

Handbook on Exempted Supplies under GST



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

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Foreword

The introduction of Goods & Services Tax (GST) marked a overall historical and transformative shift in India's taxation landscape, aiming to bring about greater efficiency, simplicity and uniformity in the indirect taxation system. Since its implementation, GST has not only streamlined the indirect tax system but has also played a pivotal role in promoting ease of doing business and economic growth. One of the key benefits of GST has been the elimination of the cascading effect of multiple taxes, which has lowered production costs, thereby benefitted end consumers and making Indian products more competitive globally, thus strengthening the country's position in international markets.

The Institute of Chartered Accountants of India (ICAI) through its GST & Indirect Taxes Committee has been assisting the Government by providing suggestions/ technical inputs to the Government on GST policy making and implementation. Furthermore, the Committee has consistently demonstrated its proactive approach by providing invaluable support to our members, enhancing their knowledge and skills through various initiatives like publications, certificate courses, conferences, programmes, live webcasts, e-learning etc. on GST.

I take this opportunity to acknowledge the efforts taken by the GST & Indirect Taxes Committee in revising the publication, '**Handbook on Exempted Supplies under GST**'. This publication aims to provide a clear understanding of the legal provisions relating to exemption under GST. Additionally, it presents the various exemptions extended to goods and services under GST law in clear, accessible language. By simplifying complex legal provisions and compiling the numerous exemptions at one place, this Handbook serves as a valuable reference for stakeholders navigating the nuances of GST exemptions. This publication is updated by incorporating the amendments taken place till 15th April, 2025.

I would like to express my appreciation for the efforts of CA. Rajendra Kumar P, Chairman and CA. Umesh Sharma, Vice-Chairman along with the experts who have contributed in developing this useful publication which will benefit our members and other stakeholders.

I am confident that the readers will find this publication very useful in their professional assignments enabling them to fulfil their professional duties and responsibilities in more efficient and effective manner.

CA. Charanjot Singh Nanda
President, ICAI

Date: 22.04.2025

Place: New Delhi

Preface

The Goods & Services Tax (GST) law is designed as a comprehensive tax on supply of goods and services, aiming to create a seamless and efficient indirect tax system across the country. However, certain exemptions have been provided under GST law to support specific sectors, promote economic growth and address social welfare concerns. They play a crucial role in balancing the objectives of revenue generation and economic development by providing relief to key industries, fostering charitable initiatives and ensuring the accessibility of essential goods and services for public welfare.

The GST & Indirect Taxes Committee is constantly working towards the benefit of members by coming out with new publications, revising the existing publications, organising seminars, conferences, workshops, etc. Keeping with its objective of GST Knowledge Dissemination, the Committee has come out with yet another revised version of its publication 'Handbook on Exempted Supplies under GST'. This publication provides an analysis of all the exemptions provided under GST law for goods as well as services, making them easily understandable. The content is structured to offer clarity on eligibility criteria and also analysing each entry of the exemption notification, making it a valuable resource for all stakeholders. The law stated in this publication is updated till 15th April, 2025.

We sincerely thank CA. Charanjot Singh Nanda, President, ICAI and CA. Prasanna Kumar D, Vice-President, ICAI for the encouragement and support extended by them to the various initiatives of the GST & Indirect Taxes Committee. We express our profound gratitude to CA. Satish Saraf for diligently revising and reviewing the publication. We also commend the efforts made by CA. Ayushi Aggarwal and CA. Sarthak Palta in the Secretariat of the Committee for providing the requisite technical and administrative assistance in successfully releasing this publication.

Though every effort has been made to ensure the accuracy and legitimacy of the information presented in this publication, it is important to acknowledge that differing perspectives or opinions may exist on the subjects covered herein. We urge our readers to kindly inform us of any unintentional errors or oversights that they may come across in this publication.

We will be glad to receive your valuable feedback at gst@icai.in. We also request you to visit our website <https://idtc.icai.org> and share your suggestions and inputs, if any, on indirect taxes.

CA. Umesh Sharma
Vice-Chairman
GST & Indirect Taxes Committee

CA. Rajendra Kumar P
Chairman
GST & Indirect Taxes Committee

Date: 22.04.2025

Place: New Delhi

Acronyms:

CGST Act	Central Goods & Services Tax Act, 2017
CGST Rules	Central Goods & Services Tax Rules, 2017
CSD	Canteen Stores Department
FAO	Food and Agriculture Organization of United Nations
GDP	Gross Domestic Product
GO	Government Order
GST	Goods & Services Tax
GSTN	Goods & Services Tax Network
HSN	Harmonized System of Nomenclature
IGST Act	Integrated Goods & Services Tax Act, 2017
RCM	Reverse Charge Mechanism
SAC	Services Accounting Code
SGST Act	State Goods & Services Tax Act, 2017
UTGST Act	Union Territory Goods & Services Tax Act, 2017
WTO	World Trade Organization

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Chapter 1

Background of Exemption

1.1 Introduction to Exemptions

The word exemption is commonly understood as a privilege. It can also mean freedom from fetters. GST Law has not defined the word “Exemption”. Black’s Law dictionary’s 9th Edition defines Exemptions as “Freedom from a duty, liability, or other requirement; an exception; According to P Ramanatha Aiyar’s Law Lexicon (Fourth Edition as revised by Shri. Shakil Ahmad Khan), the word “exempt” means putting a person beyond the application of law. It further says that when the word exempt or exemption is used in taxation parlance it means – (i) precluding from being chargeable and (ii) immune from a liability, obligation or penalty.

Exemption and non-liability are normally different from each other. For instance, while computing the gross turnover: -

- (a) exempted turnovers are includible in gross turnovers and thereafter subject to a deduction; and
- (b) in case of non-liability, the question of inclusion in gross turnovers does not arise.

A levy or tax is imposed by a taxing statute. The very same statute could also provide for exemption. Over the last 2 to 3 decades the word exemption has been colloquially used in taxing statutes in many ways – for example – Non-Taxable, Negative list, ‘NIL rated’ etc. It is common for people to understand that zero-rate means exempt which is incorrect. Exemption may also be understood by some as a situation when a statute provides for certain thresholds before the taxability arises. Many a times, the taxpayers confuse concessional rates with exemptions.

Normally, it is the State and / or the Central Government (or in appropriate cases Union Territories) which grant exemptions. Such, exemption can be granted - (i) conditionally (ii) generally (iii) through Government orders (iv) under special circumstances (v) through notifications (vi) by way of circulars (vii) by way of tax holidays (viii) to specific class (or kind) of goods and / or services (ix) to specific class of persons (x) for a specific time frame or with a cap on value (xi) to specified transactions etc. It can also be granted in any combination of the above since it is the prerogative of the Government.

Exemption provisions or rules ought to be enacted / administered and also read strictly. In case of any ambiguity the intention of the Legislature ought to be strictly borne in mind and given effect to. Generally, the language employed in the construction of an exemption statute must be (i) unambiguous (ii) clear (iii) strictly interpreted (iv) within the powers of the legislating / issuing authority and (v) cater to the intent of the legislature etc.

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Exemptions could be granted prospectively, or in certain situations / circumstances retrospectively. Any such enactment must be within the Constitutional framework while bearing in mind the Legislative delegation. Referential legislations in respect of grant of exemptions must be generally avoided considering their complexity. Exemptions which commence during a year must be so enacted to take care of “pipeline transactions”. Exemptions with sunset clauses must be properly framed. The GST laws also provide for exemptions. This booklet discusses several aspects of such exemptions.

1.2 Exemptions under the Erstwhile Laws

It is important to understand the scheme of taxation of the Government (State or Central) to understand the nuances of exemptions. Normally, goods and/or services relating to traditional, social and economic importance, daily needs / necessities and Government policies qualify for the exemption. For example, under the Service Tax Regulations while clinical services and education services found favour for grant of exemption, many of the State Governments may have granted exemption in respect of sale of life saving drugs or books meant for reading. Similarly, many States, may have granted exemptions in respect of sale of food grains while agricultural services stood exempted.

The Constitution itself provided safeguards from the levy in respect of certain goods / services from the wrath of taxation like for instance Electricity, Newspapers etc. Apart from the nature of exemptions cited in the introductory part of this Booklet, broadly, exemptions (among others) granted by the State or Centre under the erstwhile laws could be traced to the following:

- (a) Public interest or general public good.
- (b) Goods of traditional, social and cultural importance, daily needs etc.
- (c) Growth of a particular class or kind of industry in a particular area in a State or union Territory.
- (d) Development of a State / Union Territory.
- (e) Objectives or policies of a State / Union Territory.
- (f) Imports of goods and / or services were granted exemptions to make exports competitive thereby resulting in foreign exchange earnings.

Exemptions were also granted to several classes of goods and / or services bearing in mind trade compulsions between Countries.

Under the erstwhile laws, exemptions provided were the subject matter of several rounds of litigation. This is because the statute (among other factors / issues) was:

- (i) ambiguous and clarity did not exist;
- (ii) not properly drafted resulting in classification issues;
- (iii) so understood that the essence or intent of legislature was not captured correctly;

Background of Exemption

- (iv) so understood by either party that resulted in incorrect interpretation or grant of exemptions;
- (v) neither workable nor effective;
- (vi) so drafted with too many conditions paving the way for - reading down, addition or substitution of words, providing natural or grammatical meaning, too many technical terms resulting in dilution of the language employed etc;
- (vii) so drafted causing hardship, inconvenience, injustice to a class or kind of persons or infringed upon the freedom of trade;
- (viii) causing anomaly or absurdity in the basic understating warranting judicial interference.

Despite the above issues that plagued exemptions, it must be said that the Government has played a pivotal role in the grant of exemptions resulting in growth of industry and economy. Importantly, there were several exemption provisions that were drafted by way of references to other Statutes, which resulted in uncalled for difficulty in interpretation. Compliances for the purpose of availment of exemptions was always a painful process under the erstwhile laws.

