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GST – Exemptions

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4.1 INTRODUCTION:

In this Chapter, we shall be discussing various **"Exemptions"** allowed under GST laws. Following Synopsis shows the sequence of learning:

SYNOPSIS

4.2 RELEVANT DEFINITIONS:

Following definitions are relevant to this Chapter. Please learn / re-learn these definitions for a better understanding:

Section	Act	Definition
2(47)	CGST	Exempt supply
2(78)	CGST	Non-taxable supply
2(108)	CGST	Taxable supply
2(23)	IGST	Zero-rated supply
2(33)	CGST	Continuous supply of service (CSS)

4.3 RELEVANT LAW:

The provisions relating to this Chapter are prescribed are in following sections / rules:

Provision	CGST		IGST	SGST / UTGST
	Section	Rules	Section	
Exemptions	11	--	6	Respective laws

We shall be discussing these provisions in detail.

4.4 <u>OVERVIEW OF EXEMPTION</u>:

- Section 11 of CGST Act / 6 of IGST Act prescribes two manners of exemptions –

  (i) Exemption by issue of Notification u/s 11(1) of CGST Act / 6(1) of IGST Act:
  The Govt. may, in the public interest, on the recommendations of the Council, **by notification, exempt generally** (either absolutely or subject to such conditions as may be specified therein) goods/services/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.

  (ii) Exemption by issue of Special Order u/s 11(2) of CGST Act / 6(2) of IGST Act:
  The Govt. may, in the public interest and **under exceptional circumstances,** on the recommendations of the Council, by special order **in each case**, exempt from **payment of tax any goods/services/both** on which tax is leviable.

- **Two manners of exemption:**

Provisions	Exemption by Notification	Exemption by Special Order
Section	Section 11(1) of CGST Act / Section 6(1) of IGST Act	Section 11(2) of CGST Act / Section 6(2) of IGST Act
Manner of granting?	By issue of Notification	By issue of a Special order
When issued?	In the public interest, on the recommendations of Council	In the public interest and under exceptional circumstances, on the recommendations of Council
Nature of exemption	Exempt generally (either absolutely or conditionally)	Exempt in a specific case
What can be exempted?	Goods/services/both of any specified description	Payment of tax on any goods/ services/both
Extent of exemption	Whole or any part of the tax	Whole tax only

- **Retrospective operation of any Explanation [Section 11(3) of CGST Act / 6(3) of IGST Act]:**
  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 Special Order issued under sub-section (2), insert an Explanation in such Notification or Order, by Notification at any time within 1 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.

- **Explanation to Section 11 of CGST Act / 6 of IGST Act: Exemption is mandatory**
  Where an exemption in respect of any goods/services/both from the whole or part of the tax leviable thereon has been granted **absolutely**, the registered person supplying such goods/services/both shall **<u>NOT</u>** collect the tax, in excess of the effective rate, on such supply of goods/services/both.

4.5 LIST OF GOODS EXEMPTED FROM GST:

The Govt. has issued Notification No. 2/2017 – CT(R) dated 28.06.2017 for grant of exemption to several goods. Similar Notifications have also been issued under IGST Act, SGST Acts and UTGST Act. It is not possible to study all goods exempted in those Notifications.

Some examples of goods exempted under CGST Act, SGST Act / UTGST Act, IGST Act:

- Unbranded atta (floor) / maida / besan
- Unpacked foodgrain
- Milk, Curd, Lassi
- Fresh fruits, vegetables
- Egg
- Live fish
- Indian National Flag
- Jhadoo
- Prasad
- Pooja samagri (rudraksha, khadau, diya, roli, etc.)
- Salt
- Gur
- Kajal
- Plastic bangles
- Gandhi topi

Notification No. 64/2017 Cus dated 05.07.2017 – Exemption under IGST Act:

All goods imported by SEZ unit / SEZ developer for **"authorized operations"** are exempt from whole of the IGST leviable u/s 3 of the Customs Tariff Act, 1975 read with section 5 of the IGST Act.

> ***Just for your knowledge***
>
> ***The GST laws do not define "authorized operations". However, section 2(c) read with section 4(2) and 15(9) of SEZ Act, 2005 defines "authorized operations". Accordingly, "authorized operations" means the operations for which the SEZ developer or SEZ unit has been authorized under SEZ Act.***

SPACE FOR YOUR NOTES

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4.6 LIST OF SERVICES EXEMPTED FROM GST:

The Govt. has issued following Notifications for grant of exemption to services:

Notification No. 12/2017 CT(R) dated 28.06.2017	u/s 11(1) of CGST Act
Notification No. 9/2017 IT(R) dated 28.06.2017	**u/s 6(1) of IGST Act**
Notification No. 8/2017 CT(R) dated 28.06.2017	u/s 11(1) of CGST Act
Notification No. 9/2017 CT(R) dated 28.06.2017	u/s 11(1) of CGST Act
Notification No. 18/2017 IT(R) dated 05.07.2017	**u/s 6(1) of IGST Act**

We shall be discussing various exemptions contained in these Notifications. For a better understanding, we shall be groupping similar exemptions under certain headings.

Notification No. 12/2017 CT(R) dated 28.06.2017 u/s 11(1) of CGST Act

Entry No.	Provision
CHARITABLE / RELIGIOUS SERVICES	
1	**Specified charitable activities**
What is exempted	Services **by** an entity registered u/s 12AA of the Income tax Act, 1961 by **way of** charitable activities.
Definitions	**"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.
	"Rural area" means the area comprised in a village as defined in Land Revenue Records, but excluding: (a) the area under any municipal committee, municipal corporation, town area committee, cantonment board or notified area committee; or (b) any area that may be notified as urban area by the Central Govt. or State Govt.
Our comments	"Yoga" is exempted under this Entry but "Yoga treatment service" shall be exempt under "Healthcare service" [Entry No. 74].

