claimed on inputs, input services & capital goods.

**86. S. No. 79A of Exemption Notification No. 12/2017-Central Tax (Rate) as amended by Notification No. 47/2017-Central Tax (Rate) dated 14.11.2017**

**1. Exemption Entry**

**S. No 80:** Services by way of admission to a protected monument so declared under the Ancient Monuments and Archaeological Sites and Remains Act 1958 (24 of 1958) or any of the State Acts, for the time being in force

**2. Interpretation**

Archaeological Survey of India, under the provisions of Ancient Monuments and Archaeological Sites and Remains Act 1958 (24 of 1958) protects monuments, sites and remains of national importance. Similarly, the State may also protect certain important monuments. There are at present more than 3650 ancient monuments and archaeological sites and remains of national importance. Admission fee collected for entry to such protected monuments would be exempt from GST.

**3. Similarity / Difference with Earlier law**

New entry

**4. Example**

Entry fee to Taj Mahal is exempt from GST.

**87. S. No. 80 of Exemption Notification No. 12/2017-Central Tax (Rate)**

**1. Exemption Entry**

**S. No 80:** Services by way of training or coaching in recreational activities relating to-

- (a) arts or culture, or
- (b) sports by charitable entities registered under section 12AA of the Income-tax Act

**2. Interpretation**

Specified education has been included in the Negative list as provided in Section 66D of

## Background Material on Exempted Services under GST

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Finance Act, 1994. Further to such education, certain training or coaching have also been exempt when provided in recreational activities relating to:

- Arts: The term has not been defined and thus, would encompass disciplines including, but not limited to, architecture, dance, design, music, theater, media, literature, museum activities, visual arts, folk arts etc.
- Culture: Culture is a combination of beliefs, behaviour, objects, and other characteristics which are common to the members of a particular sect, group or community of the society. Thus, culture includes many societal aspects including but not limited to language, custom, values, norms, mores, rules, tools, technologies, products, etc.
- Sports: Sports includes all forms of competitive physical activity.

It has been clarified that no Service Tax is leviable on vocational education/training/skill development courses (VEC) offered by the Government (Central Government or State Government) or local authority themselves. Also, in respect of such courses offered by an entity independently established by the Government under the law, as a society or any other similar body. It has been clarified that the words "recognized by any law" would include such courses as are approved or recognized by any entity established under a central or State law including delegated legislation, for the purpose of granting recognition to any education course including a VEC.

### 3. Similarity / Difference with Earlier law

This entry is similar to Service Tax exemption as provided under Entry No. 8 of Notification No. 25/2012-ST dated 20.06.2012.

### 4. Example

Raj providing a service of training and coaching in recreational activities relating to arts and culture is entitled to the exemption under this entry.

## 88. S. No. 81 of Exemption Notification No. 12/2017-Central Tax (Rate)

### 1. Exemption Entry

**S. No 81:** Services by way of right to admission to, -

- (a) circus, dance, or theatrical performance including drama or ballet;
- (b) award function, concert, pageant, musical performance or any sporting event other than a recognized sporting event;
- (c) recognised sporting event

where the consideration for admission is not more than ₹ 250 per person in (a), (b) and (c) above.

The term 'recognized sporting event' is defined under notification No. 12/2017- Central Tax (Rate) dated: 28<sup>th</sup> June, 2017, clause (zw) any sporting event-

- (i) organised by a recognised sports body where the participating team or individual represent any district, State, zone or country;
- (ii) organised -
  - (A) by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, State or zone;
  - (B) by Association of Indian Universities, Inter-University Sports Board, School Games Federation of India, All India Sports Council for the Deaf, Paralympic Committee of India or Special Olympics Bharat;
  - (C) by Central Civil Services Cultural and Sports Board;
  - (D) as part of national games, by Indian Olympic Association; or
  - (E) under Panchayat Yuva Kreedha Aur Khel Abhiyaan (PYKKA) Scheme;

## **2. Interpretation**

Services by way of right of admission to,-

- (i) exhibition of cinematographic film, circus, dance, or theatrical performance including drama or ballet;
- (ii) recognized sporting event;
- (iii) award function, concert, pageant, musical performance or any sporting event other than a recognized sporting event, where the consideration for admission is not more than ₹ 500 per person.

While the first two do not have any limit for price of ticket, the third part of exemption has restricted the exemption to those tickets of the events which are priced at not more than ₹500.

For the above purpose, "recognized sporting event" means any sporting event,-

- (i) organized by a recognized sports body where the participating team or individual represent any district, State, zone or country;
- (ii) covered under entry 11.1;

The exemption was required as the Finance Act has made the services by way of admission to entertainment events or access to amusement facilities taxable w.e.f. 01.06.2015.

## **3. Similarity / Difference with Earlier law**

This entry is similar to Service Tax exemption as provided under Entry No. of Notification No. 25/2012-ST dated 20.06.2012.

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Pre-GST	Post GST	Effect of Change
Admission to: a) Exhibition of cinematographic films were also covered. b) Award function, concert, etc were exempt only if consideration charged per person is upto ₹ 500/-.	Admission to: a) Exhibition of cinematographic films is not covered b) All the above mentioned services are exempt if consideration charged is upto ₹ 250/- per person.	Admission to cinematographic films is taxable @ 28% under GST Act. For exemption in other cases discussed above, the admission charges is restricted upto ₹ 250/- instead of ₹ 500/-

### 4. Example:

- PVR cinemas charges ₹ 200/- per person as admission charges for exhibition of cinematographic films.  
GST @28% would be leviable on the same even though admission charges are less than ₹ 250/- since exhibition to cinematographic films are not covered in exemptions under GST Act. However, if the admission fees is less than ₹ 100/-, the same is taxable @ 12% GST.
- ABC Circus charges ₹ 250/- per person as admission charges.  
No GST would be leviable on admission charges since the same does not exceed ₹ 250/- per person.
- ABC Circus charges ₹ 300/- per person as admission charges.  
GST @ 18% would be leviable on admission charges since the same exceeds ₹ 250/- per person. However full ITC can be claimed on inputs, input services & capital goods.

## 89. S. No. 82 of Exemption Notification No. 12/2017-Central Tax (Rate)

### 1. Exemption Entry

**S No 82:** Services by way of right to admission to the events organised under FIFA U-17 World Cup 2017

### 2. Interpretation

Services by way of right to admission to Services to the events organised under FIFA U-17 World Cup 2017. The tournament took place in India between 6 and 28 October 2017. The matches were played in six stadiums in six host cities around the country, with the final taking place at the Salt Lake Stadium in Kolkata, West Bengal. Admission fee to all matches had been exempt from GST.

### 3. Similarity / Difference with Earlier law

New entry with limited application.

## E. Annexure I

[TO BE PUBLISHED IN PART II, SECTION 3, SUB-SECTION (i) OF THE GAZETTE OF INDIA, EXTRAORDINARY]

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
(Department of Revenue)

Notification No.2/2017-Central Tax (Rate)

New Delhi, the 28th June, 2017

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 11 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, being satisfied that it is necessary in the public interest so to do, on the recommendations of the Council, hereby exempts intra-State supplies of goods, the description of which is specified in column (3) of the Schedule appended to this notification, falling under the tariff item, sub-heading, heading or Chapter, as the case may be, as specified in the corresponding entry in column (2) of the said Schedule, from the whole of the central tax leviable thereon under section 9 of the Central Good and Services Tax Act, 2017 (12 of 2017).

### Schedule

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
(1)	(2)	(3)
1.	0101	Live asses, mules and hinnies
2.	0102	Live bovine animals
3.	0103	Live swine
4.	0104	Live sheep and goats
5.	0105	Live poultry, that is to say, fowls of the species Gallus domesticus, ducks, geese, turkeys and guinea fowls.
6.	0106	Other live animal such as Mammals, Birds, Insects
7.	0201	Meat of bovine animals, fresh and chilled.
8.	0203, 0204, 0205, 0206, 0207, 0208,	All goods, fresh or chilled

## Background Material on Exempted Services under GST

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
	0209 @	
9.	0202, 0203, 0204, 0205, 0206, 0207, 0208, 0209, 0210@	All goods [other than fresh or chilled] other than those put up in unit container and, - (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily], subject to the conditions as in the ANNEXURE I ]
Serial No. 10 to 17 deleted vide Notification No. 42/2017- CT(Rate) dated 14.11.2017		
18.	3	Fish seeds, prawn / shrimp seeds whether or not processed, cured or in frozen state [other than goods falling under Chapter 3 and attracting 2.5%]
19.	0301	Live fish.
20.	0302	Fish, fresh or chilled, excluding fish fillets and other fish meat of heading 0304
21.	0304, 0306, 0307, 0308@	All goods, fresh or chilled
22.	0303, 0304, 0305, 0306, 0307, 0308@	All goods [other than fresh or chilled] and other than those put up in unit container and, - (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily], subject to the conditions as in the ANNEXURE I ],
Serial No. 23 to 24 deleted vide Notification No. 42/2017- CT(Rate) dated 14.11.2017		
25.	0401	Fresh milk and pasteurised milk, including separated milk, milk and cream, not concentrated nor containing added sugar or other sweetening matter, excluding Ultra High Temperature (UHT) milk
26.	0403	Curd; Lassi; Butter milk
27.	0406	Chena or paneer, "other than those put up in unit container and,-

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
		(a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]”, shall be substituted;*
28.	0407	Birds' eggs, in shell, fresh, preserved or cooked
29.	0409	Natural honey, other than those put up in unit container and,- (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]” *
30.	0501	Human hair, unworked, whether or not washed or scoured; waste of human hair
30A	504	All goods, fresh or chilled@
30B	504	All goods [other than fresh or chilled] other than those put up in unit container and, - (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily], subject to the conditions as in the ANNEXURE I ] @
31.	0506	All goods i.e. Bones and horn-cores, unworked, defatted, simply prepared (but not cut to shape), treated with acid or gelatinised; powder and waste of these products
32.	0507 90	All goods i.e. Hoof meal; horn
33.	0511	Semen including frozen semen
34.	6	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage
35.	0701	Potatoes, fresh or chilled.
36.	0702	Tomatoes, fresh or chilled.

