



EXEMPTIONS FROM GST



LEARNING OUTCOMES

After studying this Chapter, you will be able to –

- describe the power of the Government to grant exemption from CGST/IGST.
- provide an overview of the goods exempt from GST.
- identify and analyse various services exempt from GST.
- explain the zero-rated supplies.

1. INTRODUCTION

- ✎ 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.
- ✎ Exempt supply has been defined as supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax and includes non-taxable supply. Power to grant exemption from GST has been granted vide section 11 of the CGST Act and vide section 6 of the IGST Act. State GST laws also contain identical provisions granting power to exempt SGST.
- ✎ Under earlier Indirect Tax regime, a larger number of exemptions were enjoyed by the taxpayers. The idea is to prune the exemption list under GST Regime. Area based exemptions have been done away with under GST.
- ✎ Essential goods/services, i.e. public consumption products/services, have been exempted. Items such as unbranded atta/maida/besan, unpacked food grains, milk, eggs, curd, lassi and fresh vegetables are among the items exempted from GST. Further, essential services like health care services, education services, etc. have also been exempted.



In this chapter, we shall discuss the power to grant exemption from tax under CGST Act/IGST Act and list of services exempt from GST in detail and an overview of the goods exempt from tax.



2. RELEVANT DEFINITIONS



Section 2(47) of the CGST Act, 2017 defines **Exempt Supply** as supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax under section 11, or under section 6 of the IGST Act, and includes non-taxable supply.

Various other definitions as contained in the exemption **Notification No. 12/2017 CT (R) dated 28.06.2017** as amended/ **Notification No. 9/2017 IT (R) dated 28.06.2017** as amended providing exemption from CGST/IGST respectively, to specified services are provided as under:

- ❖ **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.
- ❖ **Advocate:** has the same meaning as assigned to it in clause (a) of sub-section (1) of section 2 of the Advocates Act, 1961. Advocate means an advocate entered in any roll under the provisions of the Advocates Act, 1961 [Section 2(1)(a) of the Advocates Act, 1961].
- ❖ **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.
- ❖ **Aircraft:** has the same meaning as assigned to it in clause (1) of section 2 of the Aircraft Act, 1934. Aircraft means any machine which can derive support in the atmosphere from reactions of the air, other than reactions of the air against the earth's surface and includes balloons, whether fixed or free, airships, kites, gliders and flying machines [Section 2(1) of the Aircraft Act, 1934].
- ❖ **Airport:** has the same meaning as assigned to it in clause (b) of section 2 of the Airports Authority of India Act, 1994. Airport means a landing and taking off area for aircrafts, usually with runways and aircraft maintenance and passenger facilities and includes aerodrome as defined in section 2(2) of the Aircraft Act, 1934 [Section 2(b) of the Airports Authority of India Act, 1994].
- ❖ **Approved vocational education course:** means, -
 -  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
 -  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;
- ❖ **Arbitral tribunal:** has the same meaning as assigned to it in clause (d) of section 2 of the Arbitration and Conciliation Act, 1996. Arbitral tribunal means a sole arbitrator or a panel of arbitrators [Section 2(d) of the Arbitration and Conciliation Act, 1996].
- ❖ **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. Authorised person means an authorised dealer, money changer, off-shore banking unit or any other person for the time being authorised under section 10(1) of FEMA, 1999 to deal in foreign exchange or foreign securities [Section 2(c) of the Foreign Exchange Management Act, 1999].
- ❖ **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.

- ❖ **Banking company:** has the same meaning as assigned to it in section 45A(a) of the Reserve Bank of India Act, 1934. Banking company means a banking company as defined in section 5 of the Banking Regulation Act, 1949, and includes the State Bank of India, any subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959, any corresponding new bank constituted by section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, and any other financial institution notified by the Central Government in this behalf [Section 45A(a) of the Reserve Bank of India Act, 1934].
- ❖ **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.
- ❖ **Business entity:** means any person carrying out business.
- ❖ **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.
- ❖ **Central Electricity Authority:** means the authority constituted under section 3 of the Electricity (Supply) Act, 1948.
- ❖ **Central Transmission Utility:** shall have the same meaning as assigned to it in clause (10) of section 2 of the Electricity Act, 2003.
- ❖ **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;
- ❖ **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.
- ❖ **Contract carriage:** has the same meaning as assigned to it in clause (7) of section 2 of the Motor Vehicles Act, 1988. Contract carriage means a motor vehicle which carries a passenger or passenger or passengers for hire or reward and is engaged under a contract, whether expressed or implied, for the use of such vehicle as a whole for the carriage of passengers mentioned therein and entered into by a person with a holder of a permit in relation to such vehicle or any person authorised by him in this behalf 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, without stopping to pick up or set down passengers not included in the contract anywhere during the journey, and includes--
 - (i) a maxicab; and
 - (ii) a motor cab notwithstanding that separate fares are charged for its passengers [Section 2(7) of Motor Vehicles Act, 1988].

- ❖ **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;
- ❖ **Customs station:** shall have the same meaning as assigned to it in clause (13) of section 2 of the Customs Act, 1962. Customs station means any customs port, customs airport, international courier terminal, foreign post office or land customs station [Section 2(13) of the Customs Act, 1962].
- ❖ **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.
- ❖ **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.
- ❖ **Educational institution:** means an institution providing services by way of,-
 - pre-school education and education up to higher secondary school or equivalent;
 - education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force;
 - education as a part of an approved vocational education course.
- ❖ **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 Government or, as the case may be, the State Government.
- ❖ **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.

