



Date: 9 April 2021

# **VIRTUAL COACHING CLASSES ORGANISED BY BOS, ICAI**

## **INTERMEDIATE LEVEL PAPER 4B: INDIRECT TAXES EXEMPTION**

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# Background

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Chargeability of Supply – All Goods and Services are chargeable except Alcoholic Liquor and 5 Petroleum products (i.e. Supply not leviable to tax or Non-taxable Supply).

Further check if the Goods or Services are exempt from tax. IF It is exempted then No tax else liable to Tax as per rate Notification.

## **Exempt Supply – 2(47)**

Supply of any goods or services or both which attracts nil rate of tax or which is wholly exempt from tax and includes non taxable supply.

Exemption could be in terms of specified activities or transactions / Specified Suppliers / Specified Recipients / Specified suppliers and specified recipients.

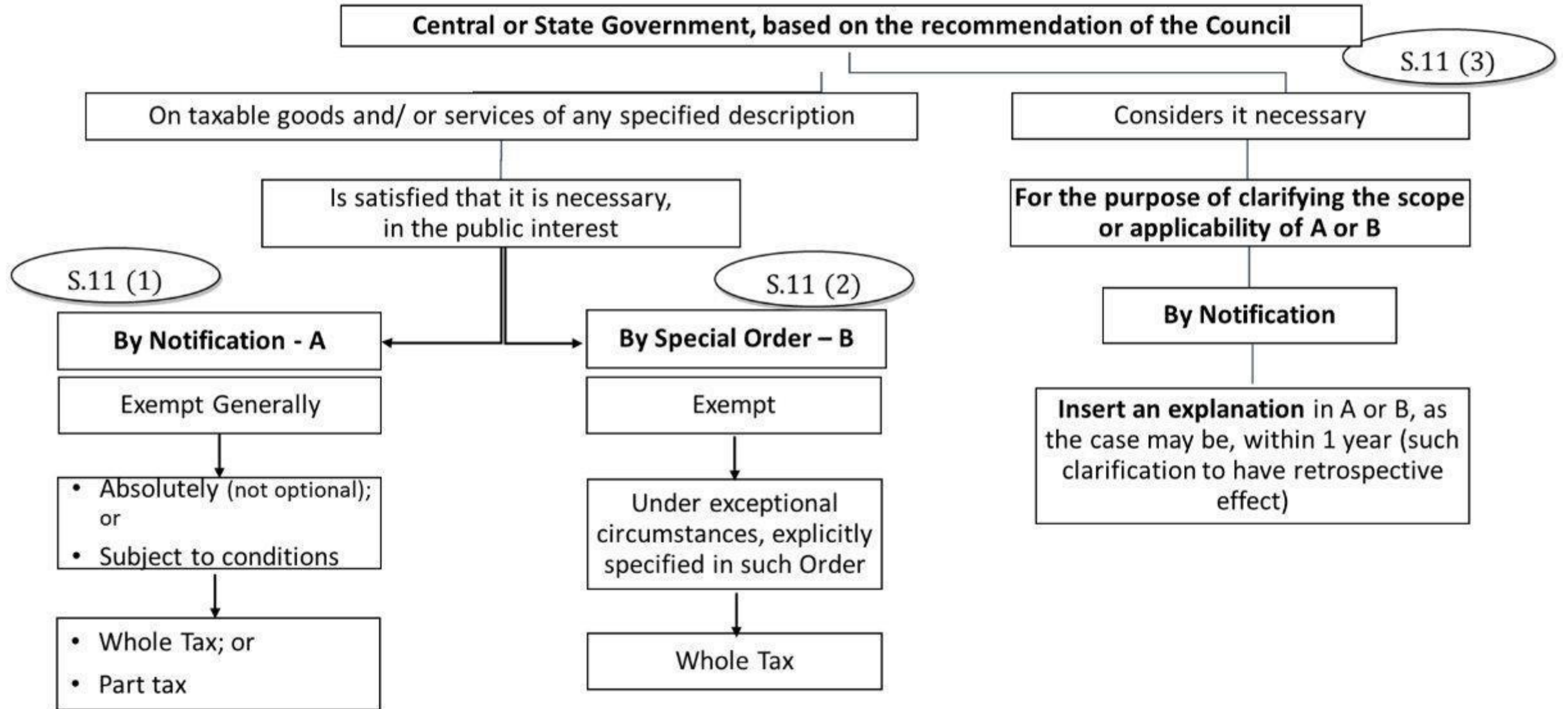
## EXEMPTED FROM GST



## ONLY 5% GST ON



# Types





## Exemption

### Absolute / Unconditional

#### **Mandatory**

Registered person doesn't have option to collect and pay tax

### Conditional

#### **Optional**

At the option of the registered person whether to avail the same or not.