13	**Religious services**
What is exempted	(a) Service **by** a person **by way of** conduct of any religious ceremony, or (b) Services by way of renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust u/s 12AA of Income-tax Act, 1961 or a trust / institution registered u/s 10(23C)(v) of Income-tax Act, 1961 or a body or an authority covered u/s 10(23BBA) of Income-tax Act, 1961.
Exemption not allowed	The exemption contained in (b) above shall not 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**.
Definitions	**"Religious place"** means a place which is primarily meant for conduct of prayers or worship pertaining to a religion, meditation, or spirituality.
Our comments	CBEC has clarified that the poojas performed by a person in connection with birth, marriage, death etc. falls within "conduct of religious ceremony". Hence the remuneration received by ***Poojari*** shall be exempt.
60	**Pilgrimage**
What is exempted	Services **by** a **"specified organization"** in respect of a **"religious pilgrimage facilitated by the Ministry of External Affairs, Govt. of India, under bilateral arrangement"**.
Definitions	**"Specified organization"** means: (a) Kumaon Mandal Vikas Nigam Limited (a Govt. of Uttarakhand Undertaking), (b) Haj Committee of India, (c) State Haj Committee.
Our comments	Services provided by "Kumaon Mandal Vikas Nigam Limited" in relation to "Kailash Mansarovar Yatra" and Service provided by "Haj Committee of India" and "State Haj Committee" in relation to "Haj Pilgrimage" is exempt.
SERVICES TO GOVT.	
3	**Pure services to Govt. in relation to Panchayat / Municipality function**
What is exempted	Pure services (excluding works contract service or other composite supplies involving supply of any goods) provided **to** the Central Govt., State Govt., Union Territory, local authority or Governmental authority **by way of** any activity: (i) in relation to any function entrusted to a Panchayat under article 243G of the Constitution, or (ii) in relation to any function entrusted to a Municipality under article 243W of the Constitution.
9C	**Service by a Govt. entity to Govt.**
What is exempted	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.

	Here **"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% 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."
11A	**Services by Fair Price Shops to Central Govt.**
What is exempted	Supply of services by Fair Price Shops to Central Govt. by way of sale of wheat, rice and coarse grains under Public Distribution System (PDS) against consideration in the form of commission or margin.
11B	**Services by Fair Price Shopts to State Govt. / UT**
What is exempted	Supply of services by Fair Price Shops to State Govt. or UT by way of sale of kerosene, sugar, edible oil, etc. under Public Distribution System (PDS) against consideration in the form of commission or margin.
16	**Air services to the Central Govt.**
What is exempted	Services provided **to** the Central Govt. **by way of** transport of passengers (with or without accompanied belongings), by air, embarking from or terminating at a Regional Connectivity Scheme Airport (RCS Airport), against consideration in the form of viability gap funding.
Please note	This exemption shall not be allowed after expiry of a period of 1 year from the date of commencement of operations of the RCS Airport as notified by the Ministry of Civil Aviation.
40	**Insurance services to Govt.**
What is exempted	Services provided to the Central Govt., State Govt., Union Territory under any insurance scheme for which total premium is paid by the Central Govt., State Govt. or Union Territory.
72	**Training services to Govt.**
What is exempted	Services provided **to** the Central Govt., State Govt. or Union Territory administration under any training programme for which total expenditure is borne by the Central Govt., State Govt. or Union Territory administration.
51	**Services provided by GSTN to Govt.**
What is exempted	Services provided **by** the Goods and Service Tax Network (GSTN) **to** the Central Govt., State Govt. or Union Territories for implementation of GST.
SERVICES BY GOVT.	
4	**Municipality services by Govt.**
What is exempted	Services **by** Central Govt., State Govt., Union Territory, Local authority or Govermental authority **by way of** any activity in relation to any function entrusted to a municipality under article 243W of the Constitution.

5	Panchayat services by Govt.
What is exempted	Services by Central Govt., State Govt., UT Govt., 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.
6	**All services by Govt.**
What is exempted	All services provided **by** Central Govt., State Govt., Union Territory or Local authority ***excluding*** following services (***unless the following services are covered under any other Entry of Exemption):*** (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 Govt., State Govt., Union territory.** (ii) Services **in relation to** an aircraft or a vessel (inside or outside the precincts of a port or airport). (iii) Transport of goods or passengers. (iv) Any service **[other than services covered under above (a), (b) or (c)]** provided **to** a **business entity**.
Definitions	**"Business Entity"** means any person carrying out "business".
Our comments	• An analysis of above provisions would indicate that the services provided by Central Govt., State Govt., Union Territory or local authority to meet their "**universal public obligations"** are exempted. But the **"business like"** services provided by Central Govt., State Govt., Union Territory or Local authority are taxable. • Please note that the basic mail service (i.e. the service of post card, inland letter, book post and registered post), transfer of money through money order, postal order, operation of saving account, pension payments, etc. provided by the Department of Post are exempted.
7	**Services by Govt. to a small business entity**
What is exempted	Services provided by the Central Govt., State Govt., Union Territory or Local authority to a business entity with an Aggregate Turnover of upto Rs. 20 lakh (Rs. 10 lakh in case of a Special Category States) in the preceding Financial Year [**i.e. a small business entity]**.
Definitions	**"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.
Exemption not allowed	This exemption is not allowed to following services: (i) Services covered in Sub-entry No. (a), (b) and (c) of Entry No. 6. (ii) Services by way of renting of immovable property
8	**Services by Govt. to Govt.**
What is exempted	Services provided **by** the Central Govt., State Govt., Union Territory or Local authority to another Central Govt., State Govt., Union Territory or Local authority.