## Background Material on Exempted Services under GST

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
37.	0703	Onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled.
38.	0704	Cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas, fresh or chilled.
39.	0705	Lettuce ( <i>Lactuca sativa</i> ) and chicory ( <i>Cichorium spp.</i> ), fresh or chilled.
40.	0706	Carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots, fresh or chilled.
41.	0707	Cucumbers and gherkins, fresh or chilled.
42.	0708	Leguminous vegetables, shelled or unshelled, fresh or chilled.
43.	0709	Other vegetables, fresh or chilled.
43A	0710	Vegetables (uncooked or cooked by steaming or boiling in water), frozen, other than those put up in unit container and, - (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily], subject to the conditions as in the ANNEXURE I] @
45.	0713	Dried leguminous vegetables, shelled, whether or not skinned or split.
46.	0714	Manioc, arrowroot, salep, Jerusalem artichokes, sweet potatoes and similar roots and tubers with high starch or inulin content, fresh or Chilled, dried@; sago pith.
46A	0714	Manioc, arrow root, salep, Jerusalem artichokes, sweet potatoes and similar roots and tubers with high starch or inulin content, frozen, whether or not sliced or in the form of pellets other than those put up in unit container and, (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
		such brand name has been foregone voluntarily], subject to the conditions as in the ANNEXURE I] @
46B	08	Dried makhana, whether or not shelled or peeled [other than those put up in unit container and,- (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily], subject to the conditions as in the ANNEXURE I] @
47.	0801	Coconuts, fresh or dried, whether or not shelled or peeled
48.	0801	Brazil nuts, fresh, whether or not shelled or peeled
49.	0802	Other nuts, Other nuts, fresh such as Almonds, Hazelnuts or filberts (Coryius spp.), walnuts, Chestnuts (Castanea spp.), Pistachios, Macadamia nuts, Kola nuts (Cola spp.), Areca nuts, fresh, whether or not shelled or peeled
50.	0803	Bananas, including plantains, fresh or dried
51.	0804	Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh.
52.	0805	Citrus fruit, such as Oranges, Mandarins (including tangerines and satsumas); clementines, wilkings and similar citrus hybrids, Grapefruit, including pomelos, Lemons (Citrus limon, Citrus limonum) and limes (Citrus aurantifolia, Citrus latifolia), fresh.
53.	0806	Grapes, fresh
54.	0807	Melons (including watermelons) and papaws (papayas), fresh.
55.	0808	Apples, pears and quinces, fresh.
56.	0809	Apricots, cherries, peaches (including nectarines), plums and sloes, fresh.
57.	0810	Other fruit such as strawberries, raspberries, blackberries, mulberries and loganberries, black, white or red currants and gooseberries, cranberries, bilberries and other fruits of the genus vaccinium, Kiwi fruit, Durians, Persimmons, Pomegranates, Tamarind, Sapota (chico), Custard-apple (ata), Bore, Lichi, fresh.

## Background Material on Exempted Services under GST

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
58.	0814	Peel of citrus fruit or melons (including watermelons), fresh.
59.	9	All goods of seed quality
60.	0901	Coffee beans, not roasted
61.	0902	Unprocessed green leaves of tea
62.	0909	Seeds of anise, badian, fennel, coriander, cumin or caraway; juniper berries [of seed quality]
63.	0910 11 10	Fresh ginger, other than in processed form
64.	0910 30 10	Fresh turmeric, other than in processed form
65.	1001	Wheat and meslin [other than those put up in unit container and,- (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]" *
66.	1002	Rye [other than those put up in unit container and,- (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]" *
67.	1003	Barley [other than those put up in unit container and,- (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]" *
68.	1004	Oats [other than those put up in unit container and,-

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
		(a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]" *
69.	1005	Maize (corn) [other than those put up in unit container and,- (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]" *
70.	1006	Rice [other than those put up in unit container and,- (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]" *
71.	1007	Grain sorghum [other than those put up in unit container and,- (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]" *
72.	1008	Buckwheat, millet and canary seed; other cereals such as Jawar, Bajra, Ragi] [other than those put up in unit container and,- (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the

## Background Material on Exempted Services under GST

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
		conditions as in the ANNEXURE I]" *
73.	1101	Wheat or meslin flour [other than those put up in unit container and,- (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]" *
74.	1102	Cereal flours other than of wheat or meslin, [maize (corn) flour, Rye flour, etc.] [other than those put up in unit container and,- (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]" *
75.	1103	Cereal groats, meal and pellets [other than those put up in unit container and,- (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]" *
76.	1104	Cereal grains hulled
77.	1105	Flour, powder, flakes, granules or pellets of potatoes@ [other than those put up in unit container and,- (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]" *
78.	1106	Flour, of the dried leguminous vegetables of heading 0713 (pulses)

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
		[other than guar meal 1106 10 10 and guar gum refined split 1106 10 90], of sago or of roots or tubers of heading 0714 or of the products of Chapter 8 i.e. of tamarind, of singoda, mango flour, etc. other than those put up in unit container and,- (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]” *]
78A.	1106-1010	Guar meal@
79.	12	All goods of seed quality
80.	1201	Soya beans, whether or not broken, of seed quality.
81.	1202	Ground-nuts, not roasted or otherwise cooked, whether or not shelled or broken, of seed quality.
82.	1204	Linseed, whether or not broken, of seed quality.
83.	1205	Rape or colza seeds, whether or not broken, of seed quality.
84.	1206	Sunflower seeds, whether or not broken, of seed quality.
85.	1207	Other oil seeds and oleaginous fruits (i.e. Palm nuts and kernels, cotton seeds, Castor oil seeds, Sesamum seeds, Mustard seeds, Safflower (Carthamus tinctorius) seeds, Melon seeds, Poppy seeds, Ajams, Mango kernel, Niger seed, Kokam) whether or not broken, of seed quality.
86.	1209	Seeds, fruit and spores, of a kind used for sowing.
87.	1210	Hop cones, fresh.
87A.	1210 10 00	Hop cones, neither ground nor powdered nor in the form of pellets@
88.	1211	Plants and parts of plants (including seeds and fruits), of a kind used primarily in perfumery, in pharmacy or for insecticidal, fungicidal or similar purpose, fresh or chilled.
89.	1212	Locust beans, seaweeds and other algae, sugar beet and sugar cane, fresh or chilled.

## Background Material on Exempted Services under GST

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
90.	1213	Cereal straw and husks, unprepared, whether or not chopped, ground, pressed or in the form of pellets
91.	1214	Swedes, mangolds, fodder roots, hay, lucerne (alfalfa), clover, sainfoin, forage kale, lupines, vetches and similar forage products, whether or not in the form of pellets.
92.	1301	Lac and Shellac
93.	1404 90 40	Betel leaves
93A	1404 90 60	coconut shell, unworked @
94.	1701 or 1702	Jaggery of all types including Cane Jaggery (gur) and Palmyra Jaggery; Khandsari Sugar @
95.	1904	Puffed rice, commonly known as Muri, flattened or beaten rice, commonly known as Chira, parched rice, commonly known as khoi, parched paddy or rice coated with sugar or gur, commonly known as Murki
96.	1905	Pappad, by whatever name it is known, except when served for consumption
97.	1905	Bread (branded or otherwise), except when served for consumption and pizza bread
98.	2106	Prasadam supplied by religious places like temples, mosques, churches, gurudwaras, dargahs, etc.
99.	2201	Water [other than aerated, mineral, purified, distilled, medicinal, ionic, battery, de-mineralized and water sold in sealed container]
100.	2201	Non-alcoholic Toddy, Neera including date and palm neera
101.	2202 90 90	Tender coconut water other than those put up in unit container and,- (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I] *

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
102.	2301, 2302, 2308, 2309*	Aquatic feed including shrimp feed and prawn feed, poultry feed & cattle feed, including grass, hay & straw, supplement & husk of pulses, concentrates & additives, wheat bran & de-oiled cake
102A.	2306	Cotton seed oil cake *
103.	2501	Salt (including table salt and denatured salt) and pure sodium chloride, whether or not in aqueous solutions or containing added anti-caking or free flowing agents; sea water @
104.	2716 00 00	Electrical energy
105.	2835	Dicalcium phosphate (DCP) of animal feed grade conforming to IS specification No.5470 : 2002
106.	3002	Human Blood and its components
107.	3006	All types of contraceptives
108.	3101	All goods and organic manure [other than those put up in unit container and, - (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I] *
109.	3304	Kajal [other than kajal pencil sticks], Kumkum, Bindj, Sindur, Alta
110.	3825	Municipal waste, sewage sludge, clinical waste
111.	3926	Plastic bangles
112.	4014	Condoms and contraceptives
113.	4401	Firewood or fuel wood
114.	4402	Wood charcoal (including shell or nut charcoal), whether or not agglomerated
115.	4802 / 4907	Judicial, Non-judicial stamp papers, Court fee stamps when sold by the Government Treasuries or Vendors authorized by the Government
116.	4817 / 4907	Postal items, like envelope, Post card etc., sold by Government