# Charitable & Religious Activities

Entity Registered U/s 12AA of the Income Tax Act, 1961

## Charitable Activities relating to

**Public health** - by way of  
 Care/counselling of: terminally ill / severely physically / mentally disabled  
 HIV/AIDS infected / drug / alcohol addicts  
 Public awareness of: Preventive health, Family Planning  
 Prevention of HIV Infection.

**Advancement of:** Religion, Spirituality, Yoga

**Advancement of:** Educational programmes / skill development relating to--

- Abandoned / Orphaned / Homeless children
- Physically / mentally abused / traumatized person
- Paupers
- Persons > 65 years residing in Rural Areas

**Preservation of:** Environment, watersheds, forests, wildlife

## Running Old Age home

- For Residents  $\geq 60$  yrs
- Consideration upto 25K p.m. per person  
 Boarding, lodging, maintenance

**Note:**  
 Old age home run by CG/SA - (Exempt)

Services by Rehabilitation Professionals  
 (Rehabilitation / therapy / counselling)

- At Entity reg U/s 12AA - IT Act
- ① Medical Institution / Establishment
- ② Educational Institution
- ③ Rehab Centre established by CG/SA/UT.

## Ranking of Prescrite (area) of

- Religious place
- Monk for general public
- If:
  - Room Rent upto 999 p/day
  - Premises / Kalvan mantap upto 9999 p/day
  - Shops. upto ₹ 9999 p/month

**Note:** - Non 12AA  
 a) Pandit service also exempt (Conduct of Religious Ceremony)  
 b) Hotel accommodation by Trust, upto ₹ 999 p.D is exempt  
 This is general applicable for any hotel etc.

Religious Pilgrimage Services by

KMNNL & Haj Committee

Training / coaching in Recreational activities relating to Sports

**Note:**  
 Training / coaching in recreational activities relating to Arts / culture is also exempt  
 ↓  
 By any person not necessarily charitable entity.



# Services Exempt from tax

## Notification No 12/2017 Central tax (Rate)

### Services related to Charitable activities

Services by an entity registered under section 12AA of the Income-tax Act, 1961 by way of charitable activities.

Services by a specified organisation in respect of a **religious pilgrimage** facilitated by the Government of India, under bilateral arrangement

- Haj Committee of India or State Haj Committee
- Kumaon Mandal Vikas Nigam Limited (KMVN)

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.



"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;

(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.





# Services Exempt from tax

## Notification No 12/2017 Central tax (Rate)

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 IT Act, 1961 or a trust or an institution registered under 10(23C)(v) of the IT Act or a body or an authority covered under clause 10 (23BBA) of the IT Act:

Provided that nothing contained in entry (b) of this exemption shall apply to,-

(i) renting of rooms where charges are Rs 1,000\* or more per day;

(ii) renting of premises, community halls, kalyanmandapam or open area, and the like where charges are Rs 10,000\* or more per day;

(iii) renting of shops or other spaces for business or commerce where charges are Rs 10,000\* or more per month.



# Charitable Activities

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- Services provided by Charitable Trust of specified Services are exempt, but Services provided to Charitable Trust are not exempt and would be Taxable
- Renting of precincts of a religious place for General Public

