

# TOPIC - EXEMPTIONS UNDER GST

## HEALTH CARE SECTOR

### Question 1

Compute the value of taxable supply in the hands of Fortis hospital and the GST payable thereon. GST, if any, would be charged extra.

Particulars	Amount (Rs)
Receipts of diagnostic center	50 lakhs
Ambulance services to transport ill patients from hospital to home	1 lakh
Ambulance services to transport ill patients from home to hospital	2 lakhs
Lip enhancement surgery carried out for Anushka Sharma	80 lakhs
Hair removal surgery carried out for Anil Kapoor	20 lakhs
Cosmetic surgery on account of injury suffered during accidents	10 lakhs
Life-saving operation carried out in ICU (the amount includes Rs 5 lakhs worth of consumables used during the operation)	20 lakhs

### Question 2

Good Health Medical Centre, a clinical establishment, offers the following services:

- Reiki healing treatments. Such therapy is not a recognized system of medicine in terms of Section 2(h) of Clinical Establishments Act, 2010.
- Plastic surgeries. One such surgery was conducted to repair cleft lip of a new born baby.
- Air ambulance services to transport critically ill patients from distant locations to the Medical Centre.
- Palliative care for terminally ill patients. On request, such care is also provided to patients at their homes. (Palliative care is given to improve the quality of life of patients who have a serious or life-threatening disease but the goal of such care is not to cure the disease)
- Alternative medical treatments by way of yoga.

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

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

You are required to examine the situation in the light of relevant statutory provisions.

### Question 3

Well-Being Hospital has received the following amounts in the month of December 2018 in lieu of various services rendered by it in the same month. You are required to determine its GST liability from the details furnished below (all the amounts given below are exclusive of GST):

S.No.	Particulars	Rs (in lakhs)
(i)	Services provided by cord blood bank unit by way of preservation of stem cells	24
(ii)	Hair transplant services	100
(iii)	Mortuary services	10
(iv)	Plastic surgery to restore anatomy of a child affected due to an accident	30

(v)	Pranic healing treatments. Such treatment is not a recognized system of medicine in terms of Section 2(h) of the Clinical Establishments Act, 2010	120
(vi)	Naturopathy treatments. Such treatment is a recognized system of medicine in terms of Section 2(h) of the Clinical Establishments Act, 2010	80

Well-Being Hospital does not have its own ambulances so it avails ambulance services from Life Savers, ambulance service provider, to transport critically ill patients from various locations to the Hospital. Examine whether Life Savers would be charging any GST from Well Being Hospital on the services provided by them.

## AMUSEMENT / ENTERTAINMENT SECTOR

### Question 1

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 will be donated to a charitable organization. Explain whether Ms Ahana Kapoor will be required to pay any GST assuming that she charged only Rs 50,000 for her performance.

### Question 2

Kesar Maharaj, a renowned classical dancer, gave a classical dance performance in an auditorium. The consideration charged for the said performance is Rs 1,48,000. Is Kesar Maharaj liable to pay GST on the consideration received for the said performance if such performance is not for promotion of any product/services? If yes, determine his GST liability. Will your answer be different if:

- (i) Consideration charged by Kesar Maharaj for the said performance is Rs 1,60,000?
- (ii) Kesar Maharaj is a brand ambassador of a food product and aforesaid performance is for the promotion of such food product?
- (iii) Kesar Maharaj gives a contemporary Bollywood style dance performance?

**Note:** Wherever applicable, GST has been charged separately.

## TRANSPORTATION OF PASSENGERS

### Question 1

Mr A boarded Rajdhani Express (fully AC train) from Kanpur on July 5, 2017 and disembarked at New Delhi. He hired a car from a local cab operator for the whole day on a lumpsum consideration and visited Delhi's historical monuments. In the night, he took the Metro to International Airport and boarded a flight to Mumbai. At Mumbai Airport, he used a radio taxi for going to his hotel. Mr A returned to Kanpur from a different train, Pushpak Express in sleeper class. With reference to the provisions of Finance Act, 1994, examine the levability of GST on the various modes of travel undertaken by Mr A.

### Question 2

'Tours and Travel Agency' furnishes the following information relating to services provided. State whether the followings services are liable to GST or not.

- Public transport used to travel within a state through waterway (inland waterway)
- Transportation of public in a AC stage carriage
- Travelling by auto rickshaw
- Public transportation of passenger through metro, monorail or tramway
- Service of transportation in a vessel used for tourism purpose only

**Question 3**

High Alps Cable Car Co runs a cable car to transport pilgrims uphill to a mountain top where a holy shrine is situated. Examine whether High Alps Cable Car Co is required to pay any GST.

**TRANSPORTATION OF GOODS**

**Question 1**

'Big Goods Transportation Agency' provided the following services during the month ended September 30, 2017. State whether the followings services are liable to GST or not.

- Transportation of goods by a courier agency
- Goods transportation (consignment note issued)
- Transportation of goods through national waterways (inland waterways)
- Goods transportation by air from Bangalore to Delhi

**Question 2**

A goods transportation agency has undertaken multiple consignment of goods. Examine the taxability of each individual consignment.