## Background Material on Exempted Services under GST

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
117.	48 / 4907	Rupee notes when sold to the Reserve Bank of India
118.	4907	Cheques, loose or in book form
119.	4901	Printed books, including Braille books
120.	4902	Newspapers, journals and periodicals, whether or not illustrated or containing advertising material
121.	4903	Children's picture, drawing or colouring books
122.	4905	Maps and hydrographic or similar charts of all kinds, including atlases, wall maps, topographical plans and globes, printed
122A.	4907	Duty Credit Scrips #
123.	5001	Silkworm laying, cocoon
124.	5002	Raw silk
125.	5003	Silk waste
126.	5101	Wool, not carded or combed
127.	5102	Fine or coarse animal hair, not carded or combed
128.	5103	Waste of wool or of fine or coarse animal hair
129.	52	Gandhi Topi
130.	52	Khadi yarn
130A.	50 to 55	Khadi fabric, sold through Khadi and Village Industries Commission(KVIC) and KVIC certified institutions/outlets*
131.	5303	Jute fibres, raw or processed but not spun
132.	5305	Coconut, coir fibre
133.	63	Indian National Flag
134.	6703	Human hair, dressed, thinned, bleached or otherwise worked
135.	6912 00 40	Earthen pot and clay lamps
135A	69	Idols made of clay *
136.	7018	Glass bangles (except those made from precious metals)
136A	7113	Bangles of lac/ shellac@
137.	8201	Agricultural implements manually operated or animal driven i.e. Hand

## Annexure I

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
		tools, such as spades, shovels, mattocks, picks, hoes, forks and rakes; axes, bill hooks and similar hewing tools; secateurs and pruners of any kind; scythes, sickles, hay knives, hedge shears, timber wedges and other tools of a kind used in agriculture, horticulture or forestry.
138.	8445	Charkha for hand spinning of yarns, including amber charkha*
139.	8446	Handloom [weaving machinery]
140.	8802 60 00	Spacecraft (including satellites) and suborbital and spacecraft launch vehicles
141.	8803	Parts of goods of heading 8801
142.	9021	Hearing aids
143.	92	Indigenous handmade musical instruments as listed in ANNEXURE II", *
144.	9603	Muddhas made of sarkanda Brooms or brushes, consisting of twigs or other vegetable materials, bound together, with or without handles *
145.	9609	Slate pencils and chalk sticks
146.	9610 00 00	Slates
147.	9803	Passenger baggage
148.	Any chapter	<p>Puja samagri namely,-</p> <ul style="list-style-type: none"> <li>(i) Rudraksha, rudraksha mala, tulsi kanthi mala, panchgavya (mixture of cowdung, desi ghee, milk and curd);</li> <li>(ii) Sacred thread (commonly known as yagnopavit);</li> <li>(iii) Wooden khadau;</li> <li>(iv) Panchamrit,</li> <li>(v) Vibhuti sold by religious institutions,</li> <li>(vi) Unbranded honey [proposed GST Nil]</li> <li>(vii) Wick for diya</li> <li>(viii) Roli</li> <li>(ix) Kalava (Raksha sutra)</li> <li>(x) Chandan tika</li> </ul>
149.	-	Supply of lottery by any person other than State Government, Union

## Background Material on Exempted Services under GST

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
		Territory or Local authority subject to the condition that the supply of such lottery has suffered appropriate central tax, State tax, Union territory tax or integrated tax, as the case may be, when supplied by State Government, Union Territory or local authority, as the case may be, to the lottery distributor or selling agent appointed by the State Government, Union Territory or local authority, as the case may be.
150	-	Supply of goods 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 #

*Explanation.-* For the purposes of this Schedule,-

- (i) The phrase “unit container” means a package, whether large or small (for example, tin, can, box, jar, bottle, bag, or carton, drum, barrel, or canister) designed to hold a pre-determined quantity or number, which is indicated on such package.
- (ii) (a) The phrase “brand name” means brand name or trade name, that is to say, a name or a mark, such as symbol, monogram, label, signature or invented word or writing which is used in relation to such specified goods for the purpose of indicating, or so as to indicate a connection in the course of trade between such specified goods and some person using such name or mark with or without any indication of the identity of that person. \*
- (b) The phrase “registered brand name” means, -@
  - (A) a brand registered as on or after the 15th May 2017 under the Trade Marks Act, 1999 irrespective of whether or not the brand is subsequently deregistered;
  - (B) a brand registered as on or after the 15th May 2017 under the Copyright Act, 1957(14 of 1957);
  - (C) a brand registered as on or after the 15th May 2017 under any law for the time being in force in any other country.
- (iii) “Tariff item”, “sub-heading” “heading” and “Chapter” shall mean respectively a tariff item, heading, sub-heading and Chapter as specified in the First Schedule to the

Customs Tariff Act, 1975 (51 of 1975).

- (iv) The rules for the interpretation of the First Schedule to the said Customs Tariff Act, 1975, including the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall, so far as may be, apply to the interpretation of this notification.
  - (v) The phrase "Government Entity" shall mean an authority or a board or any other body including a society, trust, corporation, which is:
    - (a) set up by an Act of Parliament or State Legislature; or
    - (b) established by any Government,with 90 percent or more participation by way of equity or control, to carry out a function entrusted by the Central Government, State government, Union territory or a local authority #
2. This notification shall come into force with effect from the 1<sup>st</sup> day of July, 2017.

#### ANNEXURE I

For foregoing an actionable claim or enforceable right on a brand name, -

- (a) the person undertaking packing of such goods in unit containers which bears a brand name shall file an affidavit to that effect with the jurisdictional commissioner of Central tax that he is voluntarily foregoing his actionable claim or enforceable right on such brand name as defined in Explanation (ii)(a); and
- (b) the person undertaking packing of such goods in unit containers which bear a brand name shall, on each such unit containers, clearly print in indelible ink, both in English and the local language, that in respect of the brand name as defined in Explanation (ii)(a) printed on the unit containers he has foregone his actionable claim or enforceable right voluntarily.

Provided that, if the person having an actionable claim or enforceable right on a brand name and the person undertaking packing of such goods in unit containers are two different persons, then the person having an actionable claim or enforceable right on a brand name shall file an affidavit to that effect with the jurisdictional Commissioner of Central tax of the person undertaking packing of such goods that he is voluntarily foregoing his actionable claim or enforceable right on such brand name as defined in Explanation (ii)(a); and he has authorised the person [undertaking packing of such goods in unit containers bearing said brand name] to print on such unit containers in indelible ink, both in English and the local language, that in respect of such brand name he [the person owning the brand name] is voluntarily foregoing the actionable claim or enforceable right voluntarily on such brand name.#

## Background Material on Exempted Services under GST

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### ANNEXURE II

#### List of indigenous handmade musical instruments

1.	Bulbul Tarang
2.	Dotar, Dotor, or Dotara
3.	Ektara
4.	Getchu Vadyam or Jhallari
5.	Gopichand or Gopiyatra or Khamak
6.	Gottuvadhyam or Chitravina
7.	Katho
8.	Sarod
9.	Sitar
10.	Surbahar
11.	Surshringar
12.	Swarabat
13.	Swarmandal
14.	Tambura
15.	Tumbi
16.	Tuntuna
17.	Magadi Veena
18.	Hansaveena
19.	Mohan Veena
20.	Nakula Veena
21.	Nanduni
22.	Rudra Veena
23.	Saraswati Veena
24.	Vichitra Veena
25.	Yazh
26.	Ranjan Veena
27.	Triveni Veena

**Annexure I**

28.	Chikara
29.	Dilruba
30.	Ektara violin
31.	Esraj
32.	Kamaicha
33.	Mayuri Vina or Taus
34.	Onavillu
35.	Behala(violin type)
36.	Pena or Bana
37.	Pulluvan veena - one stringed violin
38.	Ravanahatha
39.	Folk sarangi
40.	Classical sarangi
41.	Sarinda
42.	Tar shehnai
43.	Gethu or Jhallari
44.	Gubguba or Jamuku - Percussion string instrument
45.	Pulluvan kutam
46.	Santoor - Hammered chord box
47.	Pepa
48.	Pungi or Been
49.	Indian Harmonium: Double reed
50.	Kuzhal
51.	Nadaswaram
52.	Shehnai
53.	Sundari
54.	Tangmuri
55.	Alghoza - double flute
56.	Bansuri
57.	Venu (Carnatic flute) Pullanguzhal
58.	Mashak

## Background Material on Exempted Services under GST

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59.	Titti
60.	Sruti upanga
61.	Gogona
62.	Morsing
63.	Shruti box
64.	Harmonium (hand-pumped)
65.	Ekkalam
66.	Karnal
67.	Ramsinga
68.	Kahal
69.	Nagphani
70.	Turi
71.	Dhad
72.	Damru
73.	Dimadi
74.	Dhol
75.	Dholak
76.	Dholki
77.	Duggi
78.	Ghat singhari or gada singari
79.	Ghumot
80.	Gummeta
81.	Kanjira
82.	Khol
83.	Kinpar and Dhopar (tribal drums)
84.	Maddale
85.	Maram
86.	Mizhavu
87.	Mridangam
88.	Pakhavaj
89.	Pakhavaj jori - Sikh instrument similar to tabla

Annexure I

90.	Panchamukha vadyam
91.	Pung
92.	Shuddha madalam or Maddalam
93.	Tabala/tabl/chameli - goblet drum
94.	Tabla
95.	Tabla tarang - set of tablas
96.	Tamte
97.	Thanthi Panai
98.	Thimila
99.	Tumbak, tumbaknari, tumbaknaer
100.	Daff, duff, daf or duf Dimdi or dimri - small frame drum without jingles
101.	Kanjira - small frame drum with one jingle
102.	Kansi - small without jingles
103.	Patayani thappu - medium frame drum played with hands
104.	Chenda
105.	Dollu
106.	Dhak
107.	Dhol
108.	Dholi
109.	Idakka
110.	Thavil
111.	Udukai
112.	Chande
113.	Nagara - pair of kettledrums
114.	Pambai - unit of two cylindrical drums
115.	Parai thappu, halgi - frame drum played with two sticks
116.	Sambal
117.	Stick daff or stick duff - daff in a stand played with sticks
118.	Tamak'
119.	Tasha - type of kettledrum
120.	Urumee

## Background Material on Exempted Services under GST

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121.	Jaltarang Chimpta - fire tong with brass jingles
122.	Chengila - metal disc
123.	Elathalam
124.	Geger - brass vessel
125.	Ghatam and Matkam (Earthenware pot drum)
126.	Ghungroo
127.	Khartal or Chiplaya
128.	Manjeera or jhanj or taal
129.	Nut - clay pot
130.	Sankarjang - lithophone
131.	Thali - metal plate
132.	Thattukazhi mannai
133.	Kanch tarang, a type of glass harp
134.	Kashtha tarang, a type of xylophone.”.