Exemption not allowed	This exemption is not allowed to the services covered in Sub-entry No. (a), (b) and (c) of Entry No. 6.
9	**Services by Govt. upto Rs. 5,000**
What is exempted	Services provided **by** Central Govt., State Govt., Union Territory or a Local authority where the consideration for such services does not exceed Rs. 5,000/-.
Exemption not allowed	This exemption is not allowed to the services covered in Sub-entry No. (a), (b) and (c) of Entry No. 6.
Please note	Where continuous supply of service (CSS) as defined in section 2(33) is provided by the Central Govt., State Govt., Union Territory or a Local authority, the exemption shall be available only if the consideration charged for such service does not exceed Rs. 5,000/- in a financial year.
Our comments	If the consideration exceeds Rs. 5,000/-, **No** exemption is allowed.
47	**Certain services by Govt.**
What is exempted	Services provided **by** Central Govt., State Govt., Union Territory or Local Authority **by way of** – (a) registration required under any law, or (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.
61	**Certain services by Govt. / local authority**
What is exempted	Services provided **by** the Central Govt., State Govt., Union Territory or Local authority **by way of** issuance of passport, visa, driving licence, birth certificate or death certificate.
62	**Certain services by Govt. / local authority**
What is exempted	Services provided **by** the Central Govt., State Govt., Union Territory or Local authority **by way of** tolerating non-performance of a contract for which consideration in the form of fines or liquidated damage is payable **to** the Central Govt., State Govt., Union Territory or Local authority under such contract.
63	**Certain services by Govt. / local authority**
What is exempted	Services provided **by** the Central Govt., State Govt., 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, fiber, fuel, raw material or other similar products.
64	**Certain services by Govt. / local authority**
What is exempted	Services provided **by** the Central Govt., State Govt., 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 Govt., State Govt., Union Territory or Local authority before 01.04.2016.

Exemption not allowed	This exemption is allowed only to the tax payable on one time charge (payable, in full upfront or in installments).
65	**Certain services by Govt.**
What is exempted	Service provided **by** the Central Govt., State Govt., 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 Charges).
CONSTRUCTION SERVICES	
10	**Pure labour contracts under Housing for All (Urban) Mission / Pradhan Mantri Awas Yojna**
What is exempted	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 (BLC)" under the **Housing for All (Urban) Mission or Pradhan Mantri Awas Yojna.**
Definitions	**"Original works"** means – (a) all new constructions, (b) all types of additions and alterations to abandoned or damaged structures on land that are required to make them workable, or (c) erection, commissioning or installation of plant, machinery or equipment or structures, whether pre-fabricated or otherwise.
11	**Pure labour contracts of a single residential unit**
What is exempted	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**.
Definitions	**"Residential complex"** means any complex comprising of a building or buildings, having more than one single residential unit. **"Single residential unit"** means a self-contained residential unit which is designed for use, wholly or principally, for residential purposes for one family.
RENTING / HIRING SERVICE	
12	**Renting for residence**
What is exempted	Services **by way of** renting of **residential dwelling** for **use as residence**.
Our comments	• Renting of residential house for commercial use is taxable. • Letting out of rooms in a hotel, motel, inn, guest house, house boat or lodge etc. is for a temporary stay. This cannot be considered as residence. Hence it is taxable.
14	**Hotel service**
What is exempted	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**

	Rs. 1,000 per day.
Definitions	**"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.
22	**Hiring of motor vehicle**
What is exempted	Services **by way of** giving on hire – (a) to a State Transport Undertaking, a motor vehicle meant to carry **more than** 12 passengers, or (b) to a Goods Transport Agency (GTA), a means of transportation of goods.
Definitions	**"State Transport Undertaking"** has the same meaning as in section 2(42) of Motor Vehicles Act, 1988. Section 2(42) of Motor Vehicles Act, 1988 defines **"State Transport Undertaking"** as an undertaking providing **road transport service,** where such undertaking is carried on by – (i) the Central Govt. or a State Govt. (ii) any Road Transport Corporation established u/s 3 of Road Transportation Act, 1950 (iii) any municipality or any corporation or a company owned or controlled by the Central Govt. or one or more State Governments, or by the Central Govt. and one or more State Governments. Explanation – For the purpose of this clause, **"road transport service"** means a service of motor vehicles carrying passengers or goods or both by road for hire or reward.

TRANSPORTATION OF PASSENGERS

15	**TRANSPORTATION OF PASSENGERS**
What is exempted	Transportation of passengers (with or without belongings) -- (a) by **air**, embarking from or terminating in an airport located in certain States [i.e. the states of Arunchal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura] or at Bagdogra Airport located in West Bengal. (b) by **non-air-conditioned contract carriage other than radio taxi** [except the transportation of passengers for tourism, conducted tour, charter or hire], or (c) by **non-air-conditioned stage carriage.**
Definitions	**"Contract carriage"** shall have the same meaning as in Motor Vehicles Act, 1988. In simple words, we can conclude that the **"contract carriage"** means a vehicle which carries a passenger or passengers under a contract on a fixed or an agreed rate or sum – (a) on a time basis (whether or not with reference to any route or distance), or (b) from one point to another, and in either case, does not allow pick-up or alight of passengers en-route. Further "contract carriage" includes a maxicab and a motor cab. **"Stage carriage"** shall have the same meaning as in Motor Vehicles Act, 1988. In simple words **"stage carriage"** means a motor vehicle constructed or adapted to carry more than 6 passengers (excluding the driver) at separate fares paid by individual passengers either for the whole journey or for stages of the journey. **"Radio taxi"** means a taxi (including a radio cab) which is in two-way radio communication with a central control office and is enabled for tracking using GPS (Global Positioning system) or GPRS (General Packet Radio Service).