Consignment	Consignee Details Along With Freight Charged	Taxability
Consignment No 1	Mr A: Freight charged is Rs 1,200	
Consignment No 2	Mr B: Freight charged is Rs 2,000	
Consignment No 3	<input type="checkbox"/> Mr C: Freight charged is Rs 500 <input type="checkbox"/> Mr D: Freight charged is Rs 700 <input type="checkbox"/> Mr E: Freight charged is Rs 900	
Consignment No 4	Mr D (3 separate bilties issued): Bilty 1 - Rs 800, Bilty 2 - Rs 1,000, Bilty 3 - Rs 1,500	

**FINANCIAL / BANKING SECTOR**

**Question 1**

'ABC Bank Ltd' furnishes the following information relating to services provided. Compute the GST liability of 'ABC Bank Ltd' assuming that the amount of GST has been charged separately.

S.No.	Particulars	Amount (Rs)
(i)	Interest on overdraft	5,00,000
(iii)	Commission on sale of foreign currency to other banks	4,00,000
(iv)	Received processing charges related to money borrowed	50,000
(v)	Commission on sale of US Dollar (\$) to general public	25,000

**Question 2**

ET Bank Ltd furnishes the following information relating to the services provided. Compute GST liability assuming that GST is not included in the amounts given below:

Particulars	Amount (Rs in lakhs)
Sale and purchase of forward contract	25
Commission charged on debt collection services	18
Margin earned on reverse repo transactions	5

Administrative charges collected for extending home loans	12
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**Question 3**

Euro Bank Ltd furnishes the following information relating to services provided. Compute the value of taxable supplies and GST liability of Euro Bank Ltd. GST has been charged separately.

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

**SPORTS SECTOR**

**Question 1**

Virat Kohli furnishes the following information of the various receipts. Compute the value of taxable services and GST thereon. GST, if any, would be charged extra.

Particulars	Amount (Rs)
Receipts from BCCI for playing cricket for India at international level	Rs 100 lakhs
Receipts from Royal Challengers Bangalore - a franchisee of Indian Premier League (not a recognized sports body)	Rs 200 lakhs
Receipts from Hindustan Unilever Limited for acting as the brand ambassador of 'Fair & Handsome'	Rs 100 lakhs
Khel Ratna Award received from government of India	Rs 10 lakhs

**Question 2**

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. Discuss whether he is required to pay any GST.

**FOOD / AGRICULTURAL SECTOR**

**Question 1**

Compute the GST liability of ABC Agro Products from the following details furnished by them with respect to the activities undertaken by them:

S.No.	Particulars	Amount (Rs)
(i)	Supply of farm labour	2,50,000
(ii)	Warehousing of biscuits	2,00,000
(iii)	Sale of rice on commission basis	70,000
(iv)	Leasing of vacant land to a dairy farm	1,50,000
(v)	Leasing of vacant land to a stud farm	1,30,000
(vi)	Leasing of vacant land to a poultry farm	2,50,000
(vii)	Testing undertaken for soil of a farm land	83,500
(viii)	Training of farmers on use of new pesticides and fertilizers developed through scientific research	10,000

**Question 2**

'Rock Farmer Association' is engaged in providing services relating to agriculture. Compute its GST liability from the following details furnished by it with respect to the activities undertaken by it.

S.No.	Particulars	Amount (Rs)
(i)	Cultivation of ornamental flowers	42,000
(ii)	Packing of tomato ketchup	54,000
(iii)	Warehousing of potato chips	1,65,000
(iv)	Sale of tea on commission basis	68,000
(v)	Packaging of pulses in retail packs	42,000
(vi)	Training of farmers on use of scientific tools and agro machinery	10,000
(vii)	Leasing of vacant land to a stud farm	1,63,000
(viii)	Grading of wheat according to its quality	42,000
(ix)	Testing of samples from plants for pest detection	1,21,500
(x)	Rearing of silk worms	83,500

**PUBLIC CONVENIENCE SERVICES****Question 1**

Discuss whether the following services provided are chargeable to GST or not:

- A Ltd has constructed Delhi-Jaipur Highway under Public Private Partnership Agreement with Delhi Govt. After construction, A Ltd has been authorized to collect toll charges for providing access to newly developed 8 lane highway. A Ltd has given the job of toll collection on its behalf to B Ltd (commission being 10% of toll collection).
- Charges are collected by a developer for distribution of electricity within a residential complex.

**EDUCATION SECTOR****Question 1**

'Study Hard Institute' provided the following services during the month of July 2017. Compute the value of taxable services and GST liability of 'Study Hard Institute' for the month of July 2017.

S.No.	Particulars	Amount (Rs)
(i)	Fees collected from Creche (a nursery school)	2,50,000
(ii)	Collection of fees from students of Higher Secondary (a school)	5,00,000
(iii)	Collection of fees for giving coaching for entrance exam of IIT	3,00,000
(iv)	Collection of fees from the students registered under unapproved vocational educational course	2,50,000

**Question 2**

Sarvshiksha, an Educational Trust, runs a play school, 'Tiny Tots' and a higher secondary school, 'Pinnacle Academy'. It also runs a coaching centre which provides coaching for IIT-JEE entrance examinations to meritorious students of economically weak background. It also provides coaching classes for examinations of Certified Public Accountant, USA. Examine the levability of GST in each case.

**Question 3**

Industrial Training Institute (ITI), Manikpuri offers a short term Modular Employable Skill Course in Information & Communication Technology Sector. The said course is approved by the National Council of Vocational Training (NCVT). ITI, Manikpuri is registered with the Directorate General of Employment and Training, Ministry of Labour and Employment. Revenue raised a demand for GST on the services provided

by ITI Manikpuri. Examine whether the demand raised by Revenue is correct in law.