- ❖ **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.
- ❖ **General public:** means the body of people at large sufficiently defined by some common quality of public or impersonal nature;
- ❖ **Goods carriage:** has the same meaning as assigned to it in clause (14) of section 2 of the Motor Vehicles Act, 1988. 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 [Section 2(14) of the Motor Vehicles Act, 1988].
- ❖ **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.
- ❖ **Governmental authority:** has the same meaning as assigned to it in the Explanation to clause (16) of section 2 of the Integrated Goods and Services Tax Act, 2017. As per said explanation, the expression “Governmental Authority” means an authority or a board or any other body—
 - (i) set up by an Act of Parliament or a State Legislature; or
 - (ii) established by any 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
- ❖ **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.
- ❖ **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.

- ❖ **Inland waterway:** means national waterways as defined in clause (h) of section 2 of the Inland Waterways Authority of India Act, 1985 or other waterway on any inland water, as defined in clause (b) of section 2 of the Inland Vessels Act, 1917.
- ❖ **Insurance company:** means a company carrying on life insurance business or general insurance business.
- ❖ **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 utilized.
- ❖ **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. Intermediary means a broker, an agent or any other person, by whatever name called, who arranges or facilitates the supply of goods or services or both, or securities, between two or more persons, but does not include a person who supplies such goods or services or both or securities on his own account [Section 2(13) of the IGST Act, 2017].
- ❖ **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.
- ❖ **Limited Liability Partnership:** formed and registered under the provisions of the Limited Liability Partnership Act, 2008 shall also be considered as a partnership firm or a firm.
- ❖ **Life insurance business:** has the same meaning as assigned to it in clause (11) of section 2 of the Insurance Act, 1938.
- ❖ **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;
- ❖ **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 and the rules made thereunder (but does not include radio taxi).

- ❖ **National park:** has the same meaning as assigned to it in clause (21) of the section 2 of the Wild Life (Protection) Act, 1972.
- ❖ **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.

Online information and database access or retrieval services means services whose delivery is mediated by information technology over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimal human intervention and impossible to ensure in the absence of information technology and includes electronic services such as,—

- (i) advertising on the internet;
 - (ii) providing cloud services;
 - (iii) provision of e-books, movie, music, software and other intangibles through telecommunication networks or internet;
 - (iv) providing data or information, retrievable or otherwise, to any person in electronic form through a computer network;
 - (v) online supplies of digital content (movies, television shows, music and the like);
 - (vi) digital data storage; and
 - (vii) online gaming [Section 2(17) of the IGST Act].
- ❖ **Original works:** means- all new constructions;
 - all types of additions and alterations to abandoned or damaged structures on land that are required to make them workable;
 - erection, commissioning or installation of plant, machinery or equipment or structures, whether pre-fabricated or otherwise.
 - ❖ **Print media:** means,—
 - 'book' as defined in sub-section (1) of section 1 of the Press and Registration of Books Act, 1867, but does not include business directories, yellow pages and trade catalogues which are primarily meant for commercial purposes;

- 'newspaper' as defined in sub-section (1) of section 1 of the Press and Registration of Books Act, 1867.
- ❖ **Port:** has the same meaning as assigned to it in clause (q) of section 2 of the Major Port Trusts Act, 1963 or in clause (4) of section 3 of the Indian Ports Act, 1908.
- ❖ **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;
- ❖ **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 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;
- ❖ **Recognised sports body:** means –
 - (i) Indian Olympic Association;
 - (ii) Sports Authority of India;
 - (iii) a national sports federation recognised by the Ministry of Sports and Youth Affairs of the Central Government, and its affiliate federations;
 - (iv) national sports promotion organisations recognised by the Ministry of Sports and Youth Affairs of the Central Government;
 - (v) 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.

- ❖ **Religious place:** means a place which is primarily meant for conduct of prayers or worship pertaining to a religion, meditation, or spirituality;
- ❖ **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;
- ❖ **Reserve Bank of India:** means the bank established under section 3 of the Reserve Bank of India Act, 1934;
- ❖ **Residential complex:** means any complex comprising of a building or buildings, having more than one single residential unit;
- ❖ **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;
- ❖ **Senior advocate:** has the same meaning as assigned to it in section 16 of the Advocates Act, 1961 which, *inter alia*, provides that an advocate may, with his consent, be designated as senior advocate if the Supreme Court or a High Court is of opinion that by virtue of his ability standing at the Bar or special knowledge or experience in law he is deserving of such distinction. Senior advocates shall, in the matter of their practice, be subject to such restrictions as the Bar Council of India may, in the interest of the legal profession, prescribe.
- ❖ **Single residential unit:** means a self-contained residential unit which is designed for use, wholly or principally, for residential purposes for one family.
- ❖ **Special category States:** shall mean the States as specified in sub-clause (g) of clause (4) of article 279A of the Constitution.
- ❖ **Specified organisation:** shall mean,-
 - Kumaon Mandal Vikas Nigam Limited, a Government of Uttarakhand

Undertaking; or

- 'Committee' or 'State Committee' as defined in section 2 of the Haj Committee Act, 2002.
- ❖ **Stage carriage:** shall have the same meaning as assigned to it in clause (40) of section 2 of the Motor Vehicles Act, 1988. Stage carriage means a motor vehicle constructed or adapted to carry more than 6 passengers excluding the driver for hire or reward at separate fares paid by or for individual passengers, either for the whole journey or for stages of the journey [Section 2(40) of the Motor Vehicles Act, 1988].
- ❖ **State Electricity Board:** means the Board constituted under section 5 of the Electricity (Supply) Act, 1948.
- ❖ **State Transmission Utility:** shall have the same meaning as assigned to it in clause (67) of section 2 of the Electricity Act, 2003.
- ❖ **State Transport Undertaking:** has the same meaning as assigned to it in clause (42) of section 2 of the Motor Vehicles Act, 1988. 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 Governments.