17	Transportation of Passengers
What is exempted	Services 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).
Definitions	**"Inland waterway"** means national waterways as defined in the Inland Waterways Authority of India Act, 1985 or other waterway on any inland water as defined in the Inland Vessels Act, 1917. **"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 **(but does not include radio taxi)**. **"E-rickshaw"** means a special purpose battery powered vehicle of power not exceeding 4000 watts, having 3 wheels for carrying goods or passengers, for hire or reward, manufactured, constructed or adapted, equipped and maintained in accordance with such specifications, as may be prescribed in this behalf.
TRANSPORTATION OF GOODS	
18	**Transportation of goods**
What is exempted	Service by way of transportation of goods **by** – a) road except the services of— (A) a goods transportation agency **(GTA)**, or (B) a courier agency b) inland waterways.
Definitions	**"Goods Transport Agency (GTA)"** means any person who provides service in relation to transport of goods by road and issues consignment note [i.e. bilty / lorry-receipt], by whatever name called. **"Courier agency"** means any person engaged in the door-to-door transportation of time-sensitive documents, goods or articles utilizing the services of a person, directly or indirectly, to carry or accompany such documents, goods or articles.
19	**Transportation of goods by air**
What is exempted	Services **by way of** transportation of goods **by** an **aircraft** from a place outside India upto the **customs station** of clearance in India.
Definitions	**"Customs station"** shall have the same meaning as defined in Customs Act, 1962. Under section 2(13) of Customs Act, 1962 "Customs station" means any customs port, customs airport, land customs station, international courier terminal or foreign post office.

20	Transportation of goods by rail / vessel
What is exempted	Services **by way of** transportation of following goods **by** rail / vessel from one place in India to another: (a) relief materials meant for the 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 railway materials** (e) agricultural produce (f) milk, salt and foodgrain including flours, pulses and rice (g) organic manure
21	**GTA services**
What is exempted	Services provided **by** a Goods Transport Agency **(GTA)**, **by way of** transport in a **goods carriage** of: (a) agricultural produce **(b) any goods, where the consideration charged for the transportation of goods on a consignment transported in a single carriage does not exceed Rs. 1,500.** **(c) any goods, where the consideration charged for transportation of all goods for a single consignee does not exceed Rs. 750.** (d) milk, salt and foodgrain including flours, pulses and rice (e) organic manure (f) newspaper or magazines registered with the Registrar of Newspapers (g) relief materials meant for the victims of natural or man-made disasters, calamities, accidents or mishap (h) defence or military equipments
Our comments	In point No. (b) or (c), if the consideration exceeds Rs. 1,500 or 750, **No** exemption is allowed.
Definitions	**"Goods carriage"** means any motor vehicle constructed or adapted for use solely for the carriage of goods, or any motor vehicle not so constructed or adapted when used for the carriage of goods.
21A	**GTA services**
What is exempted	Services provided by a GTA 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, or (b) any Society registered under the Societies Registration Act, 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 time being in force, or (d) any body corporate established, by or under any law for the time being in force, or (e) any partnership firm whether registered or not under any law including AOP, (f) any casual taxable person registered under the CGST Act or IGST Act or SGST Act or UTGST Act.
25	**Transmission or distribution of electricity**
What is exempted	Transmission or distribution of electricity **by** an **electricity transmission or distribution utility**.

Definitions	**"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 or a distribution or transmission licensee under the said Act, or any other entity entrusted with such function by the Central Govt. or State Govt. **"Central Electricity Authority"** means the authority constituted u/s 3 of the Electricity (Supply) Act, 1948. **"State Electricity Board"** means the Board constituted u/s 5 of the Electricity (Supply) Act, 1948. **"Central Transmission Utility"** and **"State Transmission Utility"** shall have the same meaning as in Electricity Act, 2003.
ACCESS TO ROAD / BRIDGE	
23	**Access to road or bridge**
What is exempted	Service **by way of** access to a road or a bridge on payment of toll charges.
Our comments	Collections charges or service charges received by a toll collecting agency is taxable.
23A	**Access to road or bridge**
What is exempted	Service by way of access to a road or a bridge on payment of annuity.
SERVICES BY CERTAIN BODIES / INSTITUTIONS	
30	**ESI**
What is exempted	Services **by** the Employees' State Insurance Corporation (ESIC) to the persons governed under the ESI Act, 1948.
31	**EPFO**
What is exempted	Services provided **by Employees Provident Fund Organisation (EPFO) to** the persons governed under EPF Act, 1952.
32	**IRDA**
What is exempted	Service provided **by** the **Insurance Regulatory and Development Authority of India (IRDA) to** insurers (i.e. insurance companies) under the IRDA Act, 1999.
33	**SEBI**
What is exempted	Service provided **by** the Stock Exchange Board of India **(SEBI) by way of** protecting the interests of investors in securities and to promote the development of, and to regulate, the securities market.
26	**RBI**
What is exempted	All services provided **by** Reserve Bank of India (RBI).
Our comments	The services provided **by** RBI **to** any person are exempted but the services provided **by** any person **to** RBI are not exempted.

59	**FDM**
What is exempted	All services provided **by** a **'Foreign Diplomatic Mission' (FDM)** located in India.
Our comments	• Please note that 'FDM' does not cover any office or establishment of an international organization / multi-national company. Hence the services provided by such office or establishment are not exempt. • Services provided by FDM are exempt. But services provided to FDM are not exempt under this Entry.
58	**NCCCD**
What is exempted	Service provided **by the National Centre for Cold Chain Development (NCCCD) by way of** cold chain knowledge dissemination.
INSURANCE SERVICES	
28	**NPS**
What is exempted	Services of life insurance business provided by way of annuity under the National Pension System (NPS).
29	**Group insurance of forces**
What is exempted	Services of life insurance business provided by the Army, Naval and Air Force Group Insurance Funds to the members of Army, Navy and Air Force, respectively, under the Group Insurance Schemes of the Central Govt.
35	**Specified schemes of General Insurance Business**
What is exempted	Services of **general insurance business** provided under **certain specified schemes**.
Our comments	There is a long list of specified schemes, which is not given here (If interested, please refer your Study Material). However, some important schemes are: (a) Pradhan Mantri Suraksha Bima Yojna. (b) Niramaya Health Insurance Scheme. (c) Restructured Weather based Crop Insurance Scheme (RWCIS). (d) Pradhan Mantri Fasal Bima Yojana (PMFBY),
36	**Specified schemes of Life Insurance Business**
What is exempted	Services of **life insurance business** provided under **certain specified schemes**.
Our comments	There is a long list of specified schemes, which is not given here. (If interested, please refer your Study Material). However, some important schemes are: (a) Aam Admi Bima Yojana (b) Pradhan Mantri Jan Dhan Yojna (c) Micro-insurance products approved by the Insurance Regulatory and Development Authority (IRDA), having maximum insurance cover (i.e. sum assured) of Rs. 50,000. *[If insurance cover exceeds Rs. 50,000, No exemption is allowed].*