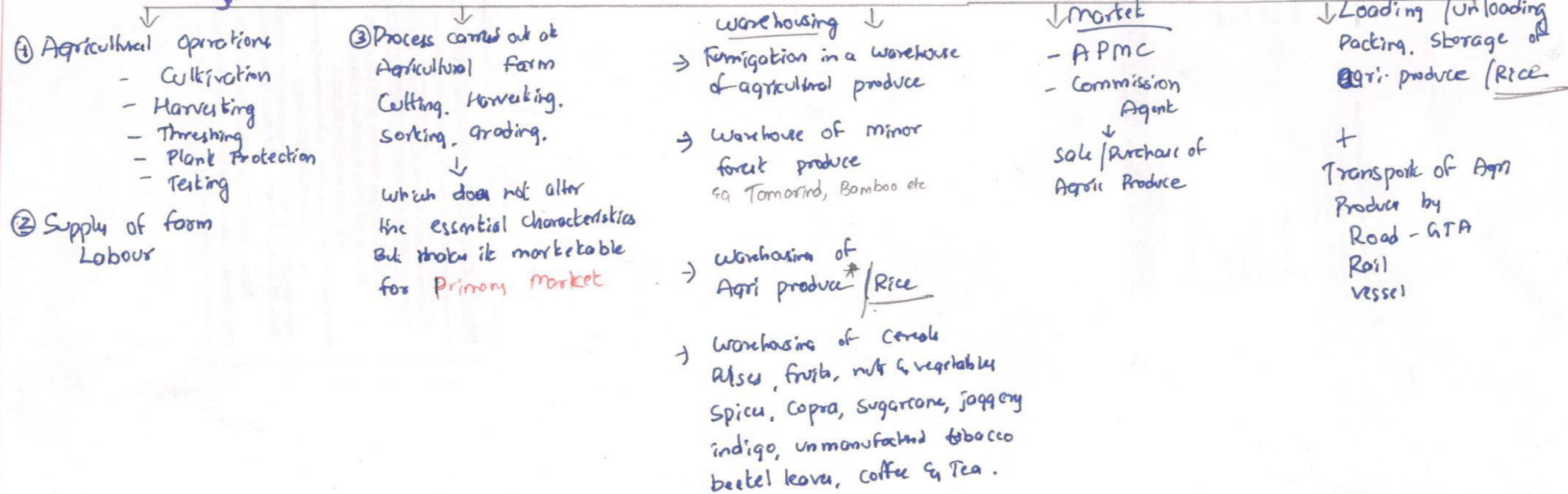
Activities other than above will be taxable irrespective of the manner or name in which it is collected. Eg Donation collected for with an understanding to do promotional activity of Donor, such donation will be liable to GST.

But if there is no any quid pro quo then, it is a pure Donation.



# AGRICULTURE

- ① Basic Requirement: So Agriculture produce are exempt
- ② Registration: 23(b) - Agriculturist - No Registration  
To the extent of produce out of cultivation
- ③ Services - Renting of vacant Land (Wor wo structure)  
- Agro Machine



- Agricultural Extension Service - Training / Meta / Kisan clubs.  
- Application of scientific knowledge to agri-practice.
- Artificial insemination - other than horse  
All other livestock.



# Agriculture related services

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

Services by way of warehousing of minor forest produce

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

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

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.



# Agriculture related services

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 ....., 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;
- (d) renting or leasing of agro machinery or vacant land with or without a structure incidental to its use;
- (e) loading, unloading, packing, storage or warehousing of agricultural produce;
- (f) agricultural extension services;
- (g) services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce.
- (h) services by way of fumigation in a warehouse of agricultural produce.



# Questions?

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Green Tea, Tea for consumption and Processing of Coffee beans

Processing of sugarcane into jaggery changes its essential characteristics.

Pulses commonly known as dal are obtained after dehusking or splitting or both. The process of dehusking or splitting is usually not carried out by farmers or at farm level but by the pulse millers. Therefore pulses (dehusked or split) are also not agricultural produce. However whole pulse grains such as whole gram, rajma etc. are covered in the definition of agricultural produce.