## LEGAL SERVICES

### Question 1

XY Legal is a firm of advocates (partners are X and Y, having equal profit sharing ratio). Following are the details of services provided by XY Legal during FY 2017-18 post introduction of GST:

- Legal services of Rs 8,00,000 provided to Mr A, an advocate of Bombay High Court (Gross receipts of Mr A are always more than Rs 70,00,000 per annum);
- Legal services of Rs 32,00,000 provided to PQR Legal (a firm of 10 advocates);
- Legal services of Rs 6,00,000 provided to Mr C (a salaried employee). The services are provided to Mr C in a personal legal matter not connected with the employer;
- Legal services of Rs 11,00,000 provided to D Ltd (Turnover of D Ltd during FY 2016-17 was Rs 8,00,000); and
- Legal services of Rs 5,00,000 provided to E Ltd (Turnover of E Ltd during FY 2016-17 was Rs 70,00,000).

Above figures are exclusive of GST. Find out:

- (a) GST payable by the service provider (ie, XY Legal); and  
(b) GST payable by the service recipients (ie Mr A, PQR Legal, Mr C, D Ltd and E Ltd).

### Question 2

XY Associates LLP is a firm of Chartered Accountants (partners are X and Y, having equal profit sharing ratio). Following are the details of services provided by XY Associates LLP during FY 2017-18:

- Tax consultancy services of Rs 7,00,000 provided to Mr A, a CA in practice (Gross receipts of Mr A are always more than Rs 1,00,00,000 per annum);
- Tax consultancy services of Rs 10,00,000 provided to Shah & Associates (a firm of 10 Chartered Accountants);
- Tax consultancy services of Rs 3,00,000 provided to Mr C (a salaried employee). The services are provided to Mr C in a personal legal matter not connected with the employer;
- Audit services of Rs 4,00,000 provided to D Ltd (Turnover of D Ltd during FY 2016-17 was Rs 9,00,000); and
- Audit services of Rs 45,000 provided to E Ltd (Turnover of E Ltd during FY 2016-17 was Rs 600 crores).

Above figures are exclusive of GST. Find out:

- (a) GST payable by the service provider (ie, XY Associates LLP); and  
(b) GST payable by the service recipients (ie Mr A, Shah & Associates, Mr C, D Ltd and E Ltd).

### Question 3

Vakil & Vakil, a firm of lawyers rendered legal advice to Mr B (a professional architect) and MNO Ltd (an advertising agency) during October 2018. Both Mr B and MNO Ltd got themselves registered under GST in FY 2017-18 as per the provisions of Section 22 of CGST Act. Who is liable to pay GST in this case?

Will your answer be different if Mr B and MNO Ltd sought legal advice from Mr A, a lawyer?

**RENTING OF IMMOVABLE PROPERTY****Question 1**

Mr Dhingra rendered the following services by renting his properties located in Gujarat for various uses:

Particulars	Amount (Rs)
Land let out to Jumbo Circus	1,50,000
A building let out to Singhania classes for providing coaching to CA students	5,00,000
A vacant land used for horticulture	3,00,000
A building let out to EXIM Ltd for use as a corporate office	8,00,000

Determine the value of taxable services and GST liability thereon. Assume that the above-mentioned amounts are exclusive of GST.

**GOVERNMENT SERVICES****Question 1**

Department of Posts provided following services to persons other than Government. Calculate its GST liability assuming that the amounts given below are exclusive of GST, wherever applicable.

Particulars	Amt (Rs in lakhs)
Basic mail services	100
Transfer of money through money orders	500
Operation of saving accounts	150
Rural postal life insurance services	200
Distribution of mutual funds, bonds and passport applications	500
Issuance of postal orders	300
Collection of telephone and electricity bills	100
Pension payment services	50
Speed post services	500
Express parcel post services	200

**MIX QUESTIONS****Question 1**

Determine the applicability of GST in each of the following independent cases:

- Margin earned from trading in equity shares.
- Margin from trading in futures.
- Commission charged by a bank on sale of foreign exchange to an authorized foreign exchange dealer.
- External asset management services received by Reserve Bank of India from overseas financial institutions.
- Services provided by an Indian tour operator to Mr B, a Japanese National, for a tour conducted in Europe.
- Services provided to a Higher Secondary School affiliated to CBSE Board by an IT company in relation to development of a software to be used for enhancing the quality of classroom teaching.
- Services provided by a bus operator by way of transportation of passengers in air-conditioned buses.

**Question 2**

Discuss whether the following services are chargeable to GST or not:

- a) Paddy milled into rice on job work basis.
- b) A hockey player gets fees from Indian Hockey Federation for participating in an international event.
- c) Sonakshi Sinha, a brand ambassador of Colgate Palmolive Ltd, gets Rs 15 lacs for advertising its products.
- d) An Indian tour operator provided services to Mr Yuhan, a Japanese national, for a tour in Sri Lanka.
- e) Mr Amit, an organizer, provided services to Mr Kumar in respect of a business exhibition held in Patna.
- f) Mr Chandra Bhusan provided the services by conducting religious rites at the birth ceremony of a child.
- g) Services provided as a match referee directly to Sports Authority of India for Rs 2,50,000.
- h) Security services provided to a Government recognized educational institution for Rs 3,00,000.
- i) Performing music concert by a renowned Carnatic singer in consideration for Rs 1,40,000.
- j) Collection of admission fee for music concert with fee of Rs 1,000 per person.