37	**Collection of contribution under Atal Pension Yojna (APY)**
What is exempted	Service **by way of** collection of contribution under Atal Pension Yojna (APY).
38	**Collection of contribution under Pension Scheme of State Govt.**
What is exempted	Service **by way of** collection of contribution under any pension scheme of the State Governments.
BUSINESS DEVELOPMENT SERVICES	
44	**Incubatee service**
What is exempted	Services provided **by** an "**incubatee"** upto a total turnover of Rs. 50 lakh in a financial year is exempted provided following conditions are satisfied:- (a) the total turnover of incubatee had not exceeded Rs. 50 lakh during the preceding financial year; and (b) a period of 3 years has not been elapsed from the date of entering into an agreement as an incubatee.
Definitions	**"Incubatee**" means an entrepreneur located within the premises of a Technology Business Incubator **(TBI)** or Science and Technology Entrepreneurship Park **(STEP)** 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 TBI or the STEP to enable himself to develop and produce Hi-tech and Innovative products. *[In short **"Incubatee"** means an entrepreneur located in **TBI** or **STEP** in order to develop his innovative ideas into a commercially viable venture].*
48	**Services provided by TBI or STEP**
What is exempted	Taxable services provided **by**: (i) Technology Business Incubator **(TBI)** / Science and Technology Entrepreneurship Park **(STEP)** recognized by the National Science and Technology Entrepreneurship Development Board of the Department of Science and Technology, Govt. of India; or (ii) Bio-Incubators recognized by the Biotechnology Industry Research Assistance Council **(BIRAC), under the Department of Biotechnology, Govt. of India**. *Example – Services provided by the Incubator to Incubatee are exempted.*
52	**Business exhibition**
What is exempted	Service **by** an organizer **to** any person **in respect of** a business exhibition held outside India.
LEGAL SERVICES	
45	**Legal services**
What is exempted	(a) Service provided **by** an "**arbitral tribunal" to** - (i) any person other than a business entity; or (ii) a business entity with an aggregate turnover up to Rs. 20 lakh (Rs. 10 lakh in case of Special Category States) in the preceding financial year [**i.e. a small business entity].** (b) Legal service provided **by** an **"an individual advocate or a partnership firm of advocates (other than a senior advocate)" to** – (i) any person other than a business entity;

(ii) a business entity with an aggregate turnover up to Rs.20 lakh (Rs.10 lakh in case of Special Category States) in the preceding financial year [**i.e. a small business entity];** or

(iii) an advocate or partnership firm of advocates providing legal service.

(c) Legal service provided **by** a "**senior advocate" to** –

(i) a person other than a business entity; or

(ii) a business entity with an aggregate turnover up to Rs. 20 lakh (Rs.10 lakh in case of Special Category States) in the preceding financial year [**i.e. a small business entity].**

Definitions

"Arbitral Tribunal" means a sole arbitrator or a panel of arbitrators.

"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.

Our comments

- It can be seen that the legal service provided by an Arbitral Tribunal / Advocate / Firm of advocates / Senior advocate to a business entity whose aggregate turnover had exceeded Rs. 20 lakh (Rs.10 lakh in case of Special Category States) **[i.e. a big business entity]** in the preceding financial year, is taxable.
- Now a question arises whether the legal service provided by a **senior advocate** to an advocate or a partnership firm of advocates, is taxable or exempt?

Let us analyse.
"**Business entity**" means any person carrying out "business". Further, the definition of "business" as prescribed in section 2(17) includes "profession".

Hence, the legal service provided by a **senior advocate** to an advocate or a partnership firm of advocates whose turnover had exceeded Rs. 20 lakh (Rs. 10 lakh in case of Special Category States) in the preceding financial year **[i.e. a big business entity]** is taxable. But the legal service provided by a **senior advocate** to an advocate or a partnership firm of advocates whose turnover had not exceeded Rs. 20 lakh (Rs. 10 lakh in case of Special Category States) in the preceding financial year **[i.e. a small business entity]**, is exempt.

Table 11 – Summary of Legal Service

Service is provided by?	Service is provided to a person other than business entity	Service is provided to a business entity		Service is provided to an advocate or partnership firm of advocates providing legal service	
		Small business entity	Big business entity	Small business entity	Big business entity
Arbitral Tribunal	Exempt	Exempt	**Taxable**	Exempt	**Taxable**
Individual Advocate or a Partnership firm of Advocates	Exempt	Exempt	**Taxable**	Exempt	Exempt
Senior Advocate	Exempt	Exempt	**Taxable**	Exempt	**Taxable**

<table>
<tr><th colspan="2">SPORTS RELATED EXEMPTIONS</th></tr>
<tr><th>53</th><th>Sponsorships of sporting events</th></tr>
<tr><td>What is exempted</td><td>Services by way of sponsorship of sporting events organized --

(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 the 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 Kreeda Aur Khel Abhiyaan (PYKKA) Scheme.</td></tr>
<tr><th>9A</th><th>Services by and to FIFA</th></tr>
<tr><td>What is exempted</td><td>Supply of services by and to Federation 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.</td></tr>
<tr><th>68</th><th>Sports services</th></tr>
<tr><td>What is exempted</td><td>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”, or