Milling of Paddy into Rice - <https://www.youtube.com/watch?v=woOYY4GAKn4>



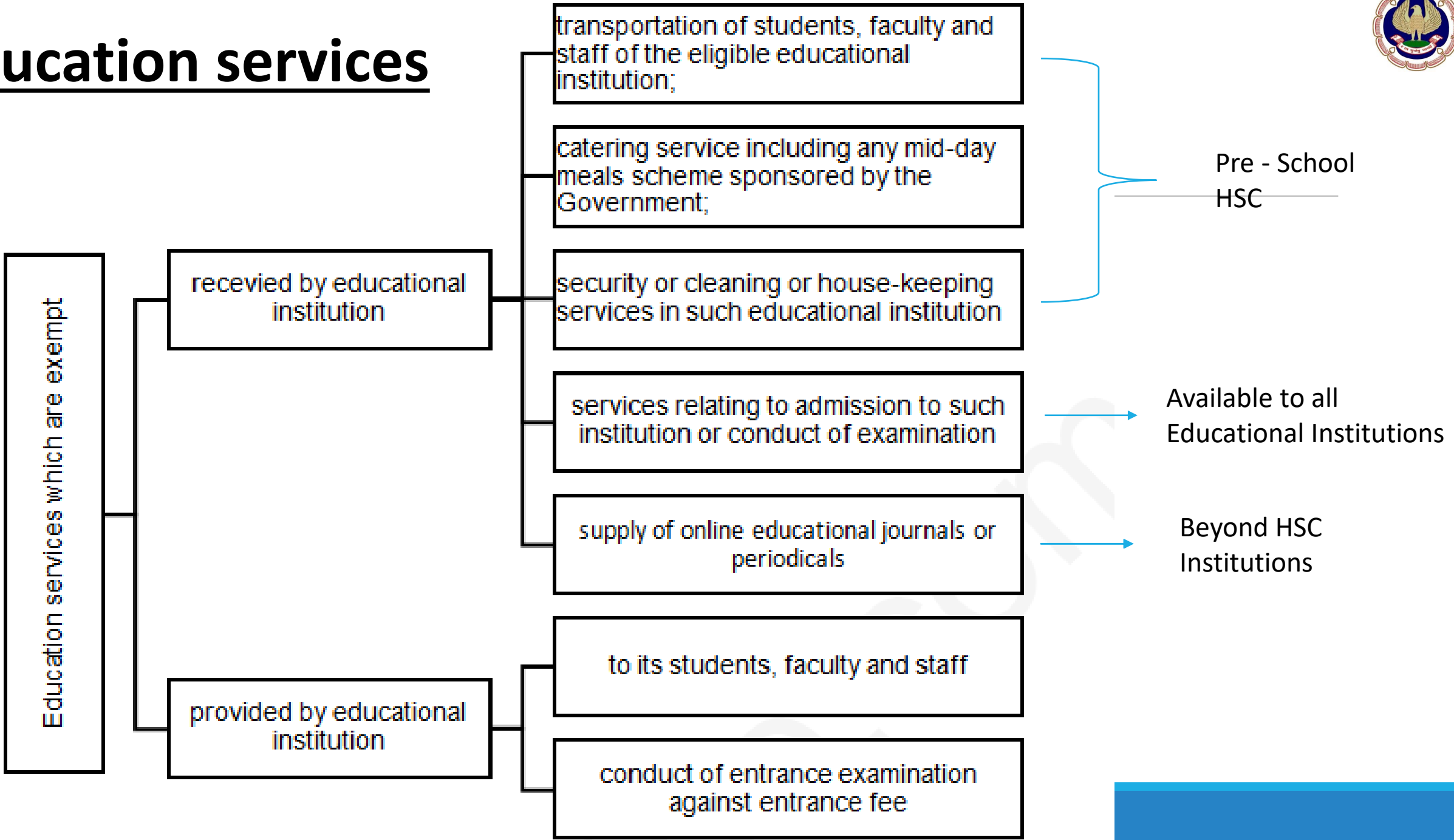
# Questions?

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Agricultural Produce	Non Agricultural Produce
Fruits	Dried or processed Foods
Pineapple	Tinned pineapple
Tea Leaves	Tea, Tea powder
Coffee beans	Processed coffee beans
Sugarcane	Jaggery
Whole pulse grains such as whole gram, rajma	pulses dehusked or split, Dal
Paddy	Rice



# Education services







# Educational Services

Services provided -

- (a) by an educational institution to its students, faculty and staff;
- (aa) by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee.
  
- (b) to an educational institution, by way of, -
  - (i) transportation of students, faculty and staff;
  - (ii) catering, including any mid-day meals scheme sponsored by the CG, SG or UT;
  - (iii) security or cleaning or house-keeping services performed in such educational institution;
  - (iv) services relating to admission to, or conduct of examination by, such institution;
  - (v) supply of online educational journals or periodicals.