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 [Section 2(42) of the Motor Vehicles Act, 1988].

- ❖ **Tiger reserve:** has the same meaning as assigned to it in clause (e) of section 38K of the Wild Life (Protection) Act, 1972.
- ❖ **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.

- ❖ **Trade union:** has the same meaning as assigned to it in clause (h) of section 2 of the Trade Unions Act, 1926.
- ❖ **Vessel:** has the same meaning as assigned to it in clause (z) of section 2 of the Major Port Trusts Act, 1963.
- ❖ **Wildlife sanctuary:** means a sanctuary as defined in the clause (26) of the section 2 of The Wild Life (Protection) Act, 1972.
- ❖ **Zoo:** has the same meaning as assigned to it in the clause (39) of the section 2 of the Wild Life (Protection) Act, 1972.



3. POWER TO GRANT EXEMPTION FROM TAX [SECTION 11 OF THE CGST ACT/SECTION 6 OF IGST ACT]

 STATUTORY PROVISIONS	
Section 11	Power to grant exemption from tax
Sub-section	Particulars
(1)	<i>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</i>
(2)	<i>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.</i>
(3)	<i>The Government may, if it considers necessary or expedient so</i>

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.

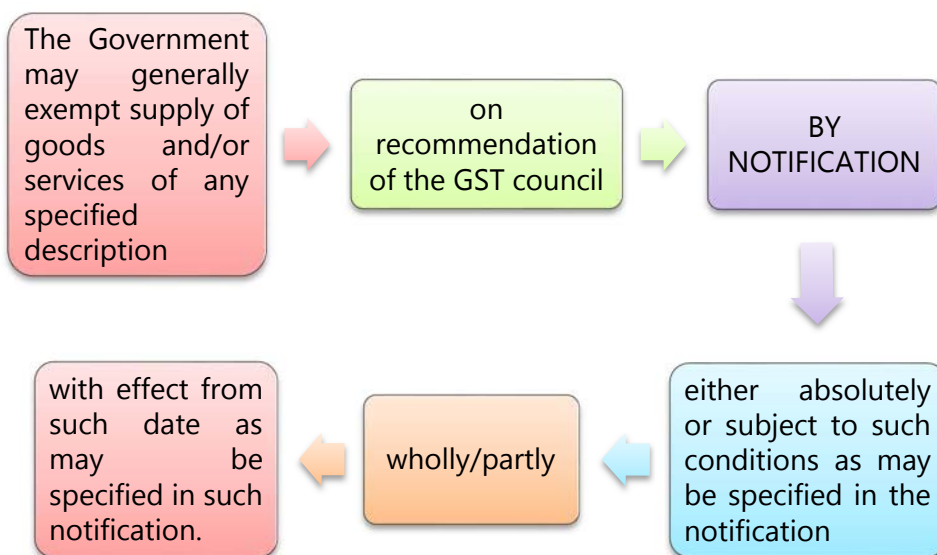
*Explanation—*For the purposes of this section, where an exemption in respect of any goods or services or both from the whole or part of the tax leviable thereon has been granted absolutely, the registered person supplying such goods or services or both shall not collect the tax, in excess of the effective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



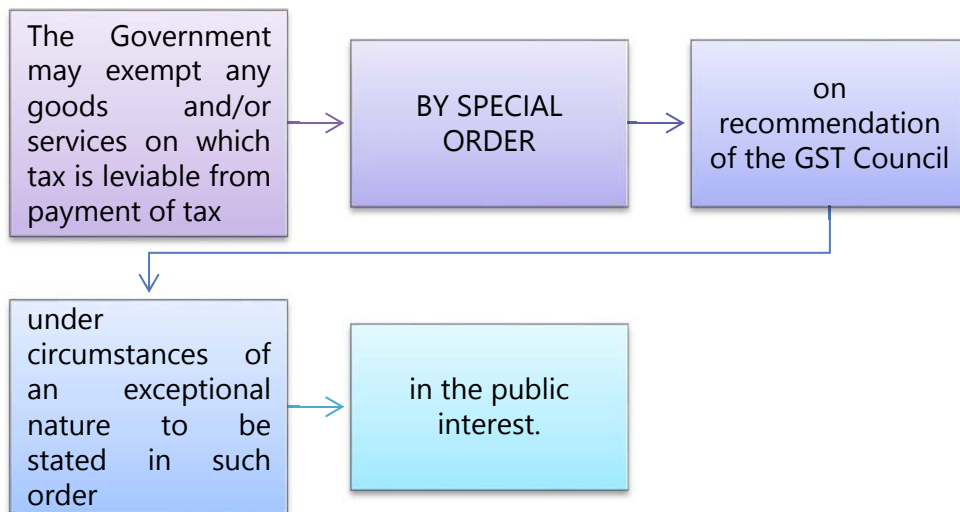
ANALYSIS

- (i) **Exemption from payment of tax:** The Government is empowered to grant exemption from tax, if it is necessary in public interest so to do, on recommendation of the GST council, by way of issuance of-

I. Notification



II. Special order



- (ii) **No need to pay tax on goods and/or services on which absolute exemption granted:** Where an exemption in respect of goods and/or services has been granted absolutely, the registered person supplying such goods and/or services shall not collect tax on such goods and/or services, in excess of the effective rate.
- (iii) **Explanation inserted within 1 year to have retrospective effect:** The Government can issue an explanation within 1 year of issue of notification/order of exemption (from payment of tax) or notification of exemption and such explanation shall have effect as if it was there when first such notification or order was issued, i.e. explanation so inserted would have retrospective effect.