**Question 3**

Examine the taxability of the following amounts as per the relevant provisions of GST law:

S.No.	Particulars	Amount (Rs)
(i)	Admission to a Railway Museum	50,000
(ii)	Admission to a Telly Award Function (Value per ticket per person is Rs 510)	5,10,000
(iii)	Transportation of milk by a goods transport agency	1,50,000
(iv)	Fees charged for yoga camp conducted by a charitable trust	5,00,000
(v)	Amount charged by cord blood banks by way of preservation of stem cells	50,000
(vi)	Service provided by commentators to a recognized sports body	5,20,000
(vii)	Services by way of waxing of apples to provide it an artificial sheen for increasing its marketability	1,00,000
(viii)	Transportation of patients to ABC Nursing Home and Bheem Multispecialty Hospital, in an ambulance owned by XYZ Ltd	1,20,000



**SOLUTIONS****HEALTH CARE SECTOR****Answer 1****Computation of GST Liability of Fortis Hospital:**

Particulars	Amt (Rs)
Receipts of diagnostic center	Exempt
Ambulance services to transport ill patients from hospital to home	Exempt
Ambulance services to transport ill patients from home to hospital	Exempt
Lip enhancement surgery carried out for Anushka Sharma	80 lakhs
Hair removal surgery carried out for Anil Kapoor	20 lakhs
Cosmetic surgery on account of injury suffered during accidents	Exempt
Life-saving operation carried out in ICU (the amount includes Rs 5 lakhs worth of consumables used during the operation)	Exempt
<b>Value of Taxable Services</b>	<b>100 lakhs</b>
<b>GST Liability</b>	<b>18 lakhs</b>

**Answer 2**

Health care services provided by a clinical establishment in any recognized system of medicines in India are exempt from payment of GST. Eligibility for exemption in respect of each service offered by Good Health Medical Centre is examined below:

- (i) **Taxable.** Since reiki healing is not a recognized system of medicine in terms of Section 2(h) of Clinical Establishments Act, 2010, it would not be exempt.
- (ii) Health care service **does not include cosmetic or plastic surgery**, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma. Therefore, plastic surgeries will not be entitled to the said exemption and thus, GST would be payable thereon. However, plastic surgery conducted to repair a cleft lip will be eligible for exemption as it reconstructs anatomy or functions of body affected due to congenital defects (cleft lip).
- (iii) **Exempt.** Health care service includes services by way of transportation of the patient to and from a clinical establishment. Thus, air ambulance services to transport critically ill patients to Good Health Medical Centre would be eligible for exemption.
- (iv) **Exempt.** Health care service means any service by way of diagnosis or treatment **or care** for illness, injury, deformity, abnormality or pregnancy in any recognized system of medicines in India. It is immaterial whether such service is provided at the clinical establishment or at the home of the patient or at any other place.
- (v) **Exempt.** Since yoga is a recognized system of medicine in terms of Section 2(h) of Clinical Establishments Act, 2010, the same would be eligible for exemption.

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

It is important to note that exemption is available for health care services provided **BY** a clinical establishment and not for services provided **TO** a clinical establishment. Only services provided by common bio-medical waste treatment facility to clinical establishments by way of treatment or disposal of bio-medical waste or the processes incidental thereto are exempt from payment of GST. **Therefore, Good Health Medical Centre's contention that since it is a clinical establishment, all the services provided to it are also exempt from GST is not correct in law.**

**Answer 3****Computation of GST Liability of Well-Being Hospital:**

Particulars	Rs (in lakhs)
Services provided by cord blood bank by way of preservation of stem cells (Services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation are exempt)	-

Hair transplant services ( <i>Hair transplant services are specifically excluded from the meaning of health care services, and thus not eligible for exemption</i> )	100
Mortuary services ( <i>Mortuary services are covered under Schedule III of CGST Act. Such services are neither treated as supply of goods nor as supply of services. Hence, the same are not liable to GST</i> )	-
Plastic surgery to restore anatomy of a child affected due to an accident ( <i>Health care service does not include 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. Thus, plastic surgery performed to restore anatomy of a child affected due to an accident is exempt</i> )	-
Pranic healing treatments ( <i>Pranic healing treatment is not a recognized system of medicine, and thus not eligible for exemption</i> )	120
Naturopathy treatments ( <i>Naturopathy is a recognized system of medicine, and thus eligible for exemption</i> )	-
<b>Value of Taxable Services</b>	<b>220</b>
<b>GST Liability</b>	<b>39.60</b>

- Services by way of transportation of the patient in an ambulance are exempt irrespective of the status of the service provider. Therefore, ambulance services provided by Life Savers are exempt from GST.

### AMUSEMENT / ENTERTAINMENT SECTOR

#### Answer 1

- Services provided by a performing artist in folk or classical art forms of music, dance or theatre are exempt from GST if the consideration charged for such performance is not more than Rs 1.5 lakh. However, such exemption is not available in case of services provided by brand ambassadors.
- 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.

#### Answer 2

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

In view of the aforesaid provisions, services provided by Kesar Maharaj are exempt from GST as consideration for the classical dance performance has not exceeded Rs 1,50,000. Therefore, his GST liability is nil.

- If the consideration charged for the said performance by Kesar Maharaj is Rs 1,60,000, he will be liable to pay GST on the same as although the performance is by way of classical art form of dance, consideration charged for such performance has exceeded Rs 1,50,000. His GST liability would, therefore, be Rs 28,800 (Rs 1,60,000 x 18%).
- If Kesar Maharaj is a brand ambassador of a food product and aforesaid performance is for the promotion of such food product, he will be liable to pay GST as aforesaid exemption is not applicable to services provided by an artist as a brand ambassador. His GST liability would, therefore, be Rs 26,640 (1,48,000 x 18%).
- If Kesar Maharaj gives a contemporary Bollywood style dance performance, such performance will not be eligible for aforesaid exemption. The reason for the same is that although the consideration charged does not exceed Rs 1,50,000, said performance is not in folk or classical art forms of dance. Hence, GST would be payable on the same. His GST liability would, therefore, be Rs 26,640 (1,48,000 x 18%).