Exemptions granted under the erstwhile laws had an array of issues such as:

- (a) Exemptions with input tax credits
- (b) Exemptions without input tax credits
- (c) Exemptions with restricted input tax credits
- (d) Exemptions that came with conditions / compliances etc.

Trade and industry were very skeptical in availing exemptions under the erstwhile laws. This was because, denial of exemption on grounds that could be flimsy to highly technical interpretation resulted in extraordinary consequences for the trade. There are several instances where the tax consequences have been so great that the industry ceased to survive. Some of the words or phrases under the erstwhile laws that have resulted in huge litigations were “may”, “shall”, “must”, “should”, “prima facie”, “subject to”, “issue of Government order to be notified (in many cases words in GO are different from words in the notification)”, “public interest”, “promissory estoppel” etc. The list is endless.

There are several instances where the effective date of exemption notification itself has been questioned apart from questioning the intent of the Legislature. Thus, it would be fair to state that trade looked at an exemption notification with abundant caution and in several instances, had foregone the exemption simply because the consequences of availing an exemption and its denial at a later date will have disastrous consequences. It was well understood that indirect tax laws contained clauses relating to collection of taxes, which were machinery in nature. So long as the consumer / customer could afford the impact of tax, or if the tax so charged was available as input tax credit in the hands of the buyer / recipient, the taxes stood passed on.

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Nevertheless, it would be fair to state that despite all these, under the erstwhile laws exemptions have played a key role in the growth of several classes of industries and resulted in enormous public good.

1.3 Impact of Exemptions on the Economy

There is a raging debate going on in India and across as to whether providing exemptions be it “direct tax” or “Indirect tax” would do good to the economy. There is also another school of thought that exemptions do no public good and in fact cause harm to the economy. Some economists opine that:

- the tax to GDP ratio will not go up until exemptions are reduced;
- exemptions push up the compliance costs;
- exemptions lead to unfair practices; and cause uncalled for litigation while legitimising tax avoidance;
- exemptions help the rich and affluent and large industries and do not result in achieving the desired results;
- exemptions cost the exchequer prohibitively; and
- exemptions hinder free trade while helping very few.

Exemptions granted by one country may affect the international trade of another country thus affecting the economies of different regions and countries. While debating on the economics of exemption the questions that often arise are:

- (a) Should exemptions be restricted only for public good?
- (b) Should exemptions be granted only in case of sunrise industries or industries in backward areas?
- (c) Should exemptions be restricted to goods of daily necessities or for goods and / or services relating to traditional, social and cultural importance?
- (d) Should exemption be granted only if it meets with the national objectives – say infra projects, health and education sectors etc.

The terms “exemption” and “exclusion” both refer to provisions that exempt some or all the value of goods or services from taxation. Exemptions reduce the taxable value to zero. Exclusions can do the same or they can reduce the taxable value by a certain percentage or by a flat value. Exemptions and exclusions affect the taxable value and not the rate. The fact is that an exemption directly impacts the exchequer. Any denial of exemption in respect of goods and / or services that affects the end price of a product or service of a consumer will most certainly reflect on the Government of the day. It is for this reason that economists are debating as to whether subsidy would be a better option as compared to exemption of either goods and / or service since the benefit would be traceable.

Background of Exemption

It is important to understand that an exemption provided by the Centre may not affect the State (under the erstwhile laws) but it does so in the GST regime. It is for this reason that States have been seeking trimming of exemptions. The exemption does not solely cover information held by public authorities concerned with the management of the economy or economic development. Some examples of how exemption affects the economy are:

- (i) As a major customer, employer and investor.
- (ii) Planning – at both local and national level, for example, transport policies, airports.
- (iii) Social, health, environmental policy – for example, public transport versus private car use.
- (iv) Planning or managing the economy – through setting or influencing interest rates, taxation, currency rates, controls on public spending, etc.
- (v) Political considerations – for example, trade embargos.
- (vi) Intended investment strategies.
- (vii) Finances of public corporations.

It is important to note that the Government cannot legislate for one person's prosperity by granting an exemption while taxing another. Exemptions derail the tax chain causing tax distortions and uneven economic activity. Over the years exemptions have been granted by the States / Centre depending on the pulls and pressures of politics. It has a dampening effect on the economy. An important aspect of exemptions that must be borne in mind is that somebody is paying for another's gain. It is for this reason that there have been studies undertaken by the Government to provide exemptions only on a scientific and need basis rather than on the politics of the State or Centre. Given this situation one can expect that exemptions are short lived and will be pruned over a period.

1.4 Impact on Pricing of Outward Supplies Exempt from Tax

Positive Impacts

- No GST is levied on output prices and the goods or services become cheaper for the consumer.
- The supplier is freed from the hassle of computing GST on output supplies considering its valuation, place of supply etc.
- No record of taxes is required to be maintained by the suppliers.
- No hassle of matching of input tax credit to the consumer.

Negative Impacts

- ITC on inputs becomes part of cost of supplier thereby becoming an invisible barrier to the seamless credit in the value chain.

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- GST on input supplies of the supplier is still to be borne by the consumer and thus, some GST is inherent in the price of the exempt goods or services.

1.5 Types of Exemptions and Its Implications

1.5.1 Types of Exemptions

Exemptions are governed by section 11 of the CGST Act, along with corresponding provisions of the SGST Act/UTGST Act. Under section 11, the power to grant exemptions is vested in the Government, subject to the recommendations of the GST Council and only when such exemption is deemed necessary in the public interest.

Exemptions under the CGST Act can be classified into the following broad categories based on their nature and conditions of applicability and each category is defined based on the way the exemption is granted and the specific conditions, if any, that must be fulfilled. They are as follows:

1. General Exemption

A general exemption is an exemption that applies universally, without any preconditions or restrictions on its applicability. It is available to all taxpayers who fall within the specified category of goods or services. This exemption ensures uniform applicability across all transactions involving the specified goods or services.

2. Absolute Exemption

An absolute exemption is one that is not optional and must be mandatorily applied as prescribed by the Government. Taxpayers cannot choose to pay tax even if they wish to claim Input Tax Credit (ITC). For example: *Notification No. 12/2017-CT(R)* provides an absolute exemption to certain healthcare services. A specified service may be fully exempted, meaning service providers must not charge GST on it. Absolute exemptions are typically issued for public interest objectives, such as reducing the cost burden on essential services or commodities.

3. Conditional Exemption

A conditional exemption is granted subject to specific conditions that must be satisfied for the exemption to apply. If the taxpayer fails to meet the prescribed conditions, the exemption cannot be claimed.

Illustrative Conditions:

- Nature of the supplier (e.g., exemption applicable only to certain registered taxpayers).
- Nature of the recipient (e.g., exemption applies only when supplied to a Government entity).
- Specific use case (e.g., exemption granted only if goods are used for a defined purpose).
- Turnover thresholds (e.g., businesses below a certain turnover limit are exempt).

Background of Exemption

- Geographical location (e.g., exemptions for supplies made in specific States or Union Territories).

Key Takeaway: Conditional exemptions require taxpayers to carefully assess whether they meet the qualifying criteria before claiming the exemption.

Absolute vs. Conditional Exemptions

- Absolute exemptions granted under section 11(1) are not discretionary and must be applied as mandated.
- Conditional exemptions allow taxpayers to opt-in based on the satisfaction of prescribed conditions.

For instance:

- The GST rate of 5% without input tax credit (ITC)
- The GST rate of 5% without ITC or 18% with ITC

Since exemption notifications may not explicitly specify whether an exemption is absolute or conditional, careful interpretation is required. *Notification No. 12/2017-CT(R)*, for example, operates as an absolute exemption based on the textual construction of each entry.

4. Complete or Partial Exemption

Exemptions may also be classified based on whether they fully exempt a supply from tax or only provide partial relief in terms of rate reduction or ITC restrictions:

- a) Complete Exemption - A complete exemption means the supply is entirely exempt from GST, and the supplier cannot charge GST from the recipient. For Example: Basic healthcare services provided by hospitals are completely exempt from GST.
- b) Partial Exemption- A partial exemption means that while the supply is subject to GST, the rate is reduced or certain conditions restrict the full applicability of ITC.

Example: Accommodation Services:

- GST @ 5% without ITC.
- GST @ 12% with ITC.
- The taxpayer can choose between the two options, but ITC is restricted if opting for the lower rate.

Partial exemptions are commonly used to strike a balance between revenue collection and industry-specific relief.

1.5.2 Implications of Exemptions

Under section 17(2) of the CGST Act, ITC is not available on supplies that are wholly exempt. Additionally, if an exemption results in a reduced tax rate subject to conditions, any excess credit accumulation is restricted through notifications.

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Exemption provisions are subject to strict interpretation and incorrect application can result in tax liabilities:

1. Incorrectly availing an exemption → Output tax liability arises, and ITC that was foregone cannot be reclaimed.
2. Not availing an applicable exemption → Output tax paid erroneously is payable to the Government, while the corresponding ITC is denied.

Given the irreversible nature of certain ITC implications, businesses must ensure exemptions are rightly availed to avoid unintended tax liabilities.