# Educational Institution

“educational institution” means an institution providing services by way of,-

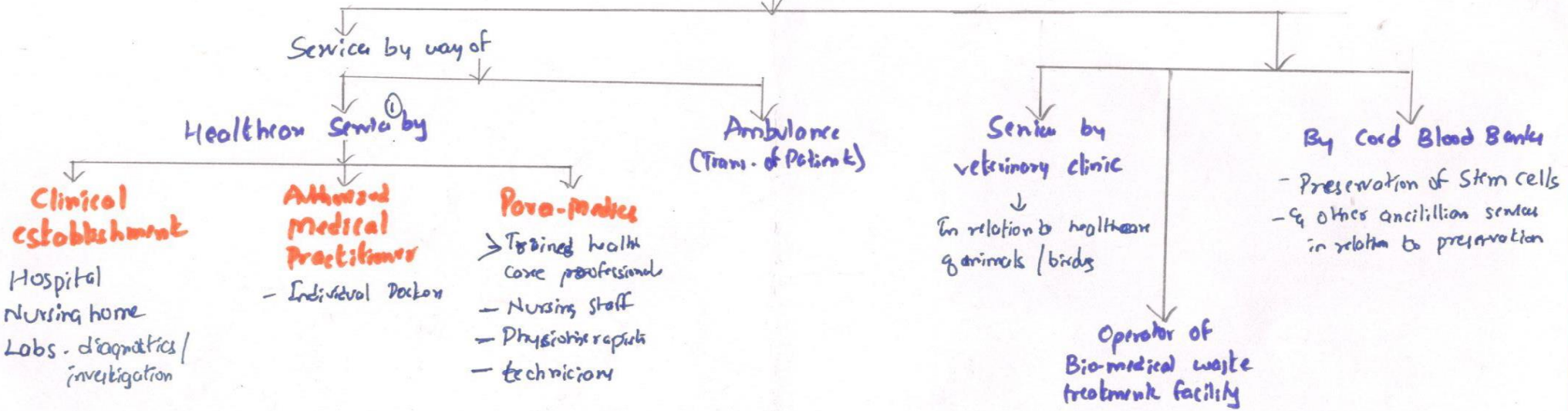
- (i) pre-school education and education up to higher secondary school or equivalent;
- (ii) education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force;
- (iii) education as a part of an approved vocational education course;

“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 NCVT, run by a person registered with the Directorate General of Training, Ministry of Skill Development and Entrepreneurship



# Healthcare Services.



## ① Healthcare Service

means

- Any service by way of
- Diagnostic, treatment or care of illness, injury, deformity, abnormality or pregnancy
  - In any recognised system of medicine.
    - Allopathy, Yoga, Naturopathy, Ayurveda, Homeopathy, Siddha, Unani
    - Reiki, acupressure, Chinese medicine - not recognized.

Transportation of Patient to & from Clinical establishment

Does not include

- Hair Transplant
- Cosmetic / Plastic surgery

Beautification  
↓  
**Taxable**

Restore / Restorative anatomy / functions of body.

- Defects
- Abnormality
- Injury
- Trauma

↓  
**Exempt**

## Circulars:

- 1) Room Rent to inpatients - **Exempt**
- 2) Senior Doctor / consultants → Hospital - **E**
- 3) Amb charges by Hospital including Retention money & fee to doctor - **All - E**
- 4) Food to Inpatient [Composite supply] - **Exempt**
- 5) Outside catering to Hospital - **Taxable**
- 6) Food to unadmitted patients - **Taxable**  
" " Visitor / Attender - **Taxable**
- 7) Any service other than Healthcare
  - Renting of shops / advertisement - **Taxable**
  - Display of advertisement - **Taxable**



# Health care services

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

Services by way of -

(a) health care services by a clinical establishment, an authorised 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.