### TRANSPORTATION OF PASSENGERS

#### Answer 1

- Rail travel in AC train:** Not covered in exemption list and thus, liable to GST.
- Travel in a car rented for the whole day on a lumpsum consideration:** Since travel by only metered cabs is covered in exemption list, travel in a car rented for the whole day on a lumpsum consideration will be liable to GST.

- (iii) **Metro travel:** Covered in exemption list and hence, not taxable.
- (iv) **Air travel:** Not covered in exemption list and thus, liable to GST.
- (v) **Radio taxi travel:** Not covered in exemption list and thus, liable to GST.
- (vi) **Rail travel in sleeper class:** Covered in exemption list and hence, not taxable.

**Answer 2**

S.No.	Particulars	Taxability
(i)	Public transport used to travel within a state through waterway (inland waterway) <i>(Transportation of passengers through inland waterways is covered under exemption list)</i>	Exempt
(ii)	Transportation of public in a AC stage carriage <i>(Not covered under exemption list)</i>	Taxable
(iii)	Travelling by auto rickshaw <i>(Covered under exemption list)</i>	Exempt
(iv)	Public transportation of passenger through metro, monorail or tramway <i>(Covered under exemption list)</i>	Exempt
(v)	Service of transportation in a vessel used for tourism purpose only <i>(Not covered under exemption list since predominant purpose is tourism)</i>	Taxable

**Answer 3**

Transport of passengers, with or without accompanied belongings, by ropeway, cable car or aerial tramway is taxable. Therefore, transportation of pilgrims by cable car to the holy shrine situated at the mountain top will be taxable. However, if High Alps Cable Car Co has been registered as a charitable trust u/s 12AA of the Income Tax Act, 1961 and transportation of passengers by cable car to the holy shrine has been provided by High Alps Cable Car Co as part of its objective of advancement of religion, exemption can be availed.

**TRANSPORTATION OF GOODS**

**Answer 1**

S.No.	Particulars	Taxability
(i)	Transportation of goods by a courier agency <i>(Services of courier agency are not covered under exemption list and thus taxable)</i>	Taxable
(ii)	Goods transportation (consignment note issued) <i>(Services of goods transport agency are not covered under exemption list and thus taxable)</i>	Taxable
(iii)	Transportation of goods through national waterways (inland waterways) <i>(Transportation of goods through inland waterways is covered under exemption list)</i>	Exempt
(iv)	Goods transportation by air from Bangalore to Delhi <i>(Transportation of goods through air is not covered under exemption list and thus taxable)</i>	Taxable

**Answer 2**

Consignment	Consignee Details Along With Freight Charged	Taxability
<b>Consignment No 1</b>	Mr A: Freight charged is Rs 1,200	Exempt
<b>Consignment No 2</b>	Mr B: Freight charged is Rs 2,000	Taxable
<b>Consignment No 3</b>	<input type="checkbox"/> Mr C: Freight charged is Rs 500 <input type="checkbox"/> Mr D: Freight charged is Rs 700 <input type="checkbox"/> Mr E: Freight charged is Rs 900	Mr C - Exempt Mr D - Exempt Mr E - Taxable
<b>Consignment No 4</b>	Mr D (3 separate bilties issued): Bilty 1 - Rs 800, Bilty 2 - Rs 1,000, Bilty 3 - Rs 1,500	All 3 Bilties Fully Taxable

**FINANCIAL / BANKING SECTOR****Answer 1**

Computation of Value of Taxable Services and GST Liability of ABC Bank Ltd:

S.No.	Particulars	Amount (Rs)
(i)	Interest on overdraft ( <i>Time value of money in the form of interest is exempt from GST</i> )	Exempt
(ii)	Commission on sale of foreign currency to other banks ( <i>Sale of foreign currency by a bank to another bank is exempt from GST</i> )	Exempt
(iii)	Received processing charges related to money borrowed ( <i>Not covered under exemption list</i> )	50,000
(iv)	Commission on sale of US Dollar (\$) to general public ( <i>Sale of foreign currency by a bank to public is not covered under exemption list and thus taxable</i> )	25,000
<b>Value of Taxable Services</b>		<b>75,000</b>
<b>GST Liability</b>		<b>13,500</b>

**Answer 2**

Computation of Value of Taxable Services and GST Liability of ET Bank Ltd:

S.No.	Particulars	Amount (Rs)
(i)	Sale and purchase of forward contract ( <i>Forward contracts are covered within the meaning of 'securities' and sale/purchase of securities is not liable to GST</i> )	Exempt
(ii)	Commission charged on debt collection services ( <i>Commission charged on debt collection services is taxable</i> )	18 lakhs
(iii)	Margin earned on reverse repo transactions ( <i>Reverse repo is covered within the meaning of 'securities' and margin earned from sale/purchase of securities is not liable to GST</i> )	Exempt
(iv)	Administration charges for extending home loans ( <i>Administrative charges collected over and above interest would not be a part of exemption list and thus would represent taxable consideration</i> )	12 lakhs
<b>Value of Taxable Services</b>		<b>30 lakhs</b>
<b>GST Liability</b>		<b>5.4 lakhs</b>

**Answer 3**

Computation of Value of Taxable Services and GST Liability of Euro Bank Ltd:

Particulars	Amount (Rs)
Interest on overdraft ( <i>Covered under exemption list</i> )	Nil
Interest on loans with a collateral security ( <i>Covered under exemption list</i> )	Nil
Interest on corporate deposits ( <i>Covered under exemption list</i> )	Nil
Administrative charges on loans, advances and deposits ( <i>Not covered under exemption list</i> )	6,00,000
Sale of foreign exchange to general public ( <i>Not covered under exemption list</i> )	15,00,000
Service charges relating to issuance of Certificates of Deposits ( <i>Not covered under exemption list</i> )	20,00,000
<b>Value of Taxable Services</b>	<b>41,00,000</b>
<b>GST Liability</b>	<b>7,38,000</b>

**SPORTS SECTOR****Answer 1**

Computation of GST Liability of Virat Kohli:

Particulars	Amount (Rs)
Receipts from BCCI for playing cricket for India at international level	Exempt
Receipts from Royal Challengers Bangalore (not a recognized sports body)	200 lakhs
Receipts from HUL for acting as the brand ambassador of 'Fair & Handsome'	100 lakhs
Khel Ratna Award received from Indian Govt ( <i>Activity does not qualify as supply</i> )	Not a supply
<b>Value of Taxable Services</b>	<b>300 lakhs</b>

<b>GST Liability</b>	<b>54 lakhs</b>
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**Answer 2**

- Services provided by an individual to a recognized sports body 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.

**FOOD / AGRICULTURAL SECTOR**

**Answer 1**

**Computation of GST Payable by ABC Agro Products:**

S.No.	Particulars	Amount (Rs)
(i)	Supply of farm labour <i>(Covered under exemption list)</i>	-
(ii)	Warehousing of biscuits <i>(Taxable since biscuit is not an agricultural produce)</i>	2,00,000
(iii)	Sale of rice on commission basis <i>(Taxable since rice is not an agricultural produce)</i>	70,000
(iv)	Leasing of vacant land to a dairy farm <i>(Not taxable since rearing of animals is included in the scope of exemption list)</i>	-
(v)	Leasing of vacant land to a stud farm <i>(Taxable since rearing of horses has been excluded from the scope of exemption list)</i>	1,30,000
(vi)	Leasing of vacant land to a poultry farm <i>(Not taxable since rearing of animals is included in the scope of exemption list)</i>	-
(vii)	Testing undertaken for soil of a farm land <i>(Covered under exemption list)</i>	-
(viii)	Training of farmers on use of new pesticides/fertilizers developed through scientific research <i>(Not taxable since agricultural extension services have been included in the exemption list)</i>	-
<b>Value of Taxable Services</b>		<b>4,00,000</b>
<b>GST Liability</b>		<b>72,000</b>

**Note 1:** It is assumed that the values given are exclusive of GST.

**Answer 2**

**Computation of GST Payable by Rock Farmer Association:** {Assumed that the values given are exclusive of GST}

S.No.	Particulars	Amount (Rs)
(i)	Cultivation of ornamental flowers <i>(Floriculture activity is covered under exemption list)</i>	-
(ii)	Packing of tomato ketchup <i>(Taxable since tomato ketchup is not an agricultural produce)</i>	54,000
(iii)	Warehousing of potato chips <i>(Taxable since potato chips is not an agricultural produce)</i>	1,65,000
(iv)	Sale of tea on commission basis <i>(Not taxable since tea is an agricultural produce)</i>	-
(v)	Packaging of pulses in retail packs <i>(Packaging meant for retail markets is not covered under exemption list and thus taxable)</i>	42,000
(vi)	Training of farmers on use of scientific tools and agro machinery <i>(Not taxable since agricultural extension services have been included in the exemption list)</i>	-
(vii)	Leasing of vacant land to a stud farm <i>(Taxable since rearing of horses has been excluded from the scope of exemption list)</i>	1,63,000
(viii)	Grading of wheat according to its quality <i>(Not taxable since wheat is an agricultural produce)</i>	-
(ix)	Testing of samples from plants for pest detection <i>(Not taxable)</i>	-
(x)	Rearing of silk worms <i>(Sericulture activity is covered under exemption list)</i>	-
<b>Value of Taxable Services</b>		<b>4,24,000</b>
<b>GST Liability</b>		<b>76,320</b>

**PUBLIC CONVENIENCE SERVICES****Answer 1**

- a) A Ltd is not liable to pay GST because services by way of access to road/bridge on payment of toll charges are covered under exemption list and thus not taxable. Services of toll collection by B Ltd on behalf of A Ltd (ie an agency authorized to levy toll) are taxable because no exemption is available in respect of such services.
- b) Services of transmission/distribution of electricity are covered under the exemption list only if such services are provided by an electricity transmission or distribution utility. A private developer is not covered within the scope of an electricity transmission or distribution utility and thus services provided by him would be taxable.

**EDUCATION SECTOR****Answer 1****Computation of GST Liability of 'Study Hard Institute':**

S.No.	Particulars	Amount (Rs)
(i)	Fees collected from Creche (a nursery school) <i>(Pre-school education covered under exemption list and thus exempt)</i>	Exempt
(ii)	Collection of fees from students of Higher Secondary (a school) <i>(School education covered under exemption list and thus exempt)</i>	Exempt
(iii)	Collection of fees for giving coaching for entrance exam of IIT <i>(Private coaching not covered under exemption list and thus taxable)</i>	3,00,000
(iv)	Collection of fees from the students registered under unapproved vocational educational course <i>(Unapproved vocational educational course not covered under exemption list and thus taxable)</i>	2,50,000
<b>Value of Taxable Services</b>		<b>5,50,000</b>
<b>GST Liability</b>		<b>99,000</b>

**Answer 2**

Services provided by an educational institution to students are exempt from GST. Educational institution has been defined to mean an institution which, inter alia, provides the following education:

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

Therefore, GST will not be leviable on services relating to education rendered by the play school (pre-school), 'Tiny Tots' and the higher secondary school, 'Pinnacle Academy' run by Sarvshiksha, the Educational Trust.