Chapter 2

Aspects of Exemption

2.1 Government's Power to Exempt Specified Goods and Services

2.1.1 Exemption by Notification

As per section 11(1) of the CGST Act and SGST Acts, the Central Government and State Governments have the power to grant exemptions provided the following conditions are fulfilled:

- Exemption should be in public interest
- Exemptions are by way of issue of notification and on recommendation of GST Council
- Exemption may be provided for any goods or services or both
- Exemption may be absolute or conditional
- Exemption may be granted for whole or any part of the tax leviable
- Exemption shall come into force on a date as may be specified in the notification

In exercise of powers conferred by section 11(1) of the CGST Act and section 6(1) of the IGST Act, the Central Government has issued the following notifications to exempt supply of goods or services: -

Subject	Notification No. [CGST Act]	Notification No. [IGST Act]
Exemption to supplies of goods	02/2017–Central Tax (Rate), dated 28-Jun-2017 as amended from time to time by various notifications	02/2017–Integrated Tax (Rate), dated 28-Jun-2017 as amended from time to time by various notifications
Exemption to goods specified in the list annexed in connection with petroleum operations undertaken under petrol exploration licenses etc. in excess of 2.5%	03/2017–Central Tax (Rate), dated 28-Jun-2017	03/2017–Integrated Tax (Rate), dated 28-Jun-2017
Exemption to supplies of goods by CSD or unit run canteens to specified recipients	07/2017–Central Tax (Rate), dated 28-Jun-2017	07/2017–Integrated Tax (Rate), dated 28-Jun-2017

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Exemption granted from levy of CGST under RCM on supplies received from unregistered persons (if value of supplies doesn't exceed Rs. 5,000/- from any or all the suppliers in a day)	08/2017–Central Tax (Rate), dated 28-Jun-2017	No corresponding notification under IGST Act
Exemption granted to supplies under RCM to a tax deductor by an unregistered supplier if the deductor is not liable to be registered otherwise than under section 24(vi) of CGST Act	09/2017–Central Tax (Rate), dated 28-Jun-2017	No corresponding notification under IGST Act
Exemption to supplies of second-hand goods received by registered persons dealing in buying & selling of second-hand goods from unregistered persons provided the dealer pays central tax on supply of such second-hand goods as per valuation rules [Rule 32(5)]	10/2017–Central Tax (Rate), dated 28-Jun-2017	No corresponding notification under IGST Act
Exemption to supply of services	12/2017–Central Tax (Rate), dated 28-Jun-2017 as amended from time to time by various notifications	09/2017–Integrated Tax (Rate), dated 28-Jun-2017 as amended from time to time by various notifications
Exemption to heavy water and nuclear fuels supplied by department of atomic energy to the Nuclear Power Corporation of India Ltd.	26/2017– Central Tax (Rate), dated 21-Sep-2017	26/2017–Integrated Tax (Rate), dated 21-Sep-2017
Exemption to inter-State supply of skimmed milk powder or concentrated milk, subject to certain conditions	No corresponding notification under CGST Act	30/2017–Integrated Tax (Rate), dated 22-Sep-2017 as amended from time to time by various notifications
Exemption relating to supplies under RCM from unregistered suppliers extended without any threshold limit till 31-Mar-2018. It has further been extended till 30-Sep-2019. (This has been rescinded in view of amendments regarding RCM on supplies by unregistered persons)	38/2017–Central Tax (Rate), dated 13-Oct-2017 as amended from time to time by various notifications	32/2017–Integrated Tax (Rate), dated 13-Oct-2017 as amended from time to time by various notifications

Aspects of Exemption

Exemption to supplies by registered suppliers to registered recipients for exports in excess of 0.05% CGST or 0.1% IGST	40/2017–Central Tax (Rate), dated 23-Oct-2017	41/2017–Integrated Tax (Rate), dated 23-Oct-2017
Exemption to scientific and technical equipment supplied to public funded research institutions etc. in excess of CGST rate 2.5%	45/2017–Central Tax (Rate), dated 14-Nov-2017 as amended from time to time by various notifications	47/2017–Integrated Tax (Rate), dated 14-Nov-2017 as amended from time to time by various notifications
Exemption to Central Government's share of profit out of services by way of grant of license to explore petroleum crude etc.	05/2018 – Central Tax (Rate), dated 25-Jan-2018	05/2018 - Integrated Tax (Rate), dated 25-Jan-2018
Exemption from levy of IGST on royalty and license fee in case of import of temporary transfer of intellectual property right if the transaction value as per Customs Valuation Rules includes consideration towards royalty and license fee and appropriate duties have also been paid	No notification under CGST Act	06/2018 - Integrated Tax (Rate), dated 25-Jan-2018
Exemption on supply of gold by nominated agencies to registered persons.	26/2018 – Central Tax (Rate), dated 31-Dec-2018	27/2018 – Integrated (Rate), dated 31-Dec-2018
Exemption from hiring of Electric buses by local authorities from GST.	13/2019 – Central Tax (Rate), dated 31-Jul-2019	13/2019 – Integrated Tax (Rate), dated 31-Jul-2019
Exemption of supply of goods for specified projects under FAO	19/2019 – Central Tax (Rate), dated 30-Sep-2019	19/2019 – Integrated Tax (Rate), dated 30-Sep-2019

This publication offers an insight in respect of exemptions under the GST laws. There may arise several issues or situations for interpretation which may not have been addressed in this publication since the topic is vast. We have primarily covered *Notification No. 12/2017–Central Tax (Rate), dated 28-Jun-2017* as amended from time to time by various notifications along with the parallel notification issued under IGST Act.

2.1.2 Exemption by Special Order

As per section 11(2) of the CGST Act and SGST Acts, the Central Government and State Governments have power to grant exemptions provided the following conditions are fulfilled:

- Exemption should be in public interest

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- Exemptions are by way of special order in each case and on the recommendations of GST Council.
- Order should mention the circumstances of exceptional nature.
- Exemption to any goods or services or both from payment of tax wholly.

2.1.3 Retrospective Clarification

As per section 11(3) of CGST Act and SGST Act, the Central Government and State Governments may, with a view to explain the scope of notification or order -:

- insert an explanation
- for the purpose of clarifying scope or applicability of any notification issued or order issued
- by way of notification
- within 1 year of issue of notification or order
- such notification shall have retrospective effect.

2.1.4 Registered person shall not collect tax in excess of the effective rate

The explanation provided under section 11 provides as follows:

- Grant of absolute exemption from whole or part of tax.
- Registered person not to collect tax in excess of the effective rate.
- It provides a mandatory requirement to follow absolute exemptions.

2.1.5 Effective Date of Exemption

The effective date of the notification would be the date mentioned in the notification as per section 11(1). However, GST law does not have any provision in cases where no date is mentioned in the notification. Section 5A of the Central Excise Act, 1944 provides for such a situation which says that unless otherwise provided, the effective date of notification shall be:

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

2.1.6 Applicability of Exemption Notifications issued under CGST/IGST to SGST/ UTGST and vice versa

As per section 11(4) of the SGST Act and section 8(4) of the UTGST Act, any notification issued by the Central Government, on the recommendations of the Council, under section 11(1) or order issued section 11(2) of the CGST Act shall be deemed to be a notification or, as the case may be, an order issued under SGST/ UTGST Act.

Aspects of Exemption

Applicability of Exemption Notification

Issued under	Applicable to	Yes/ No
CGST Act	SGST/ UTGST Act	Yes
SGST/ UTGST Act	CGST Act	No
IGST Act	CGST/ SGST/ UTGST Act	No
SGST/ UTGST Act	IGST Act	No

2.2 Supply of Exempted Goods and Services

Supply of exempted goods and services is simple to understand. For e.g., sale of fruits by a fruit seller shall require no further examination. However, when such exempt supply is a part of other supplies which might be taxable, one has to be cautious as to the determination of the classification. If such exempt supply is an integral part of two or more supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply, then such package shall be classified as a composite supply. The principal supply shall decide the nature of the entire package and if such supply is taxable, the entire package shall be taxed at such rate but if the principal supply is exempt, then, the entire supply shall be exempted. For e.g., a shop owner sells one box of glass bangles to a customer for Rs. 10,000 and charges Rs. 150 as packing charges. Individually, packing services are taxable @18%, but, since they are incidental to a principal supply of goods, they (being part of composite supply) shall also be exempt from GST. However, in case an exempt supply is part of a customised package which is not a composite supply and consists of two or more individual supplies of goods or services, or any combination thereof, when made in conjunction with each other for a single price shall form part of a mixed supply. In case of a mixed supply, the highest rate supply determines the rate for the entire package. For e. g., if a person sells a combo of fruits and chocolates for Rs. 1000, then the entire package shall be taxed at the rate applicable for chocolates and value of fruits cannot be exempted in any manner.

2.3 Zero-rated Supplies and Exemptions

A person making exempt supplies is not supposed to pay tax on the value of his output. He is also not eligible to claim input tax credit on his inward supply of goods and services used in providing such output exempt supplies. However, an exception has been carved out by law in case of zero-rated supplies. The provisions as contained under section 16 of the IGST Act provide that while no tax shall be levied on certain categories of supplies termed as 'zero rated supplies', refund of input taxes, shall be allowed in such cases. Thus, while the output of such supplies remains exempt from payment of tax, such supplies can be distinguished from exempt supplies as input tax on goods and services used in providing such services has been allowed to the supplier. Following supplies shall be treated as zero-rated supplies-

- (a) Export of goods or services or both;

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- (b) Supply of goods or services or both to a SEZ developer or SEZ unit for authorised operations.

Claim of refund for export of exempted goods

Any zero-rated supply is eligible for refund of input tax paid by such supplier. Even if the output is exempt, the law allows the benefit of refund of input taxes to such supplier also. For e.g. Chanchan (P) Ltd. is exporting plastic bangles to Canada which is exempt under GST vide *Notification No. 2/ 2017-Central Tax (Rate)*, dated 28-Jun-2017. For manufacturing plastic bangles, it bought plastic as raw material and other decorative items and paid tax amounting to Rs. 1,50,000/- on it. Since it is exporting an exempt item, Chanchan (P) Ltd. can claim refund of unutilized input tax credit paid on such inward supplies. Thereby, export of exempted goods or services will also be treated as zero rated supplies.

2.4 Exempt Supplies and Availability of Input Tax Credit (ITC)

If a person is supplying exempt goods / services, he cannot avail ITC as available on his purchase of goods and services used for supply of such exempt output. For e. g. a person who is selling banana and uses a warehouse for which rent is paid on which GST is levied. Since supply of banana is exempt, such person would not get Input tax credit of the GST paid on warehouse.