@ Inserted vide Notification No. 42/2017- Central Tax (Rate) dt 14-11-2017

# Inserted vide Notification No. 35/2017- Central Tax (Rate) dt 13-10-2017

\* Inserted vide Notification No. 28/2017- Central Tax (Rate) dt 22-09-2017

*Note: Similar provisions have been incorporated under UTGST Act vide Notification No. 02/2017-Union Territory Tax (Rate),dt. 28-06-2017 amended vide Notification No.42/2017 dt 14-11-2017, Notification No.35/2017 dt 13/10/2017, Notification No.28/2017 dt 22-09-2017 and under IGST Act vide Notification No. 02/2017-Integrated Tax (Rate) dt 28-06-2017 amended vide Notification No.44/2017 dt 14-11-2017, Notification No.36/2017 dt 13/10/2017, Notification No.28/2017 dt 22-09-2017.*

[TO BE PUBLISHED IN PART II, SECTION 3, SUB-SECTION (i) OF THE GAZETTE OF INDIA, EXTRAORDINARY]

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
(Department of Revenue)**

**Corrigendum**

New Delhi, the 12th July, 2017

G.S.R. (E).- In the notification of the Government of India, in the Ministry of Finance (Department of Revenue), No.2/2017-Central Tax (Rate), dated the 28th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R. 674(E), dated the 28th June, 2017,-

(i) at page 315, in line 37, *for* "Dried leguminous vegetables, shelled, whether or not skinned or split", *read* "Dried leguminous vegetables, shelled, whether or not skinned or split [other than put up in unit container and bearing a registered brand name]";

(ii) at page 319, in line 17, omit "[proposed GST Nil]".

[F.No.354/117/2017-TRU Pt.]

(Mohit Tewari)

Under Secretary to the Government of India

**Background Material on Exempted Services under GST**

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**[TO BE PUBLISHED IN PART II, SECTION 3, SUB-SECTION (i) OF THE GAZETTE OF INDIA, EXTRAORDINARY]**

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
(Department of Revenue)**

**Corrigendum**

New Delhi, the 27th July, 2017

G.S.R. (E).- In the notification of the Government of India, in the Ministry of Finance (Department of Revenue), No.2/2017-Central Tax (Rate), dated the 28th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R. 674(E), dated the 28th June, 2017,-

In the Schedule,-

- (i) in S.No.59, in column (2), for "9", read "7, 9 or 10";
- (ii) in S.No.102, in column (2), for "2302", read "2301, 2302".

[F.No.354/117/2017-TRU]

(Mohit Tewari)

Under Secretary to the Government of India



## F. Annexure II

[TO BE PUBLISHED IN THE GAZZETE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (i)]

Government of India  
Ministry of Finance  
(Department of Revenue)

### Notification No. 12/2017- Central Tax (Rate)

New Delhi, the 28<sup>th</sup> June, 2017

G.S.R.....(E).- In exercise of the powers conferred by sub-section (1) of section 11 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on being satisfied that it is necessary in the public interest so to do, on the recommendations of the Council, hereby exempts the intra-State supply of services of description as specified in column (3) of the Table below from so much of the central tax leviable thereon under sub-section (1) of section 9 of the said Act, as is in excess of the said tax calculated at the rate as specified in the corresponding entry in column (4) of the said Table, unless specified otherwise, subject to the relevant conditions as specified in the corresponding entry in column (5) of the said Table, namely:-

TABLE

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
(1)	(2)	(3)	(4)	(5)	
1	Chapter 99	Services by an entity registered under section 12AA of the Income-tax Act, 1961 (43 of 1961) by way of charitable activities.	Nil	Nil	Same as S.No.6
2	Chapter 99	Services by way of transfer of a going concern, as a whole or an	Nil	Nil	Same as S.No.37

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		independent part thereof.			
3	Chapter 99	Pure services (excluding works contract service or other composite supplies involving supply of any goods) provided to the Central Government, State Government or Union territory or local authority or a Governmental authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution.	Nil	Nil	Same as S.No.25
4	Chapter 99	Services by Central Government, State Government, Union territory, local authority or governmental authority by way of any activity in relation to any function entrusted to a municipality under article 243 W of the Constitution.	Nil	Nil	Same as S.No.39
5	Chapter 99	Services by Central Government, State Government, Union territory, local authority or Governmental Authority <sup>3</sup> by way of any activity in	Nil	Nil	Same as S.No.60

### Background Material on Exempted Services under GST

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		relation to any function entrusted to a Panchayat under article 243G of the Constitution.			
6	Chapter 99	Services by the Central Government, State Government, Union territory or local authority excluding the following services— (a) 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;	Nil	Nil	Mentioned in Negative list
3	Substituted vide Notification No. 32/2017-Central Tax (Rate)/ Integrated Tax (rate)/Union Tax (Rate) dt 13-10-2017				
		(b) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (c) transport of goods or passengers; or (d) any service, other than services covered under entries (a) to (c) above, provided to business entities.			

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
7	Chapter 99	<p>Services provided by the Central Government, State Government, Union territory or local authority to a business entity with an aggregate turnover of up to twenty lakh rupees (ten lakh rupees in case of a special category state) in the preceding financial year.</p> <p><i>Explanation.</i> - For the purposes of this entry, it is hereby clarified that the provisions of this entry shall not be applicable to-</p> <p>(a) services, -</p> <p>(i) 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;</p> <p>(ii) in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;</p> <p>(iii) of transport of goods or passengers; and</p> <p>(b) services by way of renting of immovable</p>	Nil	Nil	Same as S.No.48

### Background Material on Exempted Services under GST

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		property.			
8	Chapter 99	<p>Services provided by the Central Government, State Government, Union territory or local authority to another Central Government, State Government, Union territory or local authority:</p> <p>Provided that nothing contained in this entry shall apply to services-</p> <p>(i) 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;</p> <p>(ii) in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;</p> <p>(iii) of transport of goods or passengers.</p>	Nil	Nil	Nil
9	Chapter 99	Services provided by Central Government, State Government, Union territory or a local authority where the consideration for such services does not	Nil	Nil	Same as S.No.56

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		<p>exceed five thousand rupees:            Provided that nothing contained in this entry shall apply to-</p> <p>(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,</p> <p>(ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;</p> <p>(iii) transport of goods or passengers:</p> <p>Provided further that in case where continuous supply of service, as defined in sub-section (33) of section 2 of the Central Goods and Services Tax Act, 2017, is provided by the Central Government, State Government, Union territory or a local authority, the exemption shall apply only where the consideration charged for</p>			

## Background Material on Exempted Services under GST

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		such service does not exceed five thousand rupees in a financial year.			
9A	Chapter 99	Services provided by and to Fédération Internationale de Football Association (FIFA) and its subsidiaries directly or indirectly related to any of the events under FIFA U-17 World Cup 2017 to be hosted in India. <sup>10</sup>	Nil	Provided that Director (Sports), Ministry of Youth Affairs and Sports certifies that the services are directly or indirectly related to any of the events under FIFA U- 17 World Cup 2017	Nil
9B	Chapter 99	Supply of services associated with transit cargo to Nepal and Bhutan (landlocked countries). <sup>14</sup>	Nil	Nil	Nil
<p>10 Inserted vide Notification No. 21/2017- Central Tax (Rate)/Integrated Tax (Rate) dt 22-08-2017</p> <p>14 Inserted vide Notification No. 30/2017- Central tax (Rate)/Integrated Tax(Rate) dt 29-09-2017</p>					
9C	Chapter 99	Supply of service by a Government Entity to Central Government, State Government, Union	Nil	Nil	Nil

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		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. <sup>4</sup>			
10	Heading 9954	Services provided by way of pure labour contracts of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of a civil structure or any other original works pertaining to the beneficiary-led individual house construction or enhancement under the Housing for All (Urban) Mission or Pradhan Mantri Awas Yojana.	Nil	Nil	Same as S.No.12
11	Heading 9954	Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a	Nil	Nil	Same as S.No.13

## Background Material on Exempted Services under GST

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		residential complex.			
11A	Heading 9961 or Heading 9962	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. <sup>1</sup>	Nil	Nil	Nil
4 Inserted vide Notification No. 32/2017- Central Tax (Rate)/Integrated Tax (Rate) dt 13-10-2017					
11B	Heading 9961 or Heading 9962	Service provided by Fair Price Shops to State Governments or Union territories by way of sale of kerosene, sugar, edible oil, etc. under Public Distribution System (PDS) against consideration in the form of commission or margin. <sup>11</sup>	Nil	Nil	Nil
12	Heading 9963 or Heading 9972	Services by way of renting of residential dwelling for use as residence.	Nil	Nil	Mentioned in Negative List
13	Heading 9963 or Heading 9972 or Heading 9995 or any other	Services by a person by way of- (a) conduct of any religious ceremony; (b) renting of precincts of a religious place meant for general public, owned	Nil	Nil	Same as S.No. 5 However, monetary limit has been introduced to