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

Services by Rehabilitation Professionals



# Health care services

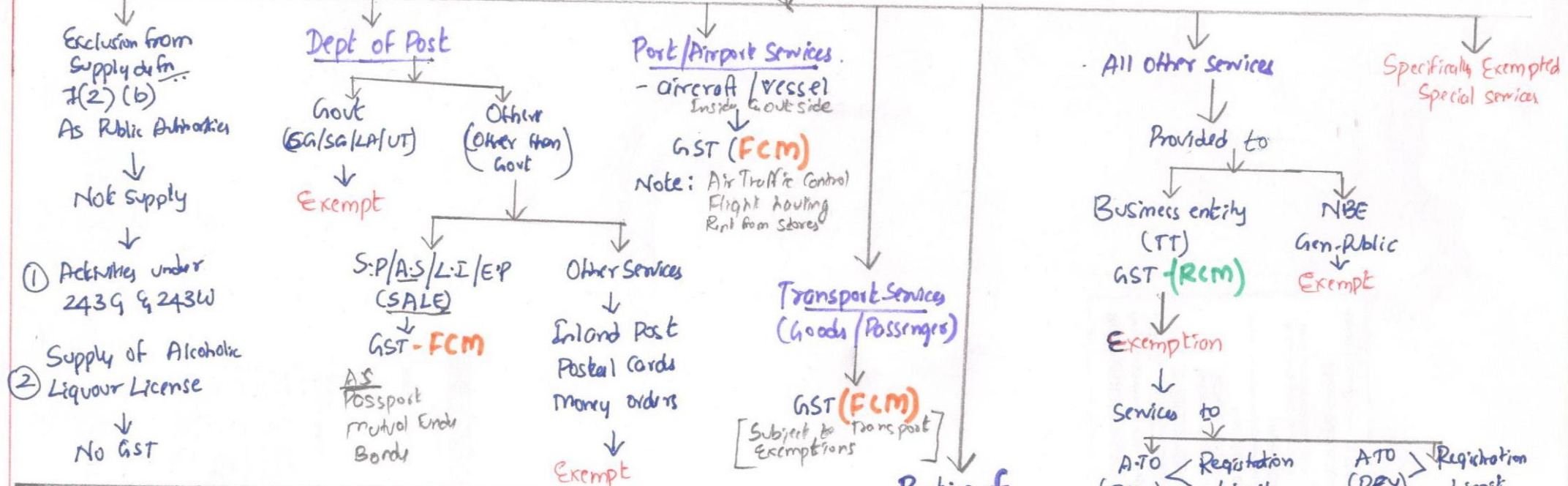
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- “health care services” means any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognized system of medicines in India and
- includes services by way of transportation of the patient 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; above.



# GOVERNMENT SERVICES

Exempt ← Pure service/composite - upto goods-25% (in relation to 243 G/W) (Excluding w.c) + G.A & G.E → CG/SG/LA/UT → GG/ST/LA/UT → Exempt



## Special Services

- Guaranteeing Loans to Govt undertaking / PS-U's
- Registration services required under any law
- Testing / calibration / Certification Services
- Passport / Visa / DL / Birth or Death Certificate
- Tolerating non-performance of contract - Fines / Liquidated damages
- Assignment of Right to use Natural Resources → Individual Farmers
- Deploying officers after office hours → Inspection / container stuffing
- Excess Royalty collection contractor to collect royalty on behalf of SG



# Government Services

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

Services by a Governmental Authority by way of any activity in relation to any function entrusted to a Panchayat under Article 243G of the Constitution.

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 CG, SG, UT;
- (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.



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# Government Services

Services provided by the CG, SG, UT or local authority to a business entity with an aggregate turnover of Registration Limit in the preceding financial year., excluding Postal Services, Aircraft, transportation of goods and services and Services of Renting of Immovable Property.

Services Provided by One Government Authority to Another Government Authority., except 3 specified services.

Supply of service by a Government entity to CG, SG, UT, local authority or any person specified by CG, SG, UT or local authority against consideration received in the form of grants.

Services by an old age home run

- by CG, SG or

- by an entity registered under section 12AA of the IT Act, 1961

to its residents (aged 60 years or more) against consideration upto Rs 25,000 per month per member, provided that the consideration charged is inclusive of charges for boarding, lodging and maintenance.