If supply is exempt, can refund of ITC be claimed?

If a person is supplying 'nil' rated or fully exempted goods / services, he cannot avail refund of the credit accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies. The position has been clarified in section 54(3) of the CGST Act.

If supply is exempt, will the recipient who is required to pay GST under reverse charge, be also exempted?

If a supply is 'nil' rated or fully exempt, even the recipient is not required to pay the tax under reverse charge. For e. g. when service of transportation of rice is exempt, even the person responsible for payment of tax under reverse charge is not required to pay tax under reverse charge.

If a supplier supplies both taxable as well as exempted supplies, can he avail his entire input tax credit?

If a supplier is supplying both taxable (including zero rated) as well as exempted goods then, the amount of credit shall be restricted to so much of the input tax as is attributable to the said taxable supplies including zero-rated supplies. Input tax credit is available on inputs, input services and capital goods procured by the supplier for supplying taxable supplies. One may refer to the formula for reversal of input tax credit as per rules 42 and 43 of the CGST Rules, 2017 which have been discussed below:

Aspects of Exemption

Determination of Input Tax Credit on Inputs and Input Services as per Rule 42

For determining such amount, the law has provided the following procedure in respect of inputs and input services:

- Such person shall avail entire input tax credit on inputs and input services used for provision of exclusively taxable supplies.
- Such person shall not avail input tax credit on inputs and input services used for provision of exclusively exempt supplies or for making supplies for the purposes other than business.
- Such persons shall avail proportionate input tax credit in relation to inputs and input services which are used for provision of both taxable as well exempt supplies. The proportion of input tax credit attributable towards exempt supplies, be denoted as 'D1' and calculated as -

$$D1 = (E+F) \times C2$$

where,

'E' is the aggregate value of exempt supplies during the tax period, and

'F' is the total turnover in the State of the registered person during the tax period:

'C2' is Common Credit:

Further, the amount of credit attributable to non-business purposes if common inputs and input services are used partly for business and partly for non-business purposes, be denoted as 'D2', and shall be equal to five percent of C2.

Thus, the available common credit shall be as under:

ITC on inputs and input services used exclusively for provision of taxable services + Common ITC(C2) minus D1 minus D2

The above formulae need to be applied for the entire year considering the total exempted and taxable supplies for the year for all tax periods before the due date for furnishing of the return for the month of September following the end of the financial year to which such credit relates.

Determination of Input Tax Credit on Capital Goods under Rule 43

'Capital goods' is defined in section 2(19) of the CGST Act to mean goods which have been capitalised in the books of accounts. In respect of capital goods, the entire ITC is available at the time of purchase of such capital goods. It is important to mention that no ITC is available to the extent of depreciation under Income Tax Act, 1961 has been claimed on such value. Further, rule 43 provides that when such capital goods are partly used for the supply of exempted goods or exempted services, the ITC availed thereon has to be reversed every month. The amount to be reversed is calculated by dividing the input tax credit availed on the capital goods by 60 (representing the useful life of the capital goods in months) and then

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multiplying the result by the proportion of exempt turnover (E) to the total turnover (F) during the tax period. This computation is done as follows:

$$\text{ITC to be reversed per month} = \frac{(\text{ITC availed on capital goods})}{60} \times \frac{E}{F}$$

Where,

‘E’ is the aggregate value of exempt supplies, made, during the tax period, and

‘F’ is the total turnover of the registered person during the tax period.

Classification of Exemption

Exemptions granted as per section 11 of the CGST Act are absolute or conditional from whole of tax or part of tax. These exemptions are capable of carving out a portion from an entry so as to differentially alter the rate of tax applicable to goods or services in that entry. Further, we can classify the exemptions under three parts:

- *Qua-supplier*: This type of exemption is provided only to a particular supplier like exemption to the services provided by a charitable trust registered under section 12AA or 12AB of Income-Tax Act, 1961.
- *Qua-Recipient*: This type of exemption is provided to recipients like supplies made to exporter are taxable @ 0.05% CGST and 0.05% SGST as per *Notification No. 40/ 2017-Central Tax (Rate), dated 23-Oct-2017*.
- *Qua-Supplies*: This type of exemption is provided to a particular supply like exemption to the supply of fresh fruits, vegetables and milk.

Burden to prove availability of Exemption is on the Supplier

Every supplier claiming his goods or services as exempt needs to establish the same to the revenue authorities. In its judgment in the case of *CC(Import), Mumbai v. Dilip Kumar and Company & Ors (Civil Appeal No. 3327 of 2007)*, the Constitution Bench of the Supreme Court held that an exemption notification should be interpreted strictly and the burden of proving applicability would be on the assessee to show that his case comes within the parameters of the exemption clause or exemption notification.

It was further held that when there is ambiguity in the exemption notification which is subject to strict interpretation, the benefit of such ambiguity cannot be claimed by the subject/ assessee and it must be interpreted in favour of the Revenue.

2.5 Procedure to avail exemption

There is no specified procedure to avail an exemption. Any person supplying exempted goods or services can avail exemption subject to the precautions in terms of determining his classification of such exempted goods or services. Certain items require clarity while availing an exemption and can be material in determining an exemption, some of which are as follows:

Notification

One should check whether the exemption intended to be availed falls under any of the notifications issued by Government in terms of section 11(1) of the CGST Act. Whether goods or services fall under *Notification No. 02/ 2017-Central Tax (Rate), dated 28-Jun-2018* or *Notification No. 12/ 2017-Central Tax (Rate), dated 28-Jun-2017* or any other notification.

Definitions given in Notification

One should carefully analyze the definitions provided in the exemption notification before claiming exemption. Understanding the exemption without considering the definitions given in the notifications is incomplete. Such approach may lead to unnecessary litigation and can lead to financial burden on the business.

Principles of Interpretation

Understanding of rules of interpretation and general explanatory notes provided in the First Schedule to the Customs Tariff Act, 1975 will help in identifying more accurate heading of the supply and thereby, arriving at the conclusion as to whether or not the supply is an exempt supply.

Advance Rulings on the Subject

One should check whether there is any advance ruling related to the exemption intended to be availed which can assist in better decision making. However, advance ruling given by the Authority applies only on applicant who had sought it and on the concerned officer or the jurisdictional officer in respect of the applicant.

Court rulings etc. to be taken care of

Any other judicial pronouncement related to the exemption must be considered before availing of any exemption. One has to be very careful before relying on any court judgement, the facts of the judgment and principles established in the judgment to be cross checked and verified before relying on the same.

Issue related to Principal Contractor and Sub-contractor Service

Under GST, the 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* and 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 are exempt.

Any reference to a supply shall not mean a reference to its subsidiary supplies i.e. supply taken to provide such supply. Such an input supply shall be considered in its individual capacity and any rate or exemption as applicable to the main supply does not automatically

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apply to sub supplies. For e. g. if any supply is provided to the Government by a contractor (Mr. X) and such supply is exempt, then the supply of sub-contractor (Mr. Y) to the main contractor shall not be exempt and it needs to be examined as to whether any exemption is available to such supply as well. Mr. Y cannot be said to have provided supply to the Government.

Chapter 3

Principles of Exemption

3.1 Basic Principles of Construction of Exemption Provisions

It is expected that Laws are drafted by experts in the chosen fields and the language employed would therefore, leave little room for difficulties in construction / interpretation. But experience in reality is often different. When a draftsman translates his intent into law, while keeping in mind the objects and reasons for the relevant statute, there could always be a flaw. Therefore, ambiguous words, expressions, inconsistencies do creep in. Interpretation can be understood as follows:

- Interpretation is independent of facts;
- The application of a provision would most certainly depend on facts of a given case and its surrounding circumstances.

In essence, interpretation means understanding the true sense of the provision which the legislature intends to convey ensuring that the reader understands it the same way; The word construction is nothing but drawing conclusions that the provisions of law desire to convey. To that extent interpretation and construction are not synonymous. However, these words are being used interchangeably. The basic principles of construction of any provision, be it taxability or exemption are largely the same.

Some of these principles are the following:

- (a) A construction of a statute must at the threshold be never open to judicial interpretation. For example, no law can be enacted unless the Constitution empowers the legislature to do so.
- (b) A statute must be construed based on the intent of the person who wants to legislate. It must convey the “true and legal” meaning as the legislature intended; it must be exhaustive; it must cover all possible intended situations; the language employed must be simple, cogent and easy to understand while the words used must convey plainly the intent and object of the legislature; importantly the spirit of the legislature must be conveyed through the construction of a statute.
- (c) It must be so drafted or construed that it must be read as a whole and in its context; there must be no mischief; there must be no scope of vivisectioning the construction; the purpose of the construction is to reach the intended recipient.
- (d) Each word, phrase, expression or sentence must be so construed that the general purpose of the Act is met.
- (e) Equal attention must be paid in construction of a statute that it serves the dominant and ancillary purposes with equal force.