(b) another “recognised sports body”.</td></tr>
<tr><td>Definitions</td><td>“Recognized sports body” means–

(i) Indian Olympic Association,

(ii) Sports Authority of India,

(iii) a National sports federation recognised by the Ministry of Sports and Youth Affairs of the Central Government, and its affiliate federations,

(iv) National sports promotion organizations recognised by the Ministry of Sports and Youth Affairs of the Central Government,

(v) International Olympic Association or a federation recognised by the International Olympic Association or

(vi) a federation or a body which regulates a sport at international level and its affiliated federations or bodies regulating a sport in India.</td></tr>
<tr><td>Our Comments</td><td>• Service by Team-selectors, Commentators, Technical Experts, and Curators is not exempt.</td></tr>
</table>

	• Service of a player to a franchisee of a recognized sports body (For example – Service given to **Royal Rajasthan**) is not exempt.
82	**Admission to FIFA U-17 World Cup 2017**
What is exempted	Supply of services by way of right to admission to the events organised under FIFA U-17 World Cup 2017.
AGRICULTURE RELATED SERVICES	
54	**Agriculture**
What is exempted	Services **relating to** (i) 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 (ii) 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, 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 (For example - Green house or Shed) 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 (APMC) or Board or services provided **by** a commission agent for sale or purchase of agricultural produce.
Definitions	"**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, fiber, fuel, raw material or other similar products, on which either (i) no processing is done ***(Remember – raw / unprocessed form)***, or (ii) 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 extension"** means application of scientific research and knowledge to agricultural practices through farmer education or training. *[For example – Service given by **Kishan Call Centre**].*
Our comments	• The exemption is wide enough to include the activities like pisciculture (breeding of fish), sericulture (rearing of silk worms), floriculture (cultivation of ornamental flowers), horticulture (cultivation of medicinal plants, herbs), forestry etc.

	• **"Transportation of agricultural produce"** is not exempt under this Entry. But the **"transportation of agricultural produce"** is exempted under Entry No. 20 and 21. • **'Peddy'** is an agricultural produce but **'rice'** is not an agricultural produce. Hence the benefit of Entry No. 54 is not available in relation to **'rice'**. But Entry No. 20, 21 and 24 provide exemption to many activities relating to 'rice'.
55	**Certain intermediate production process**
What is exempted	Carrying out an intermediate production process as job work **in relation to** (i) 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 (ii) agricultural produce.
24	**Certain services relating to rice**
What is exempted	Services by way of loading, unloading, packing, storage or warehousing of rice.
57	**Fruits and Vegetables**
What is exempted	Service **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 **fruits or vegetables.**
EDUCATION, COACHING AND SKILL DEVELOPMENT	
66	**Education service**
What is exempted	(a) Services provided **by** an **"educational institution" to** its **students, faculty and staff**. (b) Services provided **by** any person **to** an **"educational institution"**, **by way of** - (i) **T**ransportation of students, faculty and staff; (ii) **C**atering, including any mid-day meals scheme sponsored by the Central Government, State Govt. or Union Territory; (iii) **S**ecurity, cleaning or house-keeping services performed in such educational institution; (iv) Services relating to admission to, or conduct of **E**xamination by, such Institution. ***[Remember – TCSE]***
Please note	The exemption contained in **Entry (b)** shall be allowed only if the ***TCSE*** services are provided to an educational institution providing services upto pre-school education [for example – Nursery and KG] or education upto higher secondary school.
Definitions	**"Educational institution"** means an institution providing services by way of: (a) pre-school education [for example – Nursery and KG] and education upto higher secondary school **["Higher secondary" means 12th standard]**; (b) education as a part of a curriculum for obtaining a qualification recognised by any law [for example – conduct of courses by colleges, universities or institutions like ICAI, IITs];

	(c) education as a part of an approved vocational education course. **"Approved Vocational Education Course"** means – (a) a course run by an Industrial Training Institute **(ITI)** or an industrial training centre affiliated to the National Council for Vocational Training **(NCVT)** or State Council for Vocational Training **(SCVT)** offering courses in designated trades notified under the Apprentices Act, 1961, or (b) a Modular Employable Skill Course **(MES)**, approved under the **NCVT**, run by a person registered with the Directorate General of Training, Ministry of Skill Development and Entrepreneurship.
Our comments	• Coaching institutes or Private tutors do not fall within the definition of **"educational institution"**. Hence coaching / tution service provided by coaching institutes or private tutors is not exempt. • Fee charged by educational institutions from companies for arranging campus interview, is not exempt. • Audit service given by a Chartered Accountant to an educational institution is not exempt. • Service provided by the Institute of Language Management to various schools / educational institutions to develop knowledge and language skills of the students of those schools / educational institutions is not exempt.
80	**Recreational training / coaching**
What is exempted	Services **by way of training or coaching** in recreational activities relating to – (a) arts or culture, or (b) sports by charitable entities registered u/s 12AA of Income-tax Act, 1961.
Our comments	• The training and coaching relating to all forms of **arts** such as literature, visual arts, graphic arts, plastic arts, decorative arts, performing arts, music, dance, theatre, painting, sculpture making, etc. is exempt. • Similarly the training and coaching relating to all forms of **cultures** of any religion, caste, panth, customary beliefs, social cultures, etc. is exempt. • The training and coaching relating to all kinds of **sports** such as cricket, football, hockey, basketball etc. is exempt. But this exemption is allowed only if the such training is provided by charitable entities registered u/s 12AA of Income-tax Act, 1961.
67	**IIMs**
What is exempted	Services provided **by** the Indian Institute of Managements (IIMs) to their students, by **way of** the following educational programmes [except Executive Development Programme]— (a) 2 year full time program for the Post Graduate Diploma in Management (PGDM) to which admissions are made on the basis of Common Admission Test (CAT),