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
	Heading of Section 9	<p>or managed by an entity registered as a charitable or religious trust under section 12AA of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) or a trust or an institution registered under sub clause (v) of clause (23C) of section 10 of the Income-tax Act or a body or an authority covered under clause (23BBA) of section 10 of the said Income-tax Act:</p> <p>Provided that nothing contained in entry(b) of this exemption shall apply to-</p> <p>(i) renting of rooms where charges are one thousand rupees or more per day;</p> <p>(ii) renting of premises, community halls, kalyan mandapam or open area, and the like where charges are ten thousand rupees or more per day;</p>			restrict the exemption to institutions which are charging for their facilities over such limits
<sup>1</sup> Substituted vide Notification No. 47/2017- Central tax (Rate)/ Integrated Tax (Rate) dt 14-11-2017					
<sup>11</sup> Inserted vide Notification No. 21/2017- Central Tax (Rate)/ Integrated Tax (Rate)					

### Background Material on Exempted Services under GST

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
dt 22-08-2017					
		(iii) renting of shops or other spaces for business or commerce where charges are ten thousand rupees or more per month.			
14	Heading 9963	Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation below one thousand rupees per day or equivalent.	Nil	Nil	Same as S.No.18
15	Heading 9964	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-airconditioned contract carriage other than radio taxi, for transportation of passengers, excluding tourism, conducted tour,	Nil	Nil	Same as S.No. 23

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		charter or hire; or (c) stage carriage other than air- conditioned stage carriage.			
16	Heading 9964	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 regional connectivity scheme airport, against consideration in the form of viability gap funding: Provided that nothing contained in this entry shall apply on or after the expiry of a period of one year from the date of commencement of operations of the regional connectivity scheme airport as notified by the Ministry of Civil Aviation.	Nil	Nil	Same as S.No. 23A
17	Heading 9964	Service of transportation of passengers, with or without accompanied belongings, by— (a) railways in a class other than— (i) first class; or (ii) an air-conditioned coach; (b) metro, monorail or	Nil	Nil	Mentioned in Negative List

## Background Material on Exempted Services under GST

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		tramway; (c) inland waterways; (d) public transport, other than predominantly for tourism purpose, in a vessel between places located in India; and (e) metered cabs or auto rickshaws (including e-rickshaws).			
18	Heading 9965	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.	Nil	Nil	Mentioned in Negative List
19	Heading 9965	Services by way of transportation of goods by an aircraft from a place outside India upto the customs station of clearance in India.	Nil	Nil	Same as S.No. 53
20	Heading 9965	Services by way of transportation by rail or a vessel from one place in India to another of the following goods – (a) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap;	Nil	Nil	Same as S. No. 20

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		(b) defence or military equipments; (c) newspaper or magazines registered with the Registrar of Newspapers; (d) railway equipments or materials; (e) agricultural produce; (f) milk, salt and food grain including flours, pulses and rice; and (g) organic manure.			
21	Heading 9965 or Heading 9967	Services provided by a goods transport agency, by way of transport in a goods carriage of - (a) agricultural produce; (b) goods, where consideration charged for the transportation of goods on a consignment transported in a single carriage does not exceed one thousand five hundred rupees; (c) goods, where consideration charged for transportation of all such goods for a single consignee does not exceed rupees seven hundred and fifty;	Nil	Nil	Same as S.No.21

**Background Material on Exempted Services under GST**

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		(d) milk, salt and food grain including flour, pulses and rice; (e) organic manure; (f) newspaper or magazines registered with the Registrar of Newspapers; (g) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; or (h) defence or military equipments.			
21A	Heading 9965 or Heading 9967	Services provided by a goods transport agency to an unregistered person, including an unregistered casual taxable person, other than the following recipients, namely: - (a) any factory registered under or governed by the Factories Act, 1948(63 of 1948); or (b) any Society registered under the Societies Registration Act, 1860 (21 of 1860) or under any other law for the time being in force in any part of India; or (c) any Co-operative Society established by or under any law for the		Nil	Nil

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		<p>time being in force; or</p> <p>(d) any body corporate established, by or under any law for the time being in force; or</p> <p>(e) any partnership firm whether registered or not under any law including association of persons;</p> <p>(f) any casual taxable person registered under the Central Goods and Services Tax Act or the Integrated Goods and Services Tax Act or the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act.<sup>5</sup></p>			
22	Heading 9966 or Heading 9973	<p>Services by way of giving on hire –</p> <p>(a) to a state transport undertaking, a motor vehicle meant to carry more than twelve passengers; or</p> <p>(b) to a goods transport agency, a means of transportation of goods.</p>	Nil	Nil	Same as S. No.22
23	Heading 9967	Service by way of access to a road or a bridge on payment of toll charges.	Nil	Nil	Mentioned in negative List
23A	Heading 9967	Service by way of access to a road or a bridge on	Nil	Nil	Nil

## Background Material on Exempted Services under GST

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		payment of annuity. <sup>6</sup>			
24	Heading 9967 or Heading 9985	Services by way of loading, unloading, packing, storage or warehousing of rice.	Nil	Nil	Same as S.no. 22
5 Inserted vide Notification No. 32/2017- Central Tax (Rate)/ Integrated Tax (Rate) dt 13-10-2017 6 Inserted vide Notification No. 32/2017- Central Tax (Rate) / Integrated Tax (Rate) dt 13-10-2017					
25	Heading 9969	Transmission or distribution of electricity by an electricity transmission or distribution utility.	Nil	Nil	Mentioned in negative List
26	Heading 9971	Services by the Reserve Bank of India.	Nil	Nil	Mentioned in negative List
27	Heading 9971	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) <i>inter se</i> sale or purchase of foreign currency amongst banks or authorised dealers of foreign exchange or amongst banks and such dealers.	Nil	Nil	Mentioned in negative List
28	Heading 9971 or Heading 9991	Services of life insurance business provided by way of annuity under the	Nil	Nil	Same as S.no. 26C

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		National Pension System regulated by the Pension Fund Regulatory and Development Authority of India under the Pension Fund Regulatory and Development Authority Act, 2013 (23 of 2013).			
29	Heading 9971 or Heading 9991	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.	Nil	Nil	Same as S.no. 26D
30	Heading 9971 or Heading 9991	Services by the Employees' State Insurance Corporation to persons governed under the Employees' State Insurance Act, 1948 (34 of 1948).	Nil	Nil	Same as S.no. 36
31	Heading 9971	Services provided by the Employees Provident Fund Organisation to the persons governed under the Employees Provident Funds and the Miscellaneous Provisions Act, 1952 (19 of 1952).	Nil	Nil	Same as S.No.49
32	Heading 9971	Services provided by the Insurance Regulatory and Development Authority of	Nil	Nil	Same as S.No.50

## Background Material on Exempted Services under GST

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		India to insurers under the Insurance Regulatory and Development Authority of India Act, 1999 (41 of 1999).			
33	Heading 9971	Services provided by the Securities and Exchange Board of India set up under the Securities and Exchange Board of India Act, 1992 (15 of 1992) by way of protecting the interests of investors in securities and to promote the development of, and to regulate, the securities market.	Nil	Nil	Same as S.No.51
34	Heading 9971	Services by an acquiring bank, to any person in relation to settlement of an amount upto two thousand rupees in a single transaction transacted through credit card, debit card, charge card or other payment card service. <i>Explanation.—</i> For the purposes of this entry, “acquiring bank” means any banking company, financial institution including non-banking financial company or any other person, who makes the payment to any person who accepts such card.	Nil	Nil	Same as S.No.64

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
35	Heading 9971 or Heading 9991	<p>Services of general insurance business provided under following schemes –</p> <p>(a) Hut Insurance Scheme;</p> <p>(b) Cattle Insurance under Swarnajaynti Gram Swarozgar Yojna (earlier known as Integrated Rural Development Programme);</p> <p>(c) Scheme for Insurance of Tribals;</p> <p>(d) Janata Personal Accident Policy and Gramin Accident Policy;</p> <p>(e) Group Personal Accident Policy for Self-Employed Women;</p> <p>(f) Agricultural Pumpset and Failed Well Insurance;</p> <p>(g) premia collected on export credit insurance;</p> <p>(h) Restructured Weather Based Crop Insurance Scheme (RWCIS);12 or the Modified National Agricultural Insurance Scheme, approved by the</p>	Nil	Nil	Same as S.No.26

## Background Material on Exempted Services under GST

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		Government of India and implemented by the Ministry of Agriculture; (i) Jan Arogya Bima Policy; (j) Pradhan Mantri Fasal BimaYojana (PMFBY); 12 (m) Universal Health Insurance Scheme; (n) Rashtriya Swasthya Bima Yojana; (o) Coconut Palm Insurance Scheme; (p) Pradhan Mantri Suraksha Bima Yojna; (q) Niramaya Health Insurance Scheme implemented by the Trust constituted under the provisions of the National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999)			
<sup>12</sup> Substituted vide Notification No. 21/2017- Central Tax (Rate)/ / Integrated Tax (Rate) dt 22-08-2017					
36	Heading 9971 or Heading 9991	Services of life insurance business provided under following schemes- (a) Janashree Bima Yojana;	Nil	Nil	Same as S.no. 26A

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		(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 fifty thousand rupees; (d) Varishtha Pension Bima Yojana; (e) Pradhan Mantri Jeevan Jyoti Bima Yojana; (f) Pradhan Mantri Jan DhanYogana; (g) Pradhan Mantri Vaya Vandana Yojana.			
37	Heading 9971 or Heading 9991	Services by way of collection of contribution under the Atal Pension Yojana.	Nil	Nil	Same as S.no. 26B
38	Heading 9971 or Heading 9991	Services by way of collection of contribution under any pension scheme of the State Governments.	Nil	Nil	Nil
39	Heading 9971 or Heading 9985	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	Nil	Nil	Same as S.No.29