# Government Services

Loan Guaranteeing services

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.

issuance of passport, visa, driving licence, birth certificate or death certificate.

tolerating non-performance of a contract for which consideration in the form of fines or liquidated damages is payable to the Government

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

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

Excess Royalty Collection Contractor (ERCC) by way of assigning the right to collect royalty on behalf of the State Government on the mineral dispatched by the mining lease holders

# Construction Services.

Services provided by way of  
Pure Labour Contracts

Services supplied by  
Electricity Distribution Utilities

- Construction
  - Erection
  - Commissioning
  - Installation
  - Completion
  - Fitting etc
  - Repairs
  - Maintenance
  - Renovation
  - Alteration
- OR  
Any other  
Original Works

Pertaining to  
Beneficiary-led  
Individual house  
Construction  
OR  
Enhancement  
Under  
Housing for All Mission  
OR  
Pradhan Mantri Awas Yojana  
PMAY

- Construction
- Erection
- Commissioning
- Installation

↓  
of Original works  
pertaining to a single  
Residential unit  
(otherwise than as a  
part of a residential  
complex)

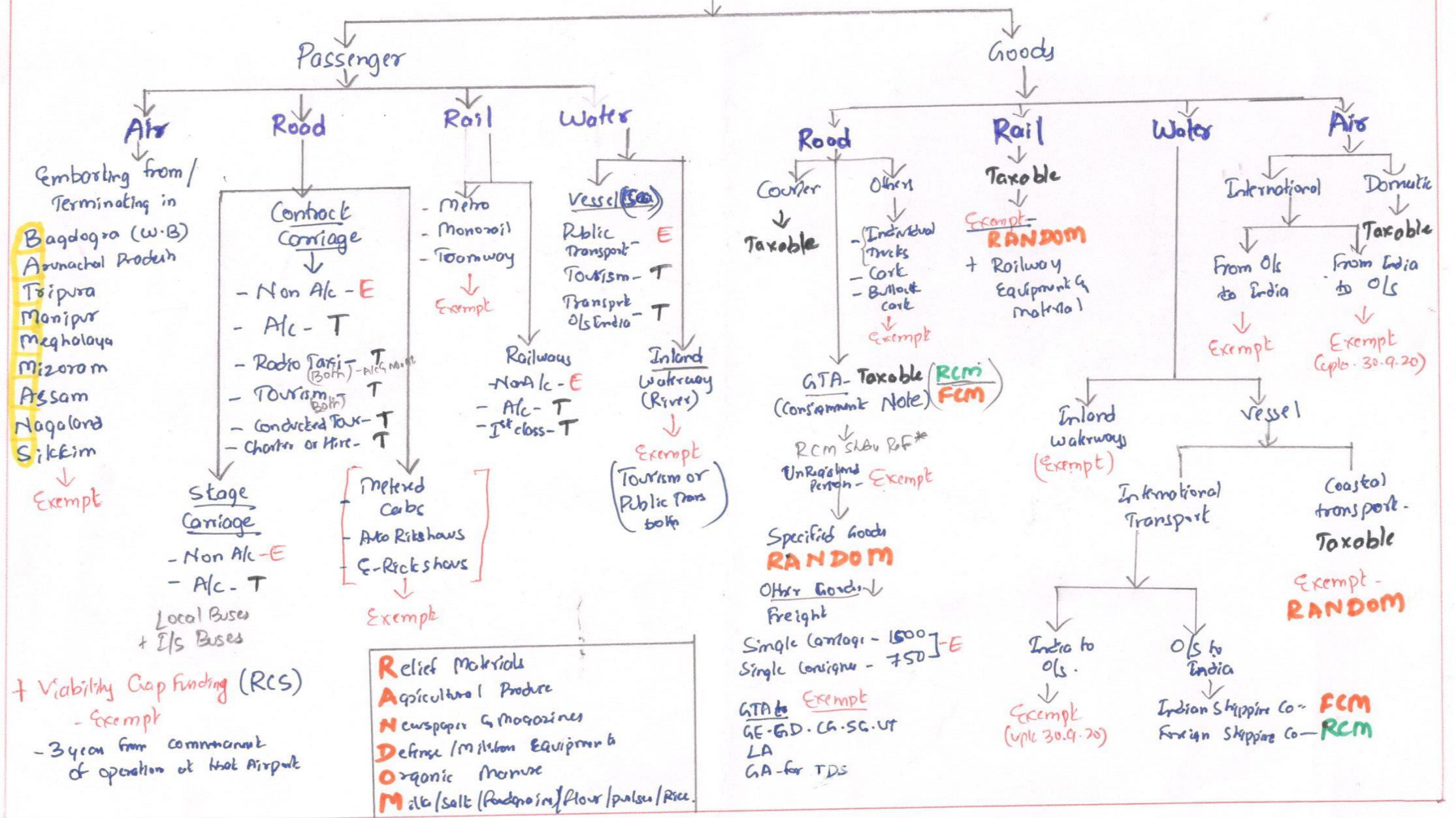
By way of  
Construction  
Erection  
Commissioning  
Installation

of infrastructure for extending  
electricity distribution networks  
upto:  
The hubwell of the farmers or  
agriculturist for agricultural use.