Similar provisions granting power to exempt IGST have been provided under section 6 of the IGST Act.



4. GOODS EXEMPT FROM TAX

A list of items have been notified under section 11(1) of the CGST Act, 2017/section 6(1) of the IGST Act, 2017. These items have been exempted from

whole of the tax. Since GST is a tax for common man, everyday items used by the common man have been included in the list of exempted items.

Items such as unbranded atta/maida/besan, unpacked food grains, milk, eggs, curd, lassi and fresh vegetables are among the items exempted from GST.



Some of the examples of the goods exempted from tax have been provided herein¹:

 Live fish (0301)	 Fresh Milk (0401)	 Potatoes (0701)
 Grapes (0806)	 Indian National Flag (63)	 Plastic Bangles (3926)

¹ Students may go through the complete list of goods exempt from GST on CBEC website – www.cbec.gov.in, for knowledge purposes.

Goods imported by unit/developer in SEZ exempt from IGST


All goods imported by a unit/developer in the Special Economic Zone (SEZ) for authorised operations are exempt from the whole of the integrated tax leviable thereon under section 3(7) of the Customs Tariff Act, 1975 read with section 5 of the IGST Act, 2017 [**Notification No. 64/2017 Cus dated 05.07.2017**].















5. LIST OF SERVICES EXEMPT FROM TAX




I. SPECIFIC SERVICES EXEMPT FROM CGST/IGST

Notification No. 12/2017 CT (R) dated 28.06.2017/ Notification No. 9/2017 IT (R) dated 28.06.2017 unless otherwise specified, has exempted the following services wholly from CGST/IGST respectively:

Sl. No.	Description of services
1	<p><u>Services by an entity registered under section 12AA of the Income-tax Act, 1961 by way of charitable activities.</u></p> <p>In order to claim exemption under this head, following two conditions must be satisfied:-</p> <ul style="list-style-type: none"> (i) The entity is registered with income tax authorities under section 12AA of the Income tax Act, 1961, and (ii) The entity carries out one or more of the specified charitable activities. <p>It implies that tax is payable on any service other than by way of charitable activities to any other person [subject to fulfillment of other conditions of taxability] provided by an entity registered under section 12AA of the Income tax Act, 1961.</p> 
2	Services by way of transfer of a going concern , as a whole or an independent part thereof.
3	<u>Pure services provided TO Government:</u>

	<p> Pure services (excluding works contract service or other composite supplies involving supply of any goods)</p> <p> provided to the Central Government, State Government or Union territory or local authority or a Governmental authority</p> <p> by way of any activity:</p> <ul style="list-style-type: none"> • 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
4	<p> Services by Central Government, State Government, Union territory, local authority or governmental authority</p> <p> by way of any activity in relation to any function entrusted to a municipality under article 243 W of the Constitution are exempt.</p> 
5	<p> Services by a Governmental Authority</p> <p> by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution.</p> 
6	<p>Services BY Government:</p> <p>Services by the Central Government, State Government, Union territory or local authority excluding the following services—</p> <p>(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;</p>  <p>(b) services in relation to an aircraft or a vessel, in side 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 ₹ 20 lakh (₹ 10 lakh in case of a Special Category States) in the preceding FY.</p> <p>Explanation - For the purposes of this entry, it is hereby clarified that the provisions of this entry shall not be applicable to following services:-</p> <p>(i) Clauses (a), (b) and (c) of Entry 6 above.</p> <p>(ii) services by way of renting of immovable property.</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>However, nothing contained in this entry shall apply to services referred in clauses (a), (b) and (c) of Entry 6 above.</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 ₹ 5,000.</p> <p>However, nothing contained in this entry shall apply to services referred in Clause (a), (b) and (c) of Entry 6 above</p> <p>Further, in case where continuous supply of service* 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 ₹ 5,000 in a FY.</p> <p><i>*as defined in section 2(33) of the CGST Act, 2017</i></p>
9A	<p>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</p>




	India provided the 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.
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.
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.
11A	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.
11B	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.
12	Services by way of renting of residential dwelling for use as residence. 
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 or a trust or an 





	<p>institution registered under section 10(23C)(v) of the Income-tax Act or a body or an authority covered under section 10(23BBA) of the said Income-tax Act.</p> <p>However, nothing contained in entry (b) of this exemption shall apply to-</p> <p>(i) renting of rooms where charges are ₹ 1,000 or more per day;</p> <p>(ii) renting of premises, community halls, kalyanmandapam or open area, and the like where charges are ₹ 10,000 or more per day;</p> <p>(iii) renting of shops or other spaces for business or commerce where charges are ₹ 10,000 or more per month.</p>
14	<p>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 ₹ 1,000 per day or equivalent.</p>
15	<p>Transport of passengers, with or without accompanied belongings, by –</p> <p>(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;</p> <p>(b) non-air conditioned contract carriage other than radio taxi, for transportation of passengers, excluding tourism, conducted tour, charter or hire; or</p> <p>(c) stage carriage other than air- conditioned stage carriage.</p>
16	<p>Services provided to the Central Government, by way of transport of passengers with or without accompanied belongings, by air, embarking from or terminating at a RCS (Regional Connectivity Scheme) airport, against consideration in the form of viability gap</p>