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- (f) A beneficial interpretation of a statute must not result into an exercise in futility.
- (g) A plain or literal reading of a statute must ensure equity without ambiguity.
- (h) The language employed must ensure grammatical accuracy; must not permit addition, rejection or substitution of words; avoid technical words, words used by business etc., to have the desired effect of a construction.
- (i) The construction of a statute must ensure that there is no injustice, hardship or inconvenience caused to a person who is not the intended recipient.
- (j) Headings, punctuations must be taken care of. These often cause ambiguity and lack of clarity to a reader.
- (k) Illustrations can be provided to provide clarity.
- (l) Wherever definitions are required they must be supplied by the statute. To the extent possible referential legislation must be avoided since different statutes may have different objects.
- (m) Any construction involving a Proviso must be clear – either to “except” or “include” or “qualify” and nothing more. Generally, a Proviso must not lead to a different construction.
- (n) The provision so enacted must lay emphasis on “substance” rather than on “form”.
- (o) Many times, a provision contains an explanation. The job of an explanation is to explain the “words” contained in the provision. It is definitely a part and parcel of the provision. An explanation when inserted is generally understood to go back to the date on which the provision is deemed to be operational. When an explanation is appended to a clause in a section then the explanation is deemed to apply only to that clause. However, when an explanation is added at the end of a section having several sub-sections / clauses then it is deemed to apply to all sub-sections and clauses unless the explanation qualifies with words such as “for the purposes of clause (a) of sub-section (3) of section 12” etc. An explanation generally supports the main object of the enactment itself.
- (p) Sometimes a provision contains or refers to a Schedule. A Schedule attached or appended to an Act forms part of the enactment. A Schedule generally carries details, and it avoids a section being overburdened with such details. Generally, a Schedule is a matter of convenience.
- (q) Several provisions commence with the expressions “notwithstanding anything contained”. It is generally known as a non-obstante clause. It means the relevant provision has an over-riding effect over a particular section or circumstance or any other enactment itself.
- (r) Apart from all these a provision sometimes uses the words “deem, deemed or deeming etc.,”. Usage of such words implies that the provision creates a legal fiction. Normally, the fiction created is for the purpose of that provision alone and it cannot be extended to any other provision of the enactment.

These are some of the basic principles of construction of a provision. If a draftsman has to bear all these principles in mind and go ahead with construing an exemption provision, he will be overburdened. It is for these reasons that a draftsman generally construes the provision first and then applies these legal principles to ensure that even in case of a judicial review or challenge the provision stands the test of law. It is certainly a huge responsibility on the part of a draftsman to keep these guiding principles in mind while drafting an exemption provision which backs the legislative intent.

3.2 Whether an Exemption is Mandatory or Optional?

One of the most burning issues that bothers the tax fraternity as well as trade and industry is whether to avail an exemption or not? More importantly, whether availing an exemption can be optional or would it be mandatory. In order to answer this vexed issue, we need to understand some basics of availment / non-availment of exemptions:

- (a) If the output stands exempted, it necessarily envisages that input tax credit shall accordingly stand restricted.
- (b) Once the output is exempt, there can be no tacit collection of taxes meaning the incidence of taxes (even at the general rate) cannot be passed on to the customer through a pricing mechanism.
- (c) If the exemption is product / service specific, entity specific, period or area specific, cap on value etc., it appears that availment of such exemption is mandatory. It may not be possible to pay output tax, say at a general rate and continue to avail input tax credits.
- (d) Merely because a customer may be willing to pay taxes on exempted goods or services, it does not mean that the supplier can collect taxes; in fact, in such cases it will amount to excess / unauthorised collection of taxes resulting in forfeiture of taxes whereas input tax credits will continue to stand restricted. Thus, it can amount to a double whammy.
- (e) Some tax experts believe that once the tax stands collected on the output, availability of input tax credit would be automatic; This is an issue which has been subject to judicial review on several occasions and on most occasions, it has been held in favour of Revenue;
- (f) The principles underlying the grant of an exemption would generally be to alleviate the difficulties faced by a particular sector of business and to make them more competitive or to boost or encourage the economy of a particular area in a State or Country (and to make them competitive); or to encourage small and medium size trade and industry to invest the profits arising out of price advantage back into business resulting in higher economic activity etc. If these are broadly the underlying principles then, availment of exemptions on an optional basis would defeat the very purpose of grant of exemption and thus, it appears that such a scheme would not be possible;
- (g) Difficulty often arises when the trade and industry is not very certain as to whether a particular product / service stands exempted since there may be a classification issues. In such over-riding circumstances, it is always better to seek an advance ruling to avoid possible forfeiture of taxes and thereafter, avail the input tax as a disallowance. Even in

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this situation it is advisable not to collect taxes, since taxes collected are to be remitted to the exchequer. In such a situation, if later it turns out that the goods / service is really exempt from payment of taxes then the question of restriction of input tax credit will most certainly arise.

- (h) In any of these situations it would be important to understand the effect of taxation in the following situations :

What if taxes are not collected by a Supplier considering the fact that goods / services stand exempt but it later turns out to be a taxable transaction:- This is a situation faced quite often by the trade and industry. Assuming that factually it is a legal issue and the supplier has not collected taxes, Courts have often come to the rescue of the supplier by stating that if outward supplies are taxable, then the corresponding input taxes would stand allowed even if it is not availed (or restricted) in the original returns.

Can the Supplier in the above situation pass on the output tax paid by him through a debit note or supplementary invoice :- In the normal course, if before the tax office raises the issue and collects the taxes, the supplier or recipient becomes aware that the transaction claimed as exempt is actually taxable, then a fresh tax invoice could be raised and reported along with applicable interest against the said taxable supply. Additionally, a financial credit note should be issued against the wrongly issued bill of supply. In this situation, it will turn out to be tax neutral so far as the supplier and the recipient are concerned. The challenge of availing input tax credits at a later date (assuming it is not claimed / availed within the prescribed period) would continue to haunt the supplier. This situation also needs to be looked into by the law makers.

Considering, each of the situations cited supra, the supplier has to be very careful. In case of a doubt, the best way would be to seek an advance ruling to settle the issue.

3.3 Retrospective Application of an Exemption

It is a settled position that the Union and the States are competent to legislate any law retrospectively within the Constitutional framework. This power is generally used for curing defects in law or to nullify the impact of Court judgements. It is also a settled position of law that there can be retroactive amendments imposing an additional liability. However, machinery and procedural provisions can be subject to retrospective amendment. A retrospective operation of law which is oppressive and appears to take away a benefit already bestowed can be held to be confiscatory in nature and it can therefore be said to be violative of Articles 14 and 19 of the Constitution.

A retrospective amendment cannot affect an existing right and create a new obligation. For instance, if exemption is provided to say, sale of footwear costing less than Rs. 500/- then a retrospective amendment cannot be made to provide that it applies only to plastic footwear.

A taxing statute cannot be termed to be retrospective, if it taxes an event that is continuing when the amendment or Act came into force. For instance, in respect of agreements entered into under the erstwhile laws between a developer and a customer, taxes can be levied under the GST laws to the extent the contract is continuing after the GST law came into force.

Principles of Exemption

It is a settled position of law that any retrospective amendment, if beneficial, is deemed to be good law. In one of the States' tax exemptions were granted to manufacturing industries located in a particular backward area. It so happened, that a few Granite Industries engaged purely in cutting and polishing of granites came up in that area and availed tax exemptions. The Department later took up a position that "cutting and polishing of granites" does not result in manufacture. All the granite industries in that area went up in arms – and the Government later relented and granted exemption retrospectively. Having understood this case history, let us now look at the issues that arise when the Government grants an exemption retrospectively:

- (a) A registered person *may* have already collected taxes from his customers for the past tax periods and may not have paid to the Government, in which case, such a retrospective amendment would have the effect of an unjust enrichment in his hands (if taxes so collected have not been made over to the Government). Additionally, if the registered person has availed input tax credit against such supplies, in which case, such input tax credit already availed would need to be reversed resulting in payment of taxes along with interest and penalties. The taxes so collected from his customers also need to be paid to the Government. In this scenario the following consequences arise:
 - The customers from whom taxes have been collected and paid to the Government stand to get refunds.
 - Alternatively, the taxes so collected from customers and paid to the credit of the Government can stand forfeited, if such customers, do not come forward to make such refund claims. In this scenario, can the Government be said to be unjustly enriched.
 - Tax, interest and penalties levied on the registered person on account of input tax reversals would have to be borne by the supplier as costs.
 - If taxes have been collected by the registered person from his customers and not paid to the Government, then it could lead to initiation of prosecution proceedings depending on the quantum of taxes and nature of the offence.
- (b) If the registered person has not collected taxes *but has remitted taxes* from his own pocket then:
 - it will result in a refund situation provided the supplier has not availed any input tax set off;
 - if he has availed input tax set off, then the resultant effect could be a smaller or lower amount of refund.
- (c) Assume a situation where the Government denies exemption and thereafter, on litigation the Courts restore the exemption. It is a very painful exercise of litigation for the supplier and he has to go through the process cited in (a) and (b) above to prove the *bona fides* of his case.
- (d) What would be the position of a registered person having multiple branches in different States and when one State grants or allows exemption while another does not? For

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example, consider a company engaged in the supply of educational services with branches in different states. The supply of services to educational institutions may be eligible for exemption in one State under the specific notification or circular, while in another state, the exemption may be either denied or interpreted differently by the local tax authorities. Normally this may not happen because to remove the State wise exemptions etc. GST is being implanted. However, any State has given any specific exemption from levy of GST, the supplier has to avail such exemption in that particular State only and in other States the supplier has to collect and pay the GST.

- (e) It must be noted that in each of the cases, the law pre-supposes that taxes are deemed to have been collected by the supplier unless the supplier proves otherwise. The net impact of a retrospective exemption could be rather cumbersome for the supplier.
- (f) Let us now turn our attention to the recipient of such supply and analyse the situation.
 - In cases, where taxes are charged by the supplier and input tax credits have been availed by the recipient, the presumption is that the supplier would have remitted such taxes to the Government. In such a situation, the availment of input tax credits by the recipient would stay unhindered; however, if the supplier has not remitted the taxes, then the question arises as to whether availment of such input tax credits in the hands of the recipient could be denied?
 - In cases, where no taxes are charged whereas the supply is held to be a taxable supply in the hands of the supplier then the only question is whether the supplier can issue a debit note to the recipient. This is a contract between the supplier and the recipient and Government would have no role to play. However, the question is whether the recipient can avail input tax credits on the strength of debit note if within the prescribed timelines then the answer would be 'yes' – otherwise 'no'. This view is, however, subject to the provisions of section 74/74A of the CGST Act, 2017.
- (g) Some of the situations when retrospective exemptions are granted by the Government could be:
 - (i) To alleviate the difficulties caused by ambiguous words / text etc., used in notifications / circulars / legislative provisions etc.
 - (ii) To give effect to the intent of Legislature which did not have the desired effect.
 - (iii) To give effect to orders of judiciary;

To conclude, one will have to exercise caution and care while interpreting the exemption provisions. While this publication would provide an insight, the facts and surrounding circumstances have to be considered while understanding a retrospective amendment to the exemption provisions.