Since, coaching given by private coaching institutes/centers is not a part of a curriculum for obtaining recognized qualification, the same is not covered under the exemption list. Therefore, coaching classes for IIT-JEE entrance examinations and CPA examinations will not be covered under exemption list and thus, will be liable to GST. It is immaterial that coaching is given to economically weak students or for a national level entrance examination or an international examination.

**Answer 3**

Services provided by an educational institution by way of education as a part of an approved vocational education course are covered under exemption list. A Modular Employable Skill Course, approved by the National Council of Vocational Training, run by a person registered with the Directorate General of Employment and Training, Union Ministry of Labour and Employment is an approved vocational education course.

Since, the course offered by ITI Manikpuri falls under the definition of approved vocational education course, the same will be covered under exemption list and thus, ITI Manikpuri will not be liable to pay GST. Therefore, the demand raised by Revenue is not correct in law.

**LEGAL SERVICES****Answer 1**

Particulars	SP's Liability	SR's Liability
Legal services to Mr A (an advocate) (Covered under exemption list, thus no GST)	Nil	Nil
Legal services to PQR Legal (a firm of advocates) (Covered under exemption list, thus no GST)	Nil	Nil
Legal services to Mr C (non-business entity) (Covered under exemption list, thus no GST)	Nil	Nil
Legal services to D Ltd (Covered under exemption list because the turnover of D Ltd during the preceding financial year does not exceed Rs 10,00,000)	Nil	Nil
Legal services to E Ltd (Not covered under exemption list because the turnover of E Ltd during the preceding financial year exceeds Rs 10,00,000)	Nil	Rs 90,000 (Rs 5L x 18%)

**Answer 2**

- This problem is similar to the earlier problem with the significant difference being that the service provider is a firm of Chartered Accountants and not a firm of advocates.
- Services of Chartered Accountants are fully taxable under forward charge. Value of taxable services = Rs 24,45,000.
- GST liability of XY Associates LLP shall come out to Rs 4,40,100 (ie Rs 24,45,000 x 18%). The service recipients are not liable to pay service tax.

**Answer 3**

- Legal services provided by an individual advocate/a firm of advocates to any business entity located in taxable territory are taxable under reverse charge. However, legal services provided by an individual advocate/a firm of advocates to a business entity whose turnover during the preceding FY does not exceed Rs 20 lakhs are exempt from GST.
- In the given case, Mr B and MNO Ltd have got themselves registered under GST in FY 2017-18 as per the provisions of Section 22 of CGST Act. This implies that their turnover during FY 2017-18 is more than Rs 20 lakhs.
- Therefore, legal services provided by Vakil and Vakil (a firm of advocates) to Mr B and MNO Ltd during October 2018 will not be exempt from GST since the turnover of Mr B & MNO Ltd during FY 2017-18 exceeds Rs 20 lakhs. Further, Mr B & MNO Ltd will be liable to pay GST under reverse charge.
- The answer would remain same if Mr B and MNO Ltd sought legal advice from Mr A, a lawyer since the law remains the same irrespective of the fact whether legal advice is sought from a firm of lawyers or an individual lawyer.

**RENTING OF IMMOVABLE PROPERTY****Answer 1**

Services by way of renting of residential dwelling for use as residence is covered under exemption list. The following services are taxable as no exemption is available in respect of such services:

- Letting out land to Jumbo Circus
- Letting out building for providing coaching to CA students
- Letting out building for use as corporate office

**Computation of Value of Taxable Services and GST Liability of Mr Dhingra:**

Particulars	Amount (Rs)
• Land let out to Jumbo Circus	1,50,000
• Building let out to Singhanian classes for providing coaching to CA students	5,00,000
• Vacant land used for horticulture (Horticulture is included in the definition of agriculture. Services relating to agriculture by way of renting of vacant land is covered in exemption list)	Exempt
• Building let out to EXIM Ltd for use as corporate office	8,00,000
<b>Value of Taxable Services</b>	<b>14,50,000</b>
<b>GST Liability</b>	<b>2,61,000</b>

**GOVERNMENT SERVICES****Answer 1**

Following services provided by the Department of Posts to a person other than Government are taxable:

- Speed post
- Express parcel post
- Rural postal life insurance
- Agency services (such as distribution of mutual funds, bonds, passport applications, collection of telephone & electricity bills, etc)

All other services provided by the Department of Posts are covered under exemption list and thus not taxable. In light of the above legal provisions, the amount of GST payable by the Department of Posts has been calculated below:

Particulars	Amt (Rs in lakhs)
Basic mail services (Covered under exemption list)	Nil
Transfer of money through money orders (Covered under exemption list)	Nil
Operation of saving accounts (Covered under exemption list)	Nil
Rural postal life insurance services	200
Distribution of mutual funds, bonds and passport applications	500
Issuance of postal orders (Covered under exemption list)	Nil
Collection of telephone and electricity bills	100
Pension payment services (Covered under exemption list)	Nil
Speed post services	500
Express parcel post services	200
<b>Value of Taxable Services</b>	<b>1,500</b>
<b>GST Liability</b>	<b>270</b>