	<p>funding;</p> <p>However, nothing contained in this entry shall apply on or after the expiry of a period of 1 year from the date of commencement of operations of the regional connectivity scheme airport as notified by the Ministry of Civil Aviation.</p>
17	<p>Service of transportation of passengers, with or without accompanied belongings, by—</p> <p>(a) railways in a class other than—</p> <p>(i) first class; or</p> <p>(ii) an air-conditioned coach;</p> <p>(b) metro, monorail or tramway;</p> <p>(c) inland waterways;</p> <p>(d) public transport, other than predominantly for tourism purpose, in a vessel between places located in India; and</p> <p>(e) metered cabs or auto rickshaws (including e-rickshaws).</p> <div data-bbox="976 479 1243 658" data-label="Image"> </div> <div data-bbox="976 678 1243 857" data-label="Image"> </div> <div data-bbox="976 877 1243 1056" data-label="Image"> </div>
18	<p>Services by way of transportation of goods-</p> <p>(a) by road except the services of—</p> <p>(i) a goods transportation agency;</p> <p>(ii) a courier agency;</p> <p>(b) by inland waterways.</p> <div data-bbox="940 1108 1243 1307" data-label="Image"> </div>
19	<p>Services by way of transportation of goods by an aircraft from a place outside India upto the customs station of clearance in India.</p>
20	<p>Services by way of transportation by rail or a vessel from one place in India to another of the following goods –</p> <p>(a) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap;</p> <div data-bbox="991 1528 1237 1696" data-label="Image"> </div>

	<p>(b) defence or military equipments;</p> <p>(c) newspaper or magazines registered with the Registrar of Newspapers;</p> <p>(d) railway equipments or materials;</p> <p>(e) agricultural produce;</p> <p>(f) milk, salt and food grain including flours, pulses and rice; and</p> <p>(g) organic manure.</p>	
21	<p>Services provided by a goods transport agency, by way of transport in a goods carriage of –</p> <p>(a) agricultural produce;</p> <p>(b) goods, where consideration charged for the transportation of goods on a consignment transported in a single carriage does not exceed ₹1,500;</p> <p>(c) goods, where consideration charged for transportation of all such goods for a single consignee does not exceed ₹ 750;</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 equipments.</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 12 passengers; or</p> <p>(b) to a goods transport agency, a means of transportation of goods.</p>	
23	<p>Service by way of access to a road or a bridge on payment of toll charges.</p>	

24	Services by way of loading, unloading, packing, storage or warehousing of rice.
25	Transmission or distribution of electricity by an electricity transmission or distribution utility. 
26	Services by the Reserve Bank of India. 
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) <i>inter se</i> sale or purchase of foreign currency amongst banks or authorised dealers of foreign exchange or amongst banks and such dealers. 
28	Services of life insurance business provided by way of annuity under the National Pension System regulated by the Pension Fund Regulatory and Development Authority of India under the Pension Fund Regulatory and Development Authority Act, 2013.
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.




30	Services by the Employees' State Insurance Corporation to persons governed under the Employees' State Insurance Act, 1948.	
31	Services provided by the Employees Provident Fund Organisation to the persons governed under the Employees Provident Funds and the Miscellaneous Provisions Act, 1952.	
32	Services provided by the Insurance Regulatory and Development Authority of India to insurers under the Insurance Regulatory and Development Authority of India Act, 1999.	
33	Services provided by the Securities and Exchange Board of India set up under the Securities and Exchange Board of India Act, 1992 by way of protecting the interests of investors in securities and to promote the development of, and to regulate, the securities market.	
34	<p>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.</p> <p><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.</p>	
35	<p>Services of general insurance business provided under following schemes –</p> <p>(a) Hut Insurance Scheme;</p> <p>(b) Cattle Insurance under Swarnajayanti Gram Swarozgar Yojna (earlier known as Integrated Rural Development Programme);</p>	


	<ul style="list-style-type: none"> (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), 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.
36	<p>Services of life insurance business provided under following schemes-</p> <ul style="list-style-type: none"> (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 BimaYojana; (e) Pradhan Mantri Jeevan Jyoti BimaYojana; (f) Pradhan Mantri Jan DhanYogana; (g) Pradhan Mantri Vaya Vandan Yojana.

37	Services by way of collection of contribution under the Atal Pension Yojana.	
38	Services by way of collection of contribution under any pension scheme of the State Governments.	
39	<p>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 branch;</p> <p>(b) any person as an intermediary to a business facilitator or a business correspondent with respect to services mentioned in entry (a); or</p> <p>(c) business facilitator or a business correspondent to an insurance company in a rural area.</p>	
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.	
41	One time 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 (30 years, or more) lease of industrial plots, provided by the State Government Industrial Development Corporations or Undertakings to industrial units.	
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 the 1 st April, 2016, on payment of licence fee or spectrum user charges, as the case may be.	
43	Services of leasing of assets (rolling stock assets including wagons, coaches, locos) by the Indian Railways Finance Corporation to Indian Railways.	