Chapter 4

Procedural Aspects**4.1 Registration in cases of Supply of Exempt Goods and/or Services**

Section 9 provides that a taxable person is liable to pay tax under the GST laws. Taxable person has been defined as a person who is registered or liable to be registered. Section 22 and section 24 of the CGST Act provide the criteria which when fulfilled require a person to take registration. Section 22 provides for registration of every supplier effecting the taxable supplies if his turnover exceeds the threshold limit of Rs. 40 lakhs in case exclusive supply of goods barring few States, Rs. 20 lakhs in case of supply of goods (few States) & services and Rs.10 lakhs in special category States. Every supplier shall be liable to be registered under the Act in the State from which he makes a taxable supply of goods or services or both. It is important to note that registration is required 'in' the State 'from where' taxable supplies are made. Section 24 lays down a list of persons who are required to obtain registration without any monetary limit i.e. even if they do not have supplies as stated above. Such person includes electronic commerce operators who is required to collect tax at source under section 52, input service distributors, non-resident taxable persons etc.

Further, section 23 of the CGST Act provides that the following persons shall not be liable to take registration:

- any person engaged exclusively in the business of supplying goods or services or both that are not liable to tax or wholly exempt from tax under this Act or under the Integrated Goods and Services Tax Act;
- an agriculturist, to the extent of supply of produce out of cultivation of land.

Notwithstanding anything to the contrary contained in sub-section (1) of section 22 or section 24, the Government may, on the recommendations of the Council, by notification, specify the category of persons who may be exempted from obtaining registration under this Act. Accordingly, the Central Government *vide Notification No. 05/2017-Central Tax, dt. 19-Jun-2017* has, w.e.f. 22-Jun-2017 amended Section 23 of CGST Act, 2017 to include the persons who are only engaged in making supplies of taxable goods or services or both, the total tax on which is liable to be paid on reverse charge basis by the recipient of such goods or services or both under section 9(3) of the CGST Act, 2017 in the category of persons exempt from obtaining registration under the aforesaid Act. Provided that the Central Government *vide Notification No. 24/2024-Central Tax, dt. 09-Oct-2024*, has specified that with effect from 10-Oct-2024, nothing contained in this *Notification 05/2017-Central Tax* shall apply to any person engaged in the supply of metal scrap, falling under Chapters 72 to 81 in the First

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Schedule to the Customs Tariff Act, 1975 (51 of 1975).

Thus, a person who is making exclusive supply of exempt goods or services or both is not required to obtain registration; however, if he is engaged in the supply of any taxable goods or services, he shall be required to take registration. It is worth noting that the above Rs. 20 lakhs limit as specified in section 22 shall be arrived at after adding both taxable as well as exempt supplies. Thus, even if a person has Rs 19.5 lakhs of exempt supplies but Rs. 1 lakh of taxable supplies, he is required to take registration.

4.2 Documents, E-way Bills and Records required in case of Exempt Supplies and Consequences of Non-Compliance

4.2.1 Documents required to be issued in case of Exempt Supply

Section 31(3)(c) of the CGST Act provides that a registered person supplying exempt goods or services or both or paying tax under the provisions of section 10 shall issue, instead of a tax invoice, a bill of supply containing such particulars and, in such manner, as may be prescribed. It is further provided that a registered person has an option not to issue bill of supply if the value of the goods or services or both supplied (per invoice) is less than Rs.200/-, subject to the following conditions-

- (i) the recipient is not a registered person; and
- (ii) the recipient does not require such invoice.

In such a situation, the registered person shall issue a consolidated bill of supply for such supplies at the close of each day in respect of all such supplies.

4.2.2 Contents of Bill of Supply

A bill of supply shall contain the following particulars-

- (a) name, address and GSTIN of the supplier;
- (b) a consecutive serial number not exceeding 16 characters;
- (c) date of issue;
- (d) name, address and GSTIN of registered recipient;
- (e) HSN Code for goods or SAC for services;
- (f) description of goods or services or both;
- (g) value of supply of goods or services or both taking into account discount or abatement, if any; and
- (h) signature or digital signature of the supplier or his authorised representative.

Procedural Aspects

In terms of the First Proviso to rule 46, the Central Government vide *Notification No. 78/2020-Central Tax, dated 15-Oct-2020* had specified the requirement of mentioning the number of digits of HSN code on invoice or bill of supply based on the annual turnover of previous financial year which is provided as under:

Annual Turnover in the preceding Financial Year	Number of Digits of HSN Code
Upto Rs 5 Crores	4 (optional for B2C supply)
More than Rs 5 Crores	6

If the aggregate turnover during the preceding financial year is up to Rs. 5 crores then, there is no requirement of mentioning HSN in respect of supplies made to unregistered persons.

It is further provided that, in case of export of goods or services which are exempt under GST, the bill of supply shall carry an endorsement “supply meant for exports/ supply to SEZ developer/ unit for authorised operations under bond or LUT without payment of IGST” and shall specify the following details, namely-

- (i) Name and address of the recipient;
- (ii) Address of delivery; and
- (iii) Name of the country of destination.

It is important to note here that vide *Circular No. 45/ 19/ 2018-GST, dated 30-May-2018*, it has been clarified that in case of export of exempted or non-GST goods without payment of IGST LUT/ bond is not required. Under such a scenario, a view can be taken that in case of export of exempted goods or services, the bill of supply may carry endorsement as “supply meant for exports/ supply to SEZ developer/ unit for authorised operations”.

It is also clarified in rule 49 that any invoice issued under any other Act in respect of non-taxable supply shall be treated as bill of supply under GST. For example, invoice issued under State VAT Act for supply of alcoholic liquor meant for human consumption shall be considered as bill of supply for the purpose of GST Act.

4.2.3 Invoice-cum-bill of Supply

Rule 46A of CGST Rules, 2017 overrides rule 46, rule 49 and rule 54, to provide that a registered person supplying taxable goods as well as exempted goods or services or both to an unregistered person may issue a single “invoice-cum-bill of supply” for all such supplies.

Provisions relating to issue of documents by registered person can be summarized as follows-

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Cases	Document to be issued
Supply of taxable goods or services	Tax Invoice
Supply of exempted goods or services	Bill of supply
Supply of taxable as well as exempted goods or services to unregistered person	Invoice-cum-bill of supply
Supply of taxable as well as exempted goods or services to registered person	Tax Invoice, in respect of taxable supplies Bill of supply in respect of exempted supplies

4.2.4 E-way Bill in case of Exempt Supplies

Section 68 of CGST Act, 2017 read with rule 138 of CGST Rules, 2017 requires every registered person who causes movement of goods of consignment whose value is exceeding Rs. 50,000/- to generate an e-way bill on the common portal in respect of such supply, before commencement of movement of goods. Explanation 2 to rule 138(1) provides that the consignment value of goods shall be the value, determined in accordance with the provisions of section 15, declared in an invoice, a bill of supply or a delivery challan, as the case may be, issued in respect of the said consignment and also includes the central tax, State or Union territory tax, integrated tax and cess charged, if any, in the document and *shall exclude the value of exempt supply of goods* where the invoice is issued in respect of both exempt and taxable supply of goods. Thus, the value of exempted goods shall not be considered for the purpose of computing the limit of Rs 50,000. Therefore, in case of pure supply of exempted goods, other than de-oiled cake as specified in rule 138(14) of CGST Act, 2017, no e-way bill is required.

However, rule 55A of CGST Rules, 2017 requires the person-in-charge of the conveyance to carry a copy of the *tax invoice or the bill of supply* issued in accordance with the provisions of rules 46, 46A or 49 in a case where such person is not required to carry an e-way bill.

Example:

- If a registered person transporting goods of consignment value of Rs. 70,000/- which includes exempt supply of Rs. 30,000/-, then, the e-way bill is not required to be generated because the consignment value is calculated as Rs. 40,000/- which is below the limit of Rs. 50,000/-.
- A registered person transporting exempt goods of consignment value of Rs. 70,000/- is not required to generate e-way bill but the person-in-charge of the conveyance must carry the bill of supply.

4.2.5 Records required to be maintained by Supplier of Taxable/ Exempt Supplies

As per section 35(1), every registered person shall keep and maintain, at his principal place of business mentioned in its registration certificate, a true and correct account of the following:

- Production and manufacture of goods.
- Inward and outward supply of goods or services or both – Such details should include name and complete addresses of suppliers from whom he has received the goods or services chargeable to tax under the Act and name and complete addresses of persons to whom the goods or services chargeable to tax has been supplied.
- Stock of goods – It has been provided that such accounts shall contain particulars of the opening balance, receipt, supply, goods lost, stolen, destroyed, written off or disposed of by way of gift or free sample and the balance of stock including raw materials, finished goods, scrap and wastage thereof.
- Input tax credit availed.
- Output tax payable and paid.
- Such other particulars as may be prescribed.

Thus, every supplier of exempted goods also needs to maintain proper sale purchase register, stock register and manufacturing records.

In addition to the above, rule 56 requires every registered person to keep and maintain the following records-

- Account of the goods or services imported or exported.
- Account of supplies attracting payment of tax on reverse charge.
- Account of advances received, paid and adjustments made thereto.
- A register of tax delivery challan issued or received during any tax period.