## Background Material on Exempted Services under GST

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		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.			
40	Heading 9971 or Heading 9991	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.	Nil	Nil	Nil
41	Heading 9972	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 thirty years, or more) of industrial plots or plots for development of infrastructure for financial business, provided by the State Government Industrial Development	Nil	Nil	Same as Notification No. 41/2016-ST dated 22.9.2016

## Annexure II

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		Corporations or Undertakings or by any other entity having 50 per cent. Or more ownership of Central Government, State Government, Union territory to the industrial units or the developers in any industrial or financial business area <sup>7</sup>			
42	Heading 9973 or Heading 9991	Services provided by the Central Government, State Government, Union territory or local authority by way of allowing a business entity to operate as a telecom service provider or use radio frequency spectrum during the period prior to the 1st April, 2016, on payment of licence fee or spectrum user charges, as the case may be.	Nil	Nil	Same as S.No. 62
43	Heading 9973	Services of leasing of assets (rolling stock assets including wagons, coaches, locos) by the Indian Railways Finance Corporation to Indian Railways.	Nil	Nil	Already exempted
7 Substituted vide Notification No. 32/2017- Central Tax (Rate)/ / Integrated Tax (Rate) dt 13-10-2017					
44	Heading 9981	Services provided by an	Nil	Nil	Same as

### Background Material on Exempted Services under GST

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		incubate up to a total turnover of fifty lakh rupees in a financial year subject to the following conditions, namely:- (a) the total turnover had not exceeded fifty lakh rupees during the preceding financial year; and (b) a period of three years has not elapsed from the date of entering into an agreement as an incubatee.			S.no. 27
45	Heading 9982 or Heading 9991	Services provided by- (a) an arbitral tribunal to – (i) any person other than a business entity; or (ii) a business entity with an aggregate turnover up to twenty lakh rupees (ten lakh rupees in the case of special category states) in the preceding financial year; (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;	Nil	Nil	Same as S.No. 6

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		(ii) any person other than a business entity; or (i) a business entity with an aggregate turnover up to twenty lakh rupees (ten lakh rupees in the case of special category states) in the preceding financial year (c) a senior advocate by way of legal services to- (i) any person other than a business entity; or (ii) a business entity with an aggregate turnover up to twenty lakh rupees (ten lakh rupees in the case of special category states) in the preceding financial year.			
46	Heading 9983	Services by a veterinary clinic in relation to health care of animals or birds.	Nil	Nil	Same as S.No. 3
47	Heading 9983 or Heading 9991	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	Nil	Nil	Same as S.no. 58

## Background Material on Exempted Services under GST

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		workers, consumers or public at large, including fire license, required under any law for the time being in force.			
48	Heading 9983 or any other Heading of Chapter 99	Taxable services, provided or to be provided, by a Technology Business Incubator or a Science and Technology Entrepreneurship Park recognised by the National Science and Technology Entrepreneurship Development Board of the Department of Science and Technology, Government of India or bio-incubators recognised by the Biotechnology Industry Research Assistance Council, under the Department of Biotechnology, Government of India.	Nil	Nil	Notification No. 32/2012-ST dated 20.06.2012
49	Heading 9984	Services by way of collecting or providing news by an independent journalist, Press Trust of India or United News of India	Nil	Nil	Same as S.No. 17
50	Heading 9984	Services of public libraries by way of lending of books, publications or any other knowledge-enhancing content or material	Nil	Nil	Same as S.No. 35

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
51	Heading 9984	Services provided by the Goods and Services Tax Network to the Central Government or State Governments or Union territories for implementation of Goods and Services Tax.	Nil	Nil	Nil
52	Heading 9985	Services by an organiser to any person in respect of a business exhibition held outside India.	Nil	Nil	Same as S.No. 31
53	Heading 9985	Services by way of sponsorship of sporting events organised - (a) by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, State, zone or Country; (b) by Association of Indian Universities, Inter-University Sports Board, School Games Federation of India, All India Sports Council for the Deaf, Paralympic Committee of India or Special Olympics Bharat; (c) by the Central Civil Services Cultural and	Nil	Nil	Same as 11

## Background Material on Exempted Services under GST

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		Sports Board; (d) as part of national games, by the Indian Olympic Association; or (e) under the Panchayat Yuva Kreedha Aur Khel Abhiyaan Scheme.			
54	Heading 9986	Services relating to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce by way of — (a) agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing; (b) supply of farm labour; (c) processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading,	Nil	Nil	Mentioned in Negative List

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		<p>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;</p> <p>(d) renting or leasing of agro machinery or vacant land with or without a structure incidental to its use;</p> <p>(e) loading, unloading, packing, storage or warehousing of agricultural produce;</p> <p>(f) agricultural extension services;</p> <p>(g) services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce.</p>			
55	Heading 9986	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	Nil	Nil	Same as S.No. 30(a)

## Background Material on Exempted Services under GST

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		food, fibre, fuel, raw material or other similar products or agricultural produce.			
56	Heading 9988	Services by way of slaughtering of animals.	Nil	Nil	Same as S.No. 33
57	Heading 9988 or any other Heading of Section 8 and Section 9	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.	Nil	Nil	Same as S.No. 44
58	Heading 9988 or Heading 9992	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.	Nil	Nil	Same as S.No. 52
59	Heading 9999	Services by a foreign diplomatic mission located in India.	Nil	Nil	Mentioned in Negative List
60	Heading 9991	Services by a specified organisation in respect of a religious pilgrimage facilitated by the Ministry of External Affairs, the Government of India, under bilateral arrangement.	Nil	Nil	Same as S.No. 5A
61	Heading 9991	Services provided by the	Nil	Nil	Same as

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		Central Government, State Government, Union territory or local authority by way of issuance of passport, visa, driving licence, birth certificate or death certificate.			S.No. 55
62	Heading 9991 or Heading 9997	Services provided by the Central Government, State Government, Union territory or local authority by way of tolerating non-performance of a contract for which consideration in the form of fines or liquidated damages is payable to the Central Government, State Government, Union territory or local authority under such contract.	Nil	Nil	Same as S.No. 57
63	Heading 9991	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.	Nil	Nil	Same as S.No. 59
64	Heading 9991	Services provided by the	Nil	Nil	Same as

## Background Material on Exempted Services under GST

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
	or Heading 9973	Central Government, State Government, Union territory or local authority by way of assignment of right to use any natural resource where such right to use was assigned by the Central Government, State Government, Union territory or local authority before the 1 <sup>st</sup> April, 2016: Provided that the exemption shall apply only to tax payable on one time charge payable, in full upfront or in installments, for assignment of right to use such natural resource.			S.No. 61
65	Heading 9991	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.	Nil	Nil	Same as S.No. 63
66	Heading 9992	Services provided - (a) by an educational institution to its students, faculty and staff; (b) to an educational	Nil	Nil	Same as S.No. 9

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		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; services relating to admission to, or conduct of examination by, such institution; upto higher secondary: Provided that nothing contained in entry (b) shall apply to an educational institution other than an institution providing services by way of pre-school education and education up to higher secondary school or equivalent.			

### Background Material on Exempted Services under GST

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
67	Heading 9992	Services provided by the Indian Institutes of Management, as per the guidelines of the Central Government, to their students, by way of the following educational programmes, except Executive Development Programme: - (a) two year full time Post Graduate Programmes in Management for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test (CAT) conducted by the Indian Institute of Management; (b) fellow programme in Management; (c) five year integrated programme in Management.	Nil	Nil	Same as S.No. 9B
68	Heading 9992 or Heading 9996	Services provided to a recognised sports body by- (a) an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a	Nil	Nil	Same as S.No. 10

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		<p>recognized sports body;</p> <p>(b) another recognised sports body.</p>			
69	Heading 9992 or Heading 9983 or Heading 9991	<p>Any services provided by, –</p> <p>(a) the National Skill Development Corporation set up by the Government of India;</p> <p>(b) a Sector Skill Council approved by the National Skill Development Corporation;</p> <p>(c) an assessment agency approved by the Sector Skill Council or the National Skill Development Corporation;</p> <p>(d) a training partner approved by the National Skill Development Corporation or the Sector Skill Council, in relation to-</p> <p>(i) the National Skill Development Programme implemented by the National Skill Development Corporation; or</p>			Same as S.No. 9A

## Background Material on Exempted Services under GST

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		(ii) a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or (iii) any other Scheme implemented by the National Skill Development Corporation.			
70	Heading 9983 or Heading 9985 or Heading 9992	Services of assessing bodies empanelled centrally by the Directorate General of Training, Ministry of Skill Development and Entrepreneurship by way of assessments under the Skill Development Initiative Scheme.	Nil	Nil	Same as S.No. 9C
71	Heading 9992	Services provided by training providers (Project implementation agencies) under Deen Dayal Upadhyaya Grameen Kaushalya Yojana implemented by the Ministry of Rural Development, Government of India by way of offering skill or vocational training courses certified by the National Council for Vocational Training.	Nil	Nil	Same as S.No. 9D

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
72	Heading 9992	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.	Nil	Nil	Nil
73	Heading 9993	Services provided by the cord blood banks by way of preservation of stem cells or any other service in relation to such preservation.	Nil	Nil	Same as S.No.2A
74	Heading 9993	Services by way of- (a) health care services by a clinical establishment, an authorized medical practitioner or paramedics; (b) services provided by way of transportation of a patient in an ambulance, other than those specified in(a) above.	Nil	Nil	Same as S.No.2
75	Heading 9994	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.	Nil	Nil	Same as S.No.2B