Supply of TDS, FSI, long term lease by a landowner to a developer - **Exempt**, provided that the constructed flats are sold before issuance of CC. Exemption withdrawn to the extent of flats sold after CC, but taxed @ 1 or 5%



# TRANSPORTATION SERVICES



+ Viability Cap Funding (RCS)  
- Exempt  
- 3 years from commencement of operation at that Airport

- R**elief Materials
- A**gricultural Produce
- N**ewspaper & Magazines
- D**efence / military Equipment &
- O**rganic Manure
- M**ilk / salt / (Rangoon) Flour / pulses / Rice.

## Right to Admission to various Events.

- Museum
- National Park
- Wildlife Sanctuary
- Tiger Reserve
- Zoo

Exempt - Any value

Protected Monuments  
- Ancient sites & Archaeological sites & Remains Art or State Act

Exempt - Any value

a) Circus, Dance  
Theatrical performance  
incl drama / ballet

b) Award function  
concert  
Pageant  
Musical Performance  
Any Sporting Event  
(Other than RSE)

c) Recognised Sporting Event

d) Planetarium

Exempt - if consideration is upto Rs 500 per person.

### Fully Taxable ↓

- ① Any Water Park, Theme Park, Exhibition
- ② Film city, Amusement Park -
- ③ Circus Hall

Service by an Artist by way of -

- Performance -
- in Folk or classical art form of Music / Dance / Theatre
  - in Bollywood songs -
  - as Brand Ambassador -

- Exempt if consideration is upto 1.5 Lakh

Taxable

Taxable



# Check your RWA's GST status

Look at RWA's annual turnover and your monthly maintenance charge to figure out if GST has to be paid

Annual turnover of RWA	Monthly maintenance charge	Exemption status
More than ₹20 lakh	More than ₹7,500	No
	Less than ₹7,500	Yes
₹20 lakh or less	More than ₹7,500	Yes
	Less than ₹7,500	Yes

The limit of ₹7500/ to be checked per flat/per month (not per member)



# Questions

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**I am a trader dealing with only tax exempt supplies. Is it necessary to register under GST, if the turnover exceeds Rs.20 lakh?**

There is no requirement of registration under GST if a person is dealing with 100 percent exempt supplies.

**Amount charged for service provided by selectors to a recognized sports body, Taxable?**

Services provided to a recognized sports body only by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body are exempt from GST

**Services provided by way of vehicle parking to general public in a shopping mall?**

No. Services provided by way of vehicle parking to general public are not exempted from GST.



# Questions

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**Ram, an agriculturist, has stored sugarcane in a warehouse. He has taken fumigation services in the said warehouse from Gupta Pest Control Co. for which he paid the consideration of 6,000.**

Exempted

**Poorva acts as a Team Manager for Indian Sports Authority (ISA), a recognised sports body, for a tennis tournament organised by a multinational company and received a remuneration of 2,00,000.**

The Services are being provided by a team manager to a recognised sports body, but the sporting event is not organised by a recognised sports Body, Taxable.





# Questions

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**Eyan Enterprises, an event organizer, provided services to Breathing Wall Ltd. by way of organizing business exhibition in New Delhi as part of Make in India initiative. Eyan Enterprises claims that it is not required to pay GST as the services provided by way of organizing business exhibition are exempt from GST?**

Services provided by an organiser to any person in respect of a business exhibition are exempt from GST only when such business exhibition is held outside India. However, since in the given case, the exhibition is being organized in India, the services of organization of event by Eyan Enterprises will not be exempt from GST

**ST Ltd. has given on hire 5 trucks to Titu Transporters of Delhi (a goods transport agency) for transporting goods in Central and West Delhi. The hiring charges for the trucks are 7,500 per truck per day. Examine whether GST is payable in the given case.**

GST is not payable in case of hiring of trucks to Titu Transporters. Services by way of giving on hire, inter alia, to a goods transport agency, a means of transportation of goods are exempt.



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**THANK YOU**