	(b) fellow programme in Management, (c) 5 year integrated programme in Management
69	**NSDC**
What is exempted	Any services provided **by** – (i) the National Skill Development Corporation (NSDC) set up by the Government of India, (ii) a Sector Skill Council (SSC) approved by the NSDC, (iii) an Assessment Agency approved by the NSDC or SSC, (iv) a Training Partner approved by the NSDC or SSC. ***in relation to*** – (a) the National Skill Development Programme implemented by the NSDC, or (b) a vocational skill development course under the National Skill Certification and Monetary Reward Scheme, or (c) any other scheme implemented by the NSDC
70	**SDI**
What is exempted	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 (SDI) Scheme.
71	**DDU-GKY**
What is exempted	Services provided **by** Training Providers (called "Project Implementation Agencies") under Deen Dayal Upadhyaya Grameen Kaushalya Yojana **(DDU-GKY)** under the Ministry of Rural Development, Govt. of India, by way of offering skill or vocational training courses certified by the National Council for Vocational Training **(NCVT)**.
HEALTH CARE SERVICES	
46	**Services by a Veterinary Clinic**
What is exempted	Services **by** a Veterinary Clinic **in relation to** health care of animals or birds.
73	**Cord Blood Bank**
What is exempted	Service provided **by** cord blood banks **by way of** preservation of stem cells or any other service in relation to such preservation.
74	**Health care service**
What is exempted	(i) "Health care services" provided **by** - a) a clinical establishment, b) an authorised medical practitioner, or c) para-medics (ii) Service provided by way of transportation of a patient in an ambulance.
Definitions	**"Healthcare services"** means any service by way of **(i) diagnosis,** ***or*** **(ii) treatment,** ***or*** **(iii) care** for illness, injury, deformity, abnormality or pregnancy in any "**recognised system of medicines in India"** and includes transportation of 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. **“Clinical establishment”** means – (a) a hospital, nursing home, clinic, sanatorium or any other institution which offers services or facilities requiring (i) diagnosis, (ii) treatment, or (ii) care for illness, injury, deformity, abnormality or pregnancy in any **“recognized system of medicines in India”**, or (ii) a place established as an independent entity (***Remember – Dr. Lal’s Path Lab)*** or as a part of an establishment to carry out diagnostic or investigative services of diseases. **“Authorised medical practitioner”** means a medical practitioner registered with any of the councils of the **“recognized system of medicines established or recongised by law in India”** and includes a medical professional having the requisite qualification to practice in any **“recognized system of medicines in India as per any law in force”**. **“Paramadics”** is not defined. However in common parlance, “paramedics” means a trained person for giving noshing, physiotherapy, medical assistance service, etc.
Our Comments	Following systems of medicines are **“Recognized system of medicines in India as per law in force”**: • Allopathy • Yoga • Naturopathy • Ayurveda • Homoeopathy • Siddha • Unani
75	**Bio-Medical Waste Treatment**
What is exempted	Service provided **by** operators of the **Common Bio-medical Waste Treatment Facility to** a “clinical establishment” **by way of** treatment / disposal of bio-medical waste or the processes incidental thereto.
ENTERTAINMENT ACTIVITIES	
78	**Artistic performance**
What is exempted	Service **by** an artist **by way of** performance in folk or classical art forms of: (i) music, (ii) dance, or (iii) theatre if the consideration charged for such performance is not more than Rs. 1,50,000/-.
Exemption not allowed	This exemption is not allowed to service provided by such artist as **“Brand ambassador”**.
Definitions	“**Brand ambassador**” means a person engaged for -- (i) promotion or marketing of a brand of goods, service, property, actionable claim or event, or (ii) endorsement of name [including a trade name, logo or house mark] of any person.
Our comments	• The service by an artist by way of performance in western dance, western music, modern theatre, performance of actors in TV serials, still art forms (for example - Painting) etc. are not exempt.

	• If the amount charged exceeds Rs. 1,50,000/-, **No** exemption is allowed. Hence fully taxable.
79	**Admission to museum, zoo etc.**
What is exempted	Service **by way of** admission to a museum, zoo, national park, wildlife sanctuary or a tiger reserve.
81	**Admission to entertainment events**
What is exempted	Services **by way of** right to admission to,**--** (i) **c**ircus, **d**ance or theatrical performance including drama or ballet; (ii) recognized sporting event; (iii) **a**ward function, **c**oncert, **p**ageant, **m**usical performance or any **s**porting event other than a recognised sporting event ***(Remember – CAMPS)***, where the consideration for admission is not more than Rs. 250 per person.
Our comments	If the consideration exceeds Rs. 250/-, **NO** exemption is allowed.
MISC. SERVICES	
2	**Going concern**
What is exempted	Services **by way of** transfer of a going concern, as a whole or an independent part thereof.
9B	**Services associated with transit cargo to Nepal and Bhutan**
What is exempted	Supply of services associated with transit cargo to Nepal and Bhutan (landlocked countries).
27	**Interest / discount**
What is exempted	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 (i) amongst banks, or (ii) amongst authorized dealers of foreign exchange, or (iii) amongst banks and such authorized dealers
Definitions	**"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 money borrowed or debt incurred or in respect of any credit facility which has not been utilized.
Our comments	• Bill discounting or cheque discounting charges are in the nature of interest on advance and therefore exempt. • Inter bank transfer of instruments for lending or borrowing money where consideration is represented by way of interest or discount only, is exempt. • Service charges are excluded from the definition of "interest". Hence, the exemption is available to the extent of interest or discount only. Any service charge in addition to interest or discount shall not be exempt.