### Background Material on Exempted Services under GST

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
76	Heading 9994	Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets.	Nil	Nil	Same as S.No.2
77	Heading 9995	Service by an unincorporated body or a non-profit entity registered under any law for the time being in force, to its own members by way of reimbursement of charges or share of contribution – (a) as a trade union; (b) for the provision of carrying out any activity which is exempt from the levy of Goods and service Tax; or (c) up to an amount of five thousand rupees per month per member for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex.	Nil	Nil	Same as S.No.28
78	Heading 9996	Services by an artist by way of a performance in folk or classical art forms of- (a) music, or (b) dance, or (c) theatre, if the consideration	Nil	Nil	Same as S.No.16

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		charged for such performance is not more than one lakh and fifty thousand rupees: Provided that the exemption shall not apply to service provided by such artist as a brand ambassador.			
79	Heading 9996	Services by way of admission to a museum, national park, wildlife sanctuary, tiger reserve or zoo.	Nil	Nil	Same as S.No.45
79A	Heading 9996	Services by way of admission to a protected monument so declared under the Ancient Monuments and Archaeological Sites and Remains Act 1958 (24 of 1958) or any of the State Acts, for the time being in force <sup>2</sup>	Nil	Nil	Nil
80	Heading 9996	Services by way of training or coaching in recreational activities relating to- (a) arts or culture, or (b) sports by charitable entities registered under section 12AA of the Income-tax Act.	Nil	Nil	Same as S.No.8
81	Heading 9996	Services by way of right to admission to- (a) circus, dance, or	Nil	Nil	Same as S.No.47

## Background Material on Exempted Services under GST

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition	Notification No. 25/2012-ST dated 20.06.2012
		theatrical performance including drama or ballet; (b) award function, concert, pageant, musical performance or any Sporting event other than a recognised sporting event; (c) recognised sporting event, where the consideration for admission is not more than Rs 250 per person as referred to in (a), (b) and (c) above.			
82	Heading 9996	Services by way of right to admission to the events organised under FIFA U-17 World Cup 2017. <sup>9</sup>	Nil	Nil	Nil

<sup>2</sup> Inserted vide Notification No. 47/2017- Central Tax (Rate)/ / Integrated Tax (Rate) dt 14-11-2017

1 Definitions. - For the purposes of this notification, unless the context otherwise requires, -

(a) "advertisement" means any form of presentation for promotion of, or bringing awareness about, any event, idea, immovable property, person, service, goods or actionable claim through newspaper, television, radio or any other means but does not include any presentation made in person;

(b) "advocate" has the same meaning as assigned to it in clause (a) of sub-section (1) of section 2 of the Advocates Act, 1961 (25 of 1961);

- (c) “agricultural extension” means application of scientific research and knowledge to agricultural practices through farmer education or training;
- (d) “agricultural produce” means any produce out of cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products, on which either no further processing is done or such processing is done as is usually done by a cultivator or producer which does not alter its essential characteristics but makes it marketable for primary market;
- (e) “Agricultural Produce Marketing Committee or Board” means any committee or board constituted under a State law for the time being in force for the purpose of regulating the marketing of agricultural produce;
- (f) “aircraft” has the same meaning as assigned to it in clause (1) of section 2 of the Aircraft Act, 1934 (22 of 1934);
- (g) “airport” has the same meaning as assigned to it in clause (b) of section 2 of the Airports Authority of India Act, 1994 (55 of 1994.);
- (h) “approved vocational education course” means, -
- (i) a course run by an industrial training institute or an industrial training centre affiliated to the National Council for Vocational Training or State Council for Vocational Training offering courses in designated trades notified under the Apprentices Act, 1961 (52 of 1961); or
  - (ii) a Modular Employable Skill Course, approved by the National Council of Vocational Training, run by a person registered with the Directorate General of Training, Ministry of Skill Development and Entrepreneurship;
- (i) “arbitral tribunal” has the same meaning as assigned to it in clause (d) of section 2 of the Arbitration and Conciliation Act, 1996 (26 of 1996);
- (j) “authorised dealer of foreign exchange” shall have the same meaning assigned to “Authorised person” in clause (c) of section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999);
- (k) “authorised medical practitioner” means a medical practitioner registered with any of the councils of the recognised system of medicines established or recognised by law in India and includes a medical professional having the requisite qualification to practice in any recognised system of medicines in India as per any law for the time being in force;
- (l) “banking company” has the same meaning as assigned to it in clause (a) of section 45A of the Reserve Bank of India Act, 1934(2 of 1934);

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- (m) “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;
- (n) “business entity” means any person carrying out business;
- (o) “business facilitator or business correspondent” means an intermediary appointed under the business facilitator model or the business correspondent model by a banking company or an insurance company under the guidelines issued by the Reserve Bank of India;
- (p) “Central Electricity Authority” means the authority constituted under section 3 of the Electricity (Supply) Act, 1948 (54 of 1948);
- (q) “Central Transmission Utility” shall have the same meaning as assigned to it in clause (10) of section 2 of the Electricity Act, 2003 (36 of 2003);
- (r) “charitable activities” means activities relating to -
- (b) public health by way of , -
  - (A) care or counseling of
    - I. terminally ill persons or persons with severe physical or mental disability;
    - II. persons afflicted with HIV or AIDS;
    - III. persons addicted to a dependence-forming substance such as narcotics drugs or alcohol; or
  - (B) public awareness of preventive health, family planning or prevention of HIV infection;
  - (c) advancement of religion , spirituality or yoga;
  - (d) advancement of educational programmes or skill development relating to,-
    - A. abandoned, orphaned or homeless children;
    - B. physically or mentally abused and traumatized persons;
    - C. prisoners; or
    - D. persons over the age of 65 years residing in a rural area;
  - (e) preservation of environment including watershed, forests and wildlife;
- (s) “clinical establishment” means a hospital, nursing home, clinic, sanatorium or any other institution by, whatever name called, that offers services or facilities requiring diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India, or a place established as an independent

entity or a part of an establishment to carry out diagnostic or investigative services of diseases;

(t) “contract carriage” has the same meaning as assigned to it in clause (7) of section 2 of the Motor Vehicles Act, 1988 (59 of 1988);

(u) “courier agency” means any person engaged in the door-to-door transportation of time-sensitive documents, goods or articles utilising the services of a person, either directly or indirectly, to carry or accompany such documents, goods or articles;

(v) “Customs station” shall have the same meaning as assigned to it in clause (13) of section 2 of the Customs Act, 1962 (52 of 1962);

(w) “declared tariff” includes charges for all amenities provided in the unit of accommodation (given on rent for stay) like furniture, air-conditioner, refrigerators or any other amenities, but without excluding any discount offered on the published charges for such unit;

(x) “distributor or selling agent” means an individual or a firm or a body corporate or other legal entity under law so appointed by the Organising State through an agreement to market and sell lotteries on behalf of the Organising State;

(y) “educational institution” means an institution providing services by way of,-

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

(b) education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force;

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

(z) “electricity transmission or distribution utility” means the Central Electricity Authority; a State Electricity Board; the Central Transmission Utility or a State Transmission Utility notified under the Electricity Act, 2003 (36 of 2003); or a distribution or transmission licensee under the said Act, or any other entity entrusted with such function by the Central Government or, as the case may be, the State Government;

(za) “e-rickshaw” means a special purpose battery powered vehicle of power not exceeding 4000 watts, having three wheels for carrying goods or passengers, as the case may be, for hire or reward, manufactured, constructed or adapted, equipped and maintained in accordance with such specifications, as may be prescribed in this behalf;

(zb) “general insurance business” has the same meaning as assigned to it in clause (g) of section 3 of the General Insurance Business (Nationalisation) Act, 1972 (57 of 1972);

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(zc) “general public” means the body of people at large sufficiently defined by some common quality of public or impersonal nature;

(zd) “goods carriage” has the same meaning as assigned to it in clause (14) of section 2 of the Motor Vehicles Act, 1988 (59 of 1988);

(ze) “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;

(zf) “governmental authority” means an authority or a board or any other body, -

(i) set up by an Act of Parliament or State Legislature; or

(ii) established by any Government,

with 90per cent. or more participation by way of equity or control, to carry out any function entrusted to a Municipality under article 243 W of the Constitution or to a Panchayat under article 243 G of the Constitution.

(zfa) “Government Entity” means an authority or a board or any other body including a society, trust, corporation,

(i) set up by an Act of Parliament or State Legislature; or

(ii) established by any Government,<sup>8</sup>

with 90per cent. or more participation by way of equity or control, to carry out a function entrusted by the Central Government, State Government, Union Territory or a local authority.”.