It is important to mention that other requisites of books of accounts including the place at which these are required to be maintained, manner in which these are to be maintained, manner of making entries in registers etc. has to be complied with. Section 36 of CGST Act, 2017 requires a registered person to keep and maintain books of accounts or other records for a period of 72 months from the due date of furnishing the annual return (i.e. 31st December of subsequent financial year or such date as extended by Notification) for the year pertaining to such accounts and records. However, where a registered person is a party to an appeal or revision or any other proceedings before the Appellate Authority or Revisional Authority or Appellate Tribunal or Court, whether filed by him or by the

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Commissioner, or is under investigation for an offence under Chapter XIX, he shall retain the books of accounts or other records pertaining to the subject matter of such appeal or revision or proceedings or investigation for a period of 1 year after the final disposal of such appeal or revision or proceedings or investigation, or the period as specified above, whichever is later.

4.2.6 Consequences of Non-Compliance

Section 122 of the CGST Act, 2017 provides penalty for certain offences. A registered person supplying exclusively exempted goods or services or both shall have to pay a penalty of Rs. 10,000/- if he fails to keep, maintain or retain books of account and other documents in accordance with the provisions of this Act or the rules made thereunder.

Chapter 5

Analysis of Exemption

CGST EXEMPTIONS

5.1 Exemptions in case of supplies effected to Government/ Municipal Bodies/ Government bodies and Organisations and Entities under Article 243G or 243W

Specific exemption has been granted to certain supply of services when made by a person to Government and Government bodies. Various exemptions which shall be discussed in this Chapter are as under:

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services
(1)	(2)	(3)
3	Chapter 99	Pure services (excluding works contract service or other composite supplies involving supply of any goods) provided to the Central Government, State Government or Union territory or local authority by way of any activity in relation to any function entrusted to a Panchayat under Article 243G of the Constitution or in relation to any function entrusted to a Municipality under Article 243W of the Constitution.
3A	Chapter 99	Composite supply of goods and services in which the value of supply of goods constitutes not more than 25 per cent of the value of the said composite supply provided to the Central Government, State Government or Union territory or local authority by way of any activity in relation to any function entrusted to a Panchayat under Article 243G of the Constitution or in relation to any function entrusted to a Municipality under Article 243W of the Constitution.
3B	Chapter 99	Services provided to a Governmental Authority by way of- a) water supply b) public health

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		c) sanitation conservancy d) solid waste management and e) slum improvement and upgradation
11A	Heading 9961 or Heading 9962	Service provided by Fair Price Shops to Central Government, State Government or Union territory by way of sale of food grains, kerosene, sugar, edible oil, etc. under Public Distribution System against consideration in the form of commission or margin.
11B	Omitted	
16	Heading 9964	Services provided to the Central Government, by way of transport of passengers with or without accompanied belongings, by air, embarking from or terminating at a regional connectivity scheme airport, against consideration in the form of viability gap funding: Provided that nothing contained in this Entry shall apply on or after the expiry of a period of three years from the date of commencement of operations of the regional connectivity scheme airport as notified by the Ministry of Civil Aviation.
40	Heading 9971 or Heading 9991	Services provided to the Central Government, State Government, Union territory under any insurance scheme for which total premium is paid by the Central Government, State Government, Union territory.
43	Omitted	
51	Omitted	
72	Heading 9992	Services provided to the Central Government, State Government, Union territory administration under any training programme for which 75% or more of the total expenditure is borne by the Central Government, State Government, Union territory administration.

We shall now discuss each of the above exemptions in detail hereunder.

Understanding Important Terms

To understand the exemptions, it is important to know certain terms, which are as follows:

- (a) Government: Government as defined in CGST Act and respective SGST Acts means Central Government and respective State governments.

As per Article 53 of the Constitution the executive power of the Union shall be vested in the President and shall be exercised by him either directly or indirectly through officers subordinate to him in accordance with the Constitution. Further, in terms of Article 77 of the Constitution all executive actions of the Government of India shall be expressed to

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be taken in the name of the President. Therefore, “Central Government” means the President and the officers subordinate to him while exercising the executive powers of the Union vested in the President and in the name of the President.

Similarly, as per Article 154 of the Constitution the executive power of the State shall be vested in the Governor and shall be exercised by him either directly or indirectly through officers subordinate to him in accordance with the Constitution. Further, as per Article 166 of the Constitution all executive actions of the Government of State shall be expressed to be taken in the name of Governor. Therefore, “State Government” means the Governor or the officers subordinate to him who exercise the executive power of the State vested in the Governor and in the name of the Governor.

- (b) Local Authority: “Local authority” has been defined in section 2(69) of the CGST Act and includes bodies like Panchayat, municipality etc.
- (c) Governmental Authority: “Governmental Authority” has been defined in para 2(zf) of *Notification No. 12/2017-Central Tax (Rate)* to mean an authority or a board or any other body, which is either set up by an Act of Parliament or a State Legislature or established by any Government, with 90 per cent or more participation by way of equity or control, to carry out any function entrusted to a Municipality under Article 243W of the Constitution or to a Panchayat under Article 243G of the Constitution.
- (d) Governmental Entity: “Governmental Entity” has been defined in clause 2(zfa) of *Notification No. 12/2017-Central Tax (Rate)* to mean an authority or a board or any other body including a society, trust, corporation which is set up by an Act of Parliament or State Legislature or is established by any Government, with 90 per cent or more participation by way of equity or control, to carry out a function entrusted by the Central Government, State Government, Union Territory or a local authority.

We shall now discuss the specific exemptions as under:

I. Pure Services of Labour for functions under Article 243G / 243W

This exemption covers supplies which fulfil the following conditions:

- Supplies should be pure services in nature: Only supplies which are pure services viz., which do not have any element of supply of goods whether as pure supply of goods or as works contract are covered here.
- Supplies should be provided to Central Government, State Government, Union territory or local authority: Thus, sub-contractors when providing the same services to the contractors of Government shall not enjoy this exemption. Earlier the exemption was also available when services were provided to Governmental authority or a Government Entity. However, this exemption on services provided to Governmental authority or a Government Entity has been withdrawn vide *Notification No. 16/2021-Central Tax (Rate)*, dated 18-Nov-2021, w.e.f. 1-Jan-2022.

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- Supplier should be way of any activity in relation to specified function: The term 'in relation to' enlarges the coverage of the exemption as any supply which is not 'of' but 'related to' such function.
- Such function should be one as 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:
 - A. Functions entrusted to a Panchayat under Article 243G of the Constitution -
 - The preparation of plans for economic development and social justice.
 - The implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to the matters listed in the Eleventh Schedule.
 - Agriculture, including agricultural extension.
 - Land improvement, implementation of land reforms, land consolidation and soil conservation.
 - Minor irrigation, water management and watershed development.
 - Animal husbandry, dairying and poultry.
 - Fisheries.
 - Social forestry and farm forestry.
 - Minor forest produce.
 - Small scale industries, including food processing industries.
 - Khadi, village and cottage industries.
 - Rural housing.
 - Drinking water.
 - Fuel and fodder.
 - Roads, culverts, bridges, ferries, waterways and other means of communication.
 - Rural electrification, including distribution of electricity.
 - Non-conventional energy sources.
 - Poverty alleviation programme.
 - Education, including primary and secondary schools.
 - Technical training and vocational education.
 - Adult and non-formal education.
 - Libraries.

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- Cultural activities
 - Markets and fairs.
 - Health and sanitation, including hospitals, primary health centres and dispensaries.
 - Family welfare.
 - Women and child development.
 - Social welfare, including welfare of the handicapped and mentally retarded.
 - Welfare of the weaker sections, and in particular, of the Scheduled Castes and the Scheduled Tribes.
 - Public distribution system.
 - Maintenance of community assets
- B. Functions entrusted to a Municipality under Article 243W of the Constitution -
- Preparation of plans for economic development and social justice;
 - Performance of functions and the implementation of schemes as may be entrusted to them including those in relation to the matters listed in the Twelfth Schedule:
 - Urban planning including town planning.
 - Regulation of land-use and construction of buildings.
 - Planning for economic and social development.
 - Roads and bridges.
 - Water supply for domestic, industrial and commercial purposes.
 - Public health, sanitation conservancy and solid waste management.
 - Fire services.
 - Urban forestry, protection of the environment and promotion of ecological aspects.
 - Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.
 - Slum improvement and up-gradation.
 - Urban poverty alleviation.
 - Provision of urban amenities and facilities such as parks, gardens, playgrounds.
 - Promotion of cultural, educational and aesthetic aspects.

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- Burials and burial grounds; cremations, cremation grounds; and electric crematoriums.
- Cattle pounds; prevention of cruelty to animals.
- Vital statistics including registration of births and deaths.
- Public amenities including street lighting, parking lots, bus stops and public conveniences.
- Regulation of slaughter houses and tanneries.

II. Composite Services for functions under Article 243G / 243W

This exemption as inserted vide *Notification No. 2/2018-Central Tax (Rate) dated 25-Jan-2018*, covers supplies which fulfil the following conditions:

- Supplies should be composite supply of goods and services: Composite supply of goods and services is found in two categories of supplies as specified in Schedule II, which are as follows:
 - (a) works contract as defined in clause (119) of section 2; and
 - (b) supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration.
- Goods should not constitute more than 25% of value of such supply: This is an important condition as it skews the exemption towards supplies which are more by way of service. Since there is no specific formula to compute such percentage, the same may be computed on the basis of ratio arrived at by dividing cost of goods used in the supply to the total cost of the supply. It is important to note that while computing such ratio, the common expenses like interest, administrative expenses etc. may either be ignored or be added to goods and service portion of cost in their respective ratios.
- Supplies should be provided to Central Government, State Government, Union territory, local authority: Thus, sub-contractors when providing the same services to the contractors of government cannot avail this exemption.
- Supplies should be by way of any activity in relation to specified function: The term 'in relation to' enlarges the coverage of the exemption as any supply which though is not 'of' but 'related to' such function.
- Such function should be one as 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:

The list of such functions has been provided in the above exemption and hence it is not reproduced for the sake of brevity and relevance.