34	**Acquiring Bank**
What is exempted	Services provided by an "acquiring bank" to any person in relation to settlement of an amount upto Rs. 2,000 in a single transaction transacted through credit card, debit card, charge card or other payment card services.
Definitions	**"Acquiring Bank"** means any banking company, financial institution including non-banking financial company (NBFC) or any other person ***[Example – Paytm]*** , who makes the payment to any person who accepts such card.
39	Certain intermediary services
What is exempted	Services-- (a) **by** a business facilitator / a business correspondent **to** a banking company with respect to accounts in its "rural area" branch. (b) **by** any person as an intermediary **to** a business facilitator / business correspondent with respect to services mentioned in (a). (c) **by** a business facilitator / business correspondent **to** an insurance company in a rural area.
Definitions	**"Banking Company"** has the same meaning as in RBI Act, 1934. **"Insurance Company"** means a company carrying on life insurance business or general insurance business. **"Business Facilitator"** / **"Business Correspondent"** ***[Remember – Bank Mitra or Insurance Mitra]*** means an intermediary appointed under the business facilitator model / business correspondent model by a banking company or an insurance company under the guidelines issued by RBI. **"Rural area"** – Same meaning as discussed earlier in **Entry No. 1.**
41	**Upfront amount for industrial leasing**
What is exempted	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 (30 years or more) lease of industrial plots or plots for development of infrastructure for financial business, provided by the State Govt. Industrial Development Corporations or State Govt. Industrial Undertakings or by any other entity having 50% or more ownership of Central Government, State Government or Union territory to the industrial units or the developers in any industrial or financial business area.
42	**Spectrum service**
What is exempted	Service provided **by** the Central Govt., State Govt., 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 01.04.2016, on payment of licence fee or spectrum user charges.
43	**Leasing of Railways assets**
What is exempted	Services of leasing of assets (rolling stock assets including wagons, coaches, locos) **by** the **Indian Railway Finance Corporation** to Indian Railways.
49	**Journalist**
What is exempted	Services **by way of** collecting or providing news **by** an independent journalist, Press Trust of India (PTI) or United News of India.

50	**Public libraries**
What is exempted	Services of public libraries **by way of** lending of books, publications or any other knowledge-enhancing content or material.
56	**Slaughtering service**
What is exempted	Services **by way of** slaughtering of animals
76	**Public conveniences**
What is exempted	Services **by way of** public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets.
77	**Service by Club or association**
What is exempted	Services provided **by** an unincorporated body or 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; or (b) for the provision of carrying out any activity which is exempt from levy of GST; or (c) upto an amount of Rs. 5,000 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.**
Our comments	• If a body or entity arranges "health care camp" for its members and receives reimbursement of charges or share of contribution from members, it would fall under (b) and hence fully exempt. • Society maintenance charges received by Residents Welfare Association falls under point No. (c). • In point No. (c), if the amount exceeds Rs. 5,000/-, only **EXCESS** would be taxable.

Notification No. 9/2017 IT(R) dated 28.06.2017 u/s 6(1) of IGST Act

Entry No.	Provision
	All services as discussed above
10	**Import of services**
What is exempted	Services **received from** a **provider of service located in a Non-taxable Territory (NTT) by -** (a) the Central Govt., State Govt., Union Territory, Local authority, Governmental authority or an individual in relation to any purpose other than commerce, industry, business or profession; or (b) an entity registered u/s 12AA of the Income tax Act, 1961 for the purposes of providing charitable activities; or (c) a person located in a non-taxable territory (NTT).

Exemption not allowed	This exemption is not allowed to – (i) Online information and database access or retrieval services **(OIDAR)** received by persons specified in Entry (a) or Entry (b); or (ii) Services by way of transportation of goods by a vessel from a place outside India upto the customs station of clearance in India.
10D	**Services having POS in Nepan or Bhutan**
What is exempted	Supply of services having place of supply in Nepal or Bhutan, against payment in Indian Rupees
42	**Specified services received by RBI**
What is exempted	Services **received by** the RBI, from outside India **in relation to** management of foreign exchange reserves.
Our comments	"External asset management" services received by RBI from overseas financial institution is exempt under this Entry.
54	**Tour operator**
What is exempted	Services provided **by** a tour operator **to** a foreign tourist **in relation to** a tour conducted wholly outside India.
Definitions	**"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.
Our comments	Example: Service provided by **Makemytrip.com** to a Japanese National for a tour conducted in Europe is exempted.

<u>Clarificatory Explanation on Status of LLP</u>

A doubt was raised by business community as to whether a limited liability partnership (LLP) shall be treated as "body corporate" for Exemption Notifications? Now, a clarificatory Explanation has been inserted in the Exemption Notification to provide that for the purposes of Exemptions, a LLP shall be treated as a partnership firm / firm. The effect is that LLP shall not be treated as "body corporate".

Notification No. 08/2017 CT(R) dated 28.06.2017
Notification No. 38/2017 CT(R) dated 13.10.2017
Notification No. 32/2017 IT(R) dated 13.10.2017

Exemption from operation of section 9(4) of CGST Act / 5(4) of IGST Act

Since the RCM provision of section 9(4) of CGST Act / 5(4) of IGST Act has a wide applicability, there were all-India reactions against this provision (because its very difficult to apply this provision in practical life). Considering the reactions of public, the Govt. has issued various Notifications, by which the Intra-State as well as Inter-State supplies of taxable goods/services/both received by a registered person from unregistered person has been fully exempted from levy of RCM, till 31.03.2018.

In simple words, we can conclude that the section 9(4) of CGST Act / 5(4) of IGST Act has been suspended till 31.03.2018.

Notification No. 9/2017 CT(R) dated 28.06.2017

Intra-state supplies of goods/services/both received by a TDS deductor u/s 51, from any unregistered supplier, shall be exempt from the whole of the CGST leviable thereon u/s 9(4), subject to the condition that the TDS deductor is not liable to be registered otherwise than u/s 24(vi).

Notification No. 18/2017 IT(R) dated 05.07.2017

All services imported by SEZ unit / SEZ developer for "authorized operations" are exempt from whole of the IGST leviable u/s 3 of the Customs Tariff Act, 1975 read with section 5 of the IGST Act, 2017.

SPACE FOR YOUR NOTES