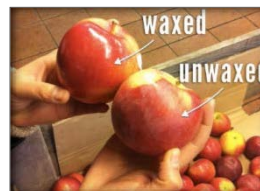
44	<p>Services provided by an incubatee up to a total turnover of ₹ 50 lakh in a financial year subject to the following conditions, namely:-</p> <p>(a) the total turnover had not exceeded ₹ 50 lakh during the preceding financial year; and</p> <p>(b) a period of three years has not elapsed from the date of entering into an agreement as an incubatee.</p>
45	<p>Services provided by-</p> <p>(a) an arbitral tribunal to –</p> <p>(i) any person other than a business entity; or</p> <p>(ii) a business entity with an aggregate turnover up to ₹ 20 lakh (₹10 lakh in the case of Special Category States) in the preceding financial year;</p> <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 ₹ 20 lakh (₹10 lakh 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 ₹ 20 lakh (₹10 lakh in the case of Special Category States) in the preceding financial year.</p>
46	<p>Services by a veterinary clinic in relation to health care of animals or birds.</p>



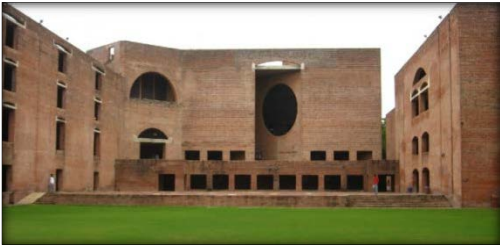
47	<p>Services provided by the Central Government, State Government, Union territory or local authority by way of-</p> <p>(a) registration required under any law for the time being in force;</p> <p>(b) testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, including fire license, required under any law for the time being in force.</p>	
48	<p>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.</p>	
49	<p>Services by way of collecting or providing news by an independent journalist, Press Trust of India or United News of India.</p>	
50	<p>Services of public libraries by way of lending of books, publications or any other knowledge-enhancing content or material.</p>	
51	<p>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.</p>	
52	<p>Services by an organiser to any person in respect of a business exhibition held outside India.</p>	



53	<p>Services by way of sponsorship of sporting events organised -</p> <ul style="list-style-type: none"> (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.
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>  <ul style="list-style-type: none"> (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 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.

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.
56	Services by way of slaughtering of 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.
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.
59	Services by a foreign diplomatic mission located in India.
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.
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.
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.
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 animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products.





64	<p>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 the 1st April, 2016:</p> <p>However, 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.</p>
65	<p>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.</p>
66	<p>Services provided -</p> <ul style="list-style-type: none"> (a) by an educational institution to its students, faculty and staff; (b) to an educational institution, by way of,- <ul style="list-style-type: none"> (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: <p>However, 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>

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) 2 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) 5 year integrated programme in Management.</p>	
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>	
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,</p> <p>in relation to-</p> <p>(i) the National Skill Development Programme implemented by the National Skill Development Corporation; or</p> <p>(ii) a vocational skill development course under the National Skill</p>	

	Certification and Monetary Reward 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.
71	Services provided by training providers (Project implementation agencies) under Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDUGKY) 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. 
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.
73	Services provided by the cord blood banks by way of preservation of stem cells or any other service in relation to such preservation.
74	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. 
75	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.



76	Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets.
77	<p>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 –</p> <p>(a) as a trade union;</p> <p>(b) for the provision of carrying out any activity which is exempt from the levy of Goods and Services Tax; or</p> <p>(c) up to an amount of ₹ 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.</p>
78	<p>Services by an artist by way of a performance in folk or classical art forms of-</p> <p>(a) music, or</p> <p>(b) dance, or</p> <p>(c) theatre,</p> <p>if the consideration charged for such performance is not more than ₹ 1,50,000.</p> <p>However, the exemption shall not apply to service provided by such artist as a brand ambassador.</p>



79	<p>Services by way of admission to a museum, national park, wildlife sanctuary, tiger reserve or zoo.</p>	
80	<p>Services by way of training or coaching in recreational activities relating to-</p> <p>(a) arts or culture, or</p> <p>(b) sports by charitable entities registered under section 12AA of the Income-tax Act.</p>	
81	<p>Services by way of right to admission to-</p> <p>(a) circus, dance, or theatrical performance including drama or ballet;</p> <p>(b) award function, concert, pageant, musical performance or any sporting event other than a recognised sporting event;</p> <p>(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.</p>	

★ Above services have been exempted from both CGST and IGST by virtue of notifications issued under respective Acts.

Apart from this, list of services exempt from IGST by *Notification No. 9/2017 IT (R) dated 28.06.2017 as amended* also include following three services:

S.No.	Description of services
1	<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 for the purposes of providing charitable activities; or</p> <p>(c) a person located in a non-taxable territory.</p> <p>However, 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	<p>Services received by the RBI, from outside India in relation to management of foreign exchange reserves.</p> 
3	<p>Services provided by a tour operator to a foreign tourist in relation to a tour conducted wholly outside India.</p> 

II. OTHER EXEMPTIONS

S.No.	Description of services
1	<p><u>Intra-State supplies received by a registered person from any unregistered supplier exempt from CGST</u></p> <p>Intra-State supplies of goods or services or both received by a registered person from any unregistered supplier, are exempt from the whole of the central tax leviable thereon under section 9(4).</p> <p>However, the said exemption shall not be applicable where the aggregate value of such supplies of goods or service or both received by a registered person from any or all the suppliers, who is or are not registered, exceeds ₹ 5,000 in a day <i>[Notification No.8/2017 CT (R) dated 28.06.2017].</i></p>
2	<p><u>Intra-State supplies received by a TDS deductor from any unregistered supplier exempt from CGST</u></p> <p>Intra-State supplies of goods or services or both received by a deductor under section 51, from any unregistered supplier, is exempt from the whole of the central tax leviable thereon under section 9(4),</p> <p>subject to the condition that the deductor is not liable to be registered otherwise than under section 24(vi) <i>[Notification No.9/2017 CT (R) dated 28.06.2017].</i></p>
3	<p><u>Services imported by unit/developer in SEZ exempt from IGST</u></p> <p>All services imported by a unit/developer in the Special Economic Zone (SEZ) for authorised operations are exempt from the whole of the integrated tax leviable thereon under section 3(7) of the Customs Tariff Act, 1975 read with section 5 of the IGST Act, 2017 <i>[Notification No. 18/2017 IT (R) dated 05.07.2017].</i></p>