**MIX QUESTIONS****Answer 1**

- a) **Margin earned from trading in equity shares:** Equity shares are covered within the meaning of 'securities' and margin earned from sale and purchase of securities is not liable to GST.
- b) **Margin for trading in futures:** Futures are covered within the meaning of 'securities' and margin earned from sale and purchase of securities is not liable to GST.
- c) **Commission charged by bank:** Exemption list covers sale and purchase of foreign exchange between banks or authorized dealers of foreign exchange or between banks and such dealers. Consequently, it is not chargeable to tax.
- d) **External asset management services received by Reserve Bank of India from overseas financial institutions:** External asset management services received by RBI from overseas financial institutions are specialized financial services in the course of management of foreign exchange reserves. Services received by RBI from outside India in relation to management of foreign exchange reserves have been exempted from GST.
- e) **Services provided by an Indian tour operator to Mr B, a Japanese National, for a tour conducted in Europe:** Services provided by an Indian tour operator to a foreign tourist in relation to a tour wholly conducted outside India have been exempted from GST.
- f) **Services provided to a Higher Secondary School affiliated to CBSE Board by an IT company in relation to development of a software to be used for enhancing the quality of classroom teaching:** Only the following specific services provided TO a school have been exempted:
  - transportation of students, faculty and staff;
  - catering, including any mid-day meals scheme sponsored by the Government;
  - security or cleaning or house-keeping services performed in such educational institution; or
  - services relating to admission to, or conduct of examination by, such institution.

Services of development of software provided to a school are not covered under any of the specific services given above. Thus, the same will be liable to GST.



**g) Services provided by a bus operator by way of transportation of passengers in air-conditioned buses:** Services of transportation of passengers by air-conditioned buses (stage carriage as well as contract carriage) are taxable.

**Answer 2**

- a) Exemption list provides that no GST is payable if any intermediate production process as job-work is carried out in relation to agriculture. Therefore, no GST is payable where paddy is milled into rice on job work basis.
- b) Exemption list exempts services provided by a player to a recognized sports body by participating in a sporting event. Therefore, fees received by a hockey player from Indian Hockey Federation for participating in an international event shall be exempt from GST.
- c) Services provided by a person/artist as brand ambassador are not covered under the scope of exemption list. Therefore, amount of Rs 15 lakhs received by Sonakshi Sinha from Colgate Palmolive Ltd for advertising its products as a brand ambassador shall be liable to GST.
- d) Services provided by a tour operator to a foreign tourist in relation to a tour wholly conducted outside India are exempt from GST. Therefore, services provided by an Indian tour operator to Mr Yuhan, a Japanese national, for a tour in Sri Lanka will be exempt from GST.
- e) Services provided by an organizer to any person in respect of a business exhibition held outside India are exempt from GST. Since services provided by organizer (Mr Amit) to Mr Kumar are in respect of a business exhibition held in Patna (ie, in India), such services will be liable to GST.
- f) Services provided by a person by way of conduct of any religious ceremony are exempt from GST. Thus, services provided by Mr Chandra Bhusan by conducting religious rites at the birth ceremony of a child will be exempt from GST.
- g) Services provided by an individual to a recognised sports body as a referee are exempt. Since, in the given case, Sports Authority of India is a recognised sports body, services provided as a match referee to it are exempt from GST.
- h) Services provided to an educational institution by way of security services performed therein are exempt. Since Government recognized educational institution is covered within the meaning of 'educational institution' as given under the exemption list, security services provided to it are exempt from GST.
- i) Performance of an artist in classical art forms of music are exempt if the consideration charged for such performance is not more than Rs 1,50,000. Since the consideration charged for performing music concert by a renowned Carnatic singer is Rs 1,40,000, such services are exempt from GST.
- j) Services by way of right to admission to a musical performance are exempt provided the consideration for such admission does not exceed Rs 250 per person. Since, in the given case, the admission fee for music concert exceeds Rs 250 per person, such services are fully taxable.

**Answer 3**

S.No.	Particulars	Taxability
(i)	Admission to a Railway Museum <i>(Admission to museums is covered under exemption list)</i>	Exempt
(ii)	Admission to a Telly Award Function (Value per ticket per person is Rs 510) <i>(Admission to award functions is exempt only if the ticket price does not exceed Rs 250 per person)</i>	Fully Taxable
(iii)	Transportation of milk by a goods transport agency <i>(Transport of milk by GTA is covered under exemption list)</i>	Exempt
(iv)	Fees charged for yoga camp conducted by a charitable trust <i>(Services by an entity registered u/s 12AA of the Income Tax Act, 1961 by way of charitable activities are exempt from GST. Activities relating to advancement of yoga are included in the definition of charitable activities)</i>	Exempt
(v)	Amount charged by cord blood banks by way of preservation of stem cells <i>(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)</i>	Exempt

(vi)	Service provided by commentators to a recognized sports body <i>(Services provided to a recognized sports body by an individual as a player, referee, umpire, coach or team manager are exempt from GST. However, services provided by commentators are taxable)</i>	Taxable
(vii)	Waxing of apples to provide it an artificial sheen for increasing its marketability <i>(Waxing of fruits &amp; vegetables is covered under exemption list)</i>	Exempt
(viii)	Transportation of patients to ABC Nursing Home and Bheem Multispecialty Hospital, in an ambulance owned by XYZ Ltd <i>(Ambulance services provided by an entity which is not a clinical establishment or an authorized medical practitioner are also exempt from GST)</i>	Exempt