(zg) “health care services” means any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India and includes services by way of transportation of the patient to and from a clinical establishment, but does not include hair transplant or cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma;

<sup>8</sup> Substituted vide Notification No. 32/2017- Central Tax(Rate)/ Integrated Tax (Rate) dt 13-10-2017

(zh) “incubatee” means an entrepreneur located within the premises of a Technology Business Incubator or Science and Technology Entrepreneurship Park recognised by the National Science and Technology Entrepreneurship Development Board (NSTEDB) of the Department of Science and Technology, Government of India and who has entered into an agreement with the Technology Business Incubator or the Science and Technology Entrepreneurship Park to enable himself to develop and produce hi-tech and innovative products;

(zi) “inland waterway” means national waterways as defined in clause (h) of section 2

of the Inland Waterways Authority of India Act, 1985 (82 of 1985) or other waterway on any inland water, as defined in clause (b) of section 2 of the Inland Vessels Act, 1917 (1 of 1917);

(zj) “insurance company” means a company carrying on life insurance business or general insurance business;

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

(zl) “intermediary” has the same meaning as assigned to it in sub-section (13) of section 2 of the Integrated Goods and Services Tax Act, 2017;

(zm) “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;

(zn) “life insurance business” has the same meaning as assigned to it in clause (11) of section 2 of the Insurance Act, 1938 (4 of 1938);

(zo) “life micro-insurance product” shall have the same meaning as assigned to it in clause (e) of regulation 2 of the Insurance Regulatory and Development Authority (Micro-insurance) Regulations, 2005;

(zp) “metered cab” means any contract carriage on which an automatic device, of the type and make approved under the relevant rules by the State Transport Authority, is fitted which indicates reading of the fare chargeable at any moment and that is charged accordingly under the conditions of its permit issued under the Motor Vehicles Act, 1988 (59 of 1988) and the rules made thereunder (but does not include radio taxi);

(zq) “national park” has the same meaning as assigned to it in clause (21) of the section 2 of the Wild Life (Protection) Act, 1972 (53 of 1972);

(zr) “online information and database access or retrieval services” shall have the same meaning as assigned to it in clause (17) of the section 2 of the Integrated goods and Services Tax Act, 2017 (13 of 2017);

(zs) “original works” means- all new constructions;

- (i) all types of additions and alterations to abandoned or damaged structures on land that are required to make them workable;
- (ii) erection, commissioning or installation of plant, machinery or equipment or structures, whether pre-fabricated or otherwise;

## Background Material on Exempted Services under GST

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(zt) “print media” means,—

- (i) ‘book’ as defined in sub-section (1) of section 1 of the Press and Registration of Books Act, 1867 (25 of 1867), but does not include business directories, yellow pages and trade catalogues which are primarily meant for commercial purposes;
- (ii) ‘newspaper’ as defined in sub-section (1) of section 1 of the Press and Registration of Books Act, 1867 (25 of 1867);

(zu) “port” has the same meaning as assigned to it in clause (q) of section 2 of the Major Port Trusts Act, 1963 (38 of 1963) or in clause (4) of section 3 of the Indian Ports Act, 1908 (15 of 1908);

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

(zw) “recognised sporting event” means any sporting event,-

- (i) organised by a recognised sports body where the participating team or individual represent any district, state, zone or country;
- (ii) organised -
  - A. by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, state or zone;
  - B. by Association of Indian Universities, Inter-University Sports Board, School
  - C. Games Federation of India, All India Sports Council for the Deaf, Paralympic Committee of India or Special Olympics Bharat;
  - D. by Central Civil Services Cultural and Sports Board;
  - E. as part of national games, by Indian Olympic Association; or
  - F. under Panchayat Yuva Kreedha Aur Khel Abhiyaan (PYKKA) Scheme;

(zx) “recognised sports body” means –

- (i) the Indian Olympic Association;
- (ii) Sports Authority of India;
- (iii) a national sports federation recognised by the Ministry of Sports and Youth Affairs of the Central Government, and its affiliate federations;
- (iv) national sports promotion organisations recognised by the Ministry of Sports and Youth Affairs of the Central Government;

- (v) the International Olympic Association or a federation recognised by the International Olympic Association; or
  - (vi) a federation or a body which regulates a sport at international level and its affiliated federations or bodies regulating a sport in India;
- (zy) “religious place” means a place which is primarily meant for conduct of prayers or worship pertaining to a religion, meditation, or spirituality;
- (zz) “renting in relation to immovable property” means allowing, permitting or granting access, entry, occupation, use or any such facility, wholly or partly, in an immovable property, with or without the transfer of possession or control of the said immovable property and includes letting, leasing, licensing or other similar arrangements in respect of immovable property;
- (zza) “Reserve Bank of India” means the bank established under section 3 of the Reserve Bank of India Act, 1934 (2 of 1934);
- (zzb) “residential complex” means any complex comprising of a building or buildings, having more than one single residential unit;
- (zzc) “rural area” means the area comprised in a village as defined in land revenue records, excluding-
- the area under any municipal committee, municipal corporation, town area committee, cantonment board or notified area committee; or any area that may be notified as an urban area by the Central Government or a State Government;
- (zzd) “senior advocate” has the same meaning as assigned to it in section 16 of the Advocates Act, 1961 (25 of 1961);
- (zze) “single residential unit” means a self-contained residential unit which is designed for use, wholly or principally, for residential purposes for one family;
- (zzf) “special category States” shall mean the States as specified in sub-clause (g) of clause (4) of article 279A of the Constitution,
- (zzg) “specified organisation” shall mean,-
- (i) Kumaon Mandal Vikas Nigam Limited, a Government of Uttarakhand Undertaking; or
  - (ii) ‘Committee’ or ‘State Committee’ as defined in section 2 of the Haj Committee Act, 2002 (35 of 2002);
- (zzh) “stage carriage” shall have the same meaning as assigned to it in clause (40) of section 2 of the Motor Vehicles Act, 1988 (59 of 1988);
- (zzi) “State Electricity Board” means the Board constituted under section 5 of the Electricity (Supply) Act, 1948 (54 of 1948);

## **Background Material on Exempted Services under GST**

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(zzj) "State Transmission Utility" shall have the same meaning as assigned to it in clause (67) of section 2 of the Electricity Act, 2003 (36 of 2003);

(zzk) "state transport undertaking" has the same meaning as assigned to it in clause (42) of section 2 of the Motor Vehicles Act, 1988 (59 of 1988);

(zzl) "tiger reserve" has the same meaning as assigned to it in clause (e) of section 38K of the Wild Life (Protection) Act, 1972 (53 of 1972);

(zzm) "tour operator" means any person engaged in the business of planning, scheduling, organizing, arranging tours (which may include arrangements for accommodation, sightseeing or other similar services) by any mode of transport, and includes any person engaged in the business of operating tours;

(zzn) "trade union" has the same meaning as assigned to it in clause (h) of section 2 of the Trade Unions Act, 1926(16 of 1926);

(zzo) "vessel" has the same meaning as assigned to it in clause (z) of section 2 of the Major Port Trusts Act, 1963 (38 of 1963);

(zzp) "wildlife sanctuary" means a sanctuary as defined in the clause (26) of the section 2 of The Wild Life (Protection) Act, 1972 (53 of 1972);

(zzq) "zoo" has the same meaning as assigned to it in the clause (39) of the section 2 of the Wild Life (Protection) Act, 1972 (53 of 1972).

3. *Explanation.*- For the purposes of this notification,-

- (i) Reference to "Chapter", "Section" or "Heading", wherever they occur, unless the context otherwise requires, shall mean respectively as "Chapter, "Section" and "Heading" in the scheme of classification of services.
- (ii) Chapter, Section, Heading, Group, or Service Code mentioned in Column (2) of the Table are only indicative.
- (iii) A "Limited Liability Partnership" formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (6 of 2009) shall also be considered as a partnership firm or a firm." <sup>12</sup>

4. This notification shall come into force on the 1<sup>st</sup> day of July, 2017.

[F. No.334/1/2017 -TRU]

(Ruchi Bisht)

Under Secretary to the Government of India

Note 1: *Includes changes made vide Notification No. 21/2017-Central Tax (Rate), dt. 22-08-2017, 25/2017-Central Tax (Rate), dt. 21-09-2017, 30/2017-Central Tax (Rate), dt. -29-09-2017, 32/2017-Central Tax (Rate), dt. 13-10-2017 & 47/2017-Central Tax (Rate), dt. 14-11-2017*

*Also, changes made vide Notification No. 21/2017-Integrated Tax (Rate) dt. 22-08-2017, 25/2017-Integrated Tax (Rate),dt. 21-09-2017, 31/2017-Integrated Tax (Rate) dt.29-09-2017, 33/2017-Integrated Tax (Rate) dt.13-10-2017, 42/2017-Integrated Tax (Rate) dt. 27-10-2017*

Note 2: *Similar provisions have been incorporated under UTGST Act vide Notification Nos. 12/2017-Union Territory Tax (Rate),dt. 28-06-2017 including changes vide Notification No. 21/2017-Union Territory Tax (Rate), dt. 22-08-2017, 25/2017-Union Territory Tax (Rate), dt. 21-09-2017, 30/2017-Union Territory Tax (Rate), dt. -29-09-2017, 32/2017-Union Territory Tax (Rate), dt. 13-10-2017 & 47/2017-Union Territory Tax (Rate), dt. 14-11-2017.*

## Background Material on Exempted Services under GST

Further, Central Government vide *Notification No. 09/2017-Integrated Tax (Rate)*, dt. 28-06-2017 has provided exempt list of services under IGST. The list of services is same as notified under CGST except for the following three services:

S. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition
10	Chapter 99	<p>Services received from a provider of service located in a non-taxable territory by –</p> <p>(a) the Central Government, State Government, Union territory, a local authority, a governmental authority or an individual in relation to any purpose other than commerce, industry or any other business or profession;</p> <p>(b) an entity registered under section 12AA of the Income-tax Act, 1961 (43 of 1961) for the purposes of providing charitable activities; or</p> <p>(c) a person located in a non-taxable territory:</p> <p>Provided that the exemption shall not apply to –</p> <p>(i) online information and database access or retrieval services received by persons specified in entry (a) or entry (b); or</p> <p>(ii) services by way of transportation of goods by a vessel from a place outside</p>	Nil	Nil

**Annexure II**

		India up to the customs station of clearance in India received by persons specified in the entry.		
10D	Chapter 99	Supply of services having place of supply in Nepal or Bhutan, against payment in Indian Rupees <sup>13</sup>	Nil	Nil
42	Heading 9971	Services received by the Reserve Bank of India, from outside India in relation to management of foreign exchange reserves.	Nil	Nil
54	Heading 9985	Services provided by a tour operator to a foreign tourist in relation to a tour conducted wholly outside India.	Nil	Nil

12 Inserted vide Notification No. 21/2017- Central Tax (Rate) dt 22-08-2017

13 Inserted vide Notification No. 42/2017- Integrated Tax (Rate) dt 14-11-2017