6. ZERO RATED SUPPLY [SECTION 16 OF THE IGST ACT]



STATUTORY PROVISIONS

Section 16	Zero rated supply
Sub-section	Particulars
(1)	<p><i>"Zero rated supply" means any of the following supplies of goods or services or both, namely :-</i></p> <p><i>(a) export of goods or services or both; or</i></p> <p><i>(b) supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.</i></p>
(2)	<p><i>Subject to the provisions of sub-section (5) of section 17 of the Central Goods and Services Tax Act, credit of input tax may be availed for making zero-rated supplies, notwithstanding that such supply may be an exempt supply.</i></p>
(3)	<p><i>A registered person making zero rated supply shall be eligible to claim refund under either of the following options, namely :-</i></p> <p><i>(a) he may supply goods or services or both under bond or Letter of Undertaking, subject to such conditions, safeguards and procedure as may be prescribed, without payment of integrated tax and claim refund of unutilised input tax credit; or</i></p> <p><i>(b) he may supply goods or services or both, subject to such conditions, safeguards and procedure as may be prescribed, on payment of integrated tax and claim refund of such tax paid on goods or services or both supplied, in accordance with the provisions of section 54 of the Central Goods and Services Tax Act or the rules made thereunder.</i></p>



ANALYSIS

Export of goods or services are treated as inter-State supply and covered under the IGST Act [Discussed in detail Chapter 3 – Charge of GST]. Under GST, exports will be treated as **zero rated supplies**, i.e. the goods or services exported shall be relieved of GST levied upon them either at the input stage or at the final product stage.

The exporter will have an option to either pay IGST on the output and claim refund of such IGST paid or export under Bond/LUT without payment of IGST and claim refund of Input Tax Credit (ITC). The objective is to make Indian exports competitive in the international market.

(i) Meaning of zero-rated supply

Section 2(23) of the IGST Act stipulates that “zero-rated supply” shall have the meaning assigned to it in section 16. As per section 16(1):

“Zero rated supply” means any of the following supplies of goods or services or both, namely:-

(a) export of goods or services or both;

or

(b) supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.



The above definition makes it clear that supplies to SEZ units or developer shall be zero-rated in the same manner as done for the physical exports. Supplier

shall have option to make supplies to SEZ without payment of taxes and claim refunds of unutilized input taxes on such supplies.

Special Economic Zone: shall have the same meaning as assigned to it in section 2(zs) of the Special Economic Zones Act, 2005. Accordingly, SEZ means SEZ notified under proviso to section 3(4) and section 4(1) [including Foreign Trade and Warehousing Zone] and includes an existing SEZ.

Special Economic Zone developer: shall have the same meaning as assigned to it in section 2(g) of the Special Economic Zones Act, 2005 and includes an Authority as defined in clause (d) and a Co-Developer as defined in clause (f) of section 2 of the said Act.

(ii) Availment of credit on inward supplies for zero-rated supplies

Section 16(2) of the IGST Act specifies that ITC may be availed on inward supplies for making zero-rated supply, notwithstanding the exempt nature of the zero-rated supply. While computing the taxable supplies for the purpose of allowing input tax credit, zero-rated supplies are included therein.

Therefore, ITC is available on goods and/ or services used for supplies made in the course of export or to an SEZ unit or SEZ developer.

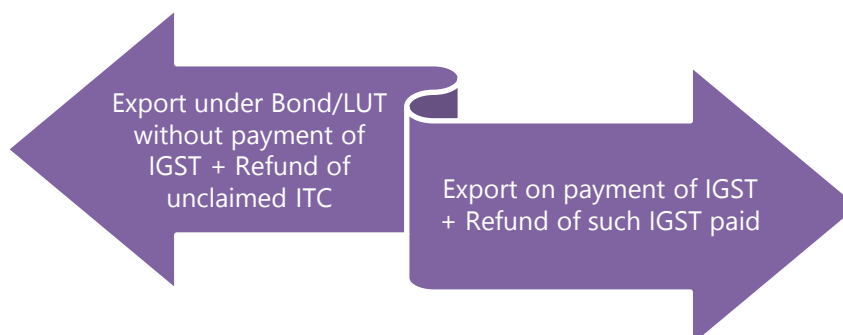


(iii) Options to claim refund

A registered person making zero rated supply shall be eligible to claim refund under either of the following options, namely :-

- (a) he may supply goods or services or both under bond or Letter of Undertaking, subject to such conditions, safeguards and procedure as may be prescribed, without payment of integrated tax and claim refund of unutilised input tax credit; or
- (b) he may supply goods or services or both, subject to such conditions, safeguards and procedure as may be prescribed, on payment of integrated tax and claim refund of such tax paid on goods or services or both supplied,

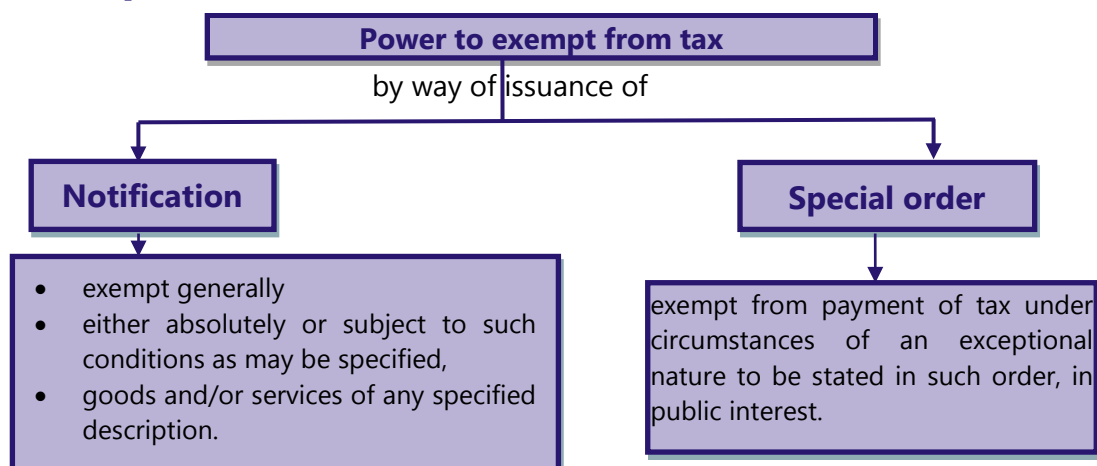
in accordance with the provisions of section 54 of the Central Goods and Services Tax Act or the rules made thereunder.



It is important to note that suppliers of exempted goods or services or both are not eligible to claim input tax credit on the inward supplies. However, in case of zero rated supplies, suppliers are eligible to avail credit of the input tax on eligible inward supplies.

LET US RECAPITULATE

1. Power to exempt from tax [Section 11 of the CGST Act/ section 6 of IGST Act]



TEST YOUR KNOWLEDGE

1. An individual acts as a referee in a football match organized by Sports Authority of India. He has also acted as a referee in another charity football match organized by a local sports club, in lieu of a lump sum payment. Discuss whether he is required to pay any GST?
2. RXL Pvt. Ltd. manufactures beauty soap with the brand name 'Forever Young'. RXL Pvt. Ltd. has organized a concert to promote its brand. Ms. Ahana Kapoor, its brand ambassador, who is a leading film actress, has given a classical dance performance in the said concert. The proceeds of the concert worth ₹ 1,20,000 will be donated to a charitable organization.

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

3. Determine taxable value of supply under GST law with respect to each of the following independent services provided by the registered persons:

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

4. Examine whether GST is exempted on the following independent supplies of services:
 - (i) Service provided by a private transport operator to Scholar Boys Higher Secondary School in relation to transportation of students to and from the school.
 - (ii) Services provided by way of vehicle parking to general public in a shopping mall.

5. Discuss whether GST is payable in respect of transportation services provided by Raghav Goods Transport Agency in each of the following independent cases:

Customer	Nature of services provided	Amount charged
A	Transportation of milk	₹ 20,000
B	Transportation of books on a consignment transported in a single goods carriage	₹ 3,000
C	Transportation of chairs for a single consignee in the goods carriage	₹ 600

6. When exemption from whole of tax collected on goods or services or both has been granted absolutely, can a person pay tax?

ANSWERS/HINTS

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

Since in the first case, the football match is organized by Sports Authority of India, which is a recognized sports body, services provided by the individual as a referee in such football match will be exempt.

However, when he acts as a referee in a charity football match organized by a local sports club, he would not be entitled to afore-mentioned exemption as a local sports club is not a recognized sports body and thus, GST will be payable in this case.

2. Services by an artist by way of a performance in folk or classical art forms of (i) music, or (ii) dance, or (iii) theatre are exempt from GST, if the consideration charged for such performance is not more than ₹ 1,50,000. However, such exemption is not available in respect of service provided by such artist as a brand ambassador.

Since Ms. Ahana Kapoor is the brand ambassador of 'Forever Young' soap manufactured by RXL Pvt. Ltd., the services rendered by her by way of a classical dance performance in the concert organized by RXL Pvt. Ltd. to promote its brand will not be eligible for the above-mentioned exemption

and thus, be liable to GST. The fact that the proceeds of the concert will be donated to a charitable organization will not have any bearing on the eligibility or otherwise to the above-mentioned exemption.

3. **Computation of value of taxable supply**

Particulars	(₹)
Fees charged for yoga camp conducted by a charitable trust [Note-1]	Nil
Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts [Note-2]	Nil
Amount charged by cord blood bank for preservation of stem cells [Note-3]	Nil
Service provided by commentator to a recognized sports body [Note-4]	5,20,000

Notes:

1. Services by an entity registered under section 12AA of the Income-tax Act, 1961 by way of charitable activities are exempt from GST. The activities relating to advancement of yoga are included in the definition of charitable activities. So, such activities are exempt from GST.
 2. Services by business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch have been exempted from GST.
 3. Services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation are exempt from GST.
 4. Services provided to a recognized sports body only by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body are exempt from GST. Thus, services provided by commentators are liable to GST.
4. (i) Yes. Services provided TO an educational institution by way of transportation of students are exempted from GST.

- (ii) No. Services provided by way of vehicle parking to general public are not exempted from GST. Therefore, GST is payable on the same.

5.

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

6. No, the person supplying exempted goods or services or both shall not collect the tax in excess of the effective rate.