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It was clarified vide *Circular No. 153/09/2021-GST dated 17-Jun-2021* that said entry would apply to composite supply of milling of wheat and fortification thereof by miller, or of paddy into rice, provided that value of goods supplied in such composite supply (goods used for fortification, packing material etc) does not exceed 25% of the value of composite supply.

- Vide para 6 of *Circular No. 245/02/2025-GST dated 28-01-2025*, it has been clarified that GST is applicable on the services provided by facility management agency to MCD, Delhi HQ for upkeep of its head quarter building at applicable rates as these services are not covered under the scope of entry at Sr. No. 3A of the *Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017*.

III. Services provided to a Governmental Authority

This exemption covers certain supplies which are provided to a Governmental Authority:

- Services should be provided to Government Authority: Only services provided to a Governmental Authority by way of water supply, public health, sanitation and conservancy, solid waste management and slum improvement and upgradation has been exempted from levy of GST.
- It was clarified vide *Circular No. 206/18/2023, dated 31-Oct-2023*, that the District Mineral Foundation Trusts (DMFTs) set up by the State Governments are also considered as Governmental Authorities and are thus eligible for the same exemptions from GST as any other Governmental Authority.
- DMFTs are established to work for the welfare of persons and areas affected by mining operations, managing the receipt and expenditure from the respective Mineral Development Funds in the concerned districts. These Trusts provide essential services, including drinking water supply, environmental protection, healthcare facilities, education, welfare of women and children, and the supply of medical equipment, among others. The services and supplies provided from the DMF fund are offered free of charge, with no consideration received from the beneficiaries. These activities align with those listed in the Eleventh and Twelfth Schedules of the Constitution.

IV. Services of Fair Price Shops

This exemption covers supplies which fulfil the following conditions:

- Supplies should be provided by fair price shops: A public distribution shop, also known as fair price shop (FPS), is a part of India's public system established by Government of India which distributes rations at a subsidized price to the poor / marginal people. The shops are run by allottees of State Government who incur all expenses in running the shop and are compensated in the form of commission on sale of food grains etc. at government nominated price through such shops.
- Such service should be provided to Central Government, State Government or Union territory.

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- Consideration earned by such FPS in the form of commission or margin has been exempted. Thus, any other consideration earned by such FPS shall be taxable.

V. Services of Air Transport to Specified Airports

This exemption covers supplies which fulfil the following conditions:

- Supplies should be by way of transport of passengers with or without accompanied belongings, by air: Supply should be by way of transport of passengers by air. Thus, the same is available to airlines issuing tickets to passengers for travel by air.
- Supplies should be provided to Central Government: Regional Connectivity Scheme ("RCS") is a project of Central Government. The objective of RCS is to make flying affordable for the masses with air fares capped at Rs. 2,500 per hour of flight. Airlines selected under the scheme have to offer lower fares for 50 per cent of their total aircraft seats in return for which they receive a subsidy or viability gap funding (VGF) from the Centre and the State government concerned.
- Scheme limited to designated flights: Supplies should be only for flights originating from or terminating at RCS airport. RCS airports are airports as designated under the RCS scheme by Central Government.
- Limited time Scheme: Such Supplies should be provided within three years from the commencement of operation of RCS airport.

VI. Services of Insurance Schemes to Government

This exemption covers supplies which fulfil the following conditions:

- Supplies should be by way of insurance schemes: The exemption is available to insurance companies only.
- Supplies should be provided to Central Government, State Government, Union Territory: The recipient in this case are limited and thus, such exemption is not available when provided to Local authority, Governmental authorities or Governmental entities.
- Total premium should be paid by Government: As a pre-requisite, total premium of the insurance scheme should be paid by the three specified Governments either individually, severally or in any combination thereof. However, any scheme where the specified Governments only pays a part of the premium and balance is paid by the beneficiary or any other person is not covered under this exemption.

VII. Services of Leasing Assets to Indian Railways by IRFC

This exemption has been withdrawn by *Notification No. 7/2021 -Central Tax (Rate), dated 30-Sep-2021, w.e.f. 1-Oct-2021*. Earlier it covered supplies which fulfil the following conditions:

- Supply should be provided by Indian Railways Finance Corporation ("IRFC"): The

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supplier is defined in this case and thus, any supplier other than IRFC shall not enjoy the said exemption.

- Supplies should be provided to Indian Railways: The scheme is limited to provision of such supply to Indian Railways and thus, such benefit is not available to private railway operators.
- Supplies should be by way of leasing of assets: Supply should be by way of leasing of assets. The specified supplier may purchase assets and lease it to Indian railways. Thus, it is basically a mechanism of funding the assets of Indian Railways where Government does not want to invest outrightly in such assets.

VIII. Services of GSTN

This exemption has been withdrawn by *Notification No. 4/2022 -Central Tax (Rate), dated 13-Jul-2022, w.e.f. 18-Jul-2022*. Earlier it covered supplies which fulfil the following conditions:

- Supply should be provided by Goods and Services Tax Network ("GSTN"): The Supplier is defined in this case and thus, any supplier other than GSTN shall not enjoy the said exemption. It is important to note that GSTN is a corporate body incorporated under Companies Act.
- Supplies should be provided to Central Government or State Governments or Union territories: The scheme is limited to provision of services to specified Governments only.
- Supplies should be for implementation of Goods and Services Tax: Any contribution towards implementation of GST to GSTN when paid by the specified Governments shall be exempt.

IX. Services of Training to Government

This exemption covers supplies which fulfil the following conditions:

- Supplies should be provided to Central Government or State Governments or Union territories: The scheme is limited to provision of services to specified Governments only. It is important to note that Governmental Authority, Governmental Entity, Government Companies and even local authorities are not covered under this exemption. Thus, training programs where Government is merely a sponsor and not organiser are not covered under this exemption.
- Supplies should be for training programmes: Specified agencies undertake training for or on behalf of the Government and thus, where such training are provided to or on behalf of Government, the said condition is fulfilled. It is important to note that any activity in relation to training like provision of space etc. is not covered under this exemption.
- 75% or more of the whole of the expenditure should be paid by Government: In order to claim this exemption, it is important to establish that the 75% or more of the expenditure is borne by the Government. Thus, where the expenditure is shared by any other entity

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or person, no exemption is available towards the portion of consideration paid by Government.

5.2 Exemptions in case of supplies effected by Government / Municipal Bodies / Government bodies and Organisations

Government is one of the biggest service providers in every nation to its citizens. Some of the services are drawn out of its statutory functions like issuance of visas, birth certificates etc. while, many others are provided for commerce but still at price which is accessible for masses like railways, bus transportation etc. It is important to mention that all services by Government are taxable unless specifically exempt.

Specific exemption has been granted to certain supply of services when made by Government and Government bodies. Various exemptions which shall be discussed in this Chapter are as under:

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services
(1)	(2)	(3)
4	Chapter 99	Services by Governmental Authority by way of any activity in relation to any function entrusted to a municipality under Article 243W of the Constitution.
5	Chapter 99	Services by a Governmental Authority by way of any activity in relation to any function entrusted to a Panchayat under Article 243G of the Constitution.
6	Chapter 99	Services by the Central Government, State Government, Union territory or local authority excluding the following services— (a) services by the Department of Posts and the Ministry of Railways (Indian Railways); (b) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (c) transport of goods or passengers; or (d) any service, other than services covered under entries (a) to (c) above, provided to business entities.
7	Chapter 99	Services provided by the Central Government, State Government, Union territory or local authority to a business entity with an

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		aggregate turnover of up to such amount in the preceding financial year as makes it eligible for exemption from registration under the Central Goods and Services Tax Act, 2017 (12 of 2017). <i>Explanation:</i> For the purposes of this entry, it is hereby clarified that the provisions of this entry shall not be applicable to— (a) services (i) by the Department of Posts and the Ministry of Railways (Indian Railways); (ii) in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (iii) of transport of goods or passengers; and (b) services by way of renting of immovable property.
8	Chapter 99	Services provided by the Central Government, State Government, Union territory or local authority to another Central Government, State Government, Union territory or local authority: Provided that nothing contained in this entry shall apply to services— (i) by the Department of Posts and the Ministry of Railways (Indian Railways); (ii) in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (iii) of transport of goods or passengers.
9	Chapter 99	Services provided by Central Government, State Government, Union territory or a local authority where the consideration for such services does not exceed five thousand rupees: Provided that nothing contained in this entry shall apply to— (i) services by the Department of Posts and the Ministry of Railways (Indian Railways); (ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (iii) transport of goods or passengers: Provided further that in case where continuous supply of service, as defined in sub-section (33) of section 2 of the Central Goods and Services Tax Act, 2017, is provided by the Central Government, State Government, Union territory or a local authority, the exemption shall apply only where the consideration charged for such service does not exceed five thousand rupees in a financial year.

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9C	Chapter 99	Supply of service by a Government entity to Central Government, State Government, Union territory, local authority or any person specified by Central Government, State Government, Union territory or local authority against consideration received from Central Government, State Government, Union territory or local authority, in the form of grants.
9D	Chapter 99	Services by an old age home run by Central Government, State Government or by an entity registered under section 12AA or 12AB of the Income-tax Act, 1961 (43 of 1961) to its residents (aged 60 years or more) against consideration up to twenty-five thousand rupees per month per member, provided that the consideration charged is inclusive of charges for boarding, lodging and maintenance.
34A	Heading 9971	Services supplied by Central Government, State Government, Union territory to their undertakings or Public Sector Undertakings (PSUs) by way of guaranteeing the loans taken by such undertakings or PSUs from the banking companies and financial institutions.
42	Heading 9973 or Heading 9991	Services provided by the Central Government, State Government, Union territory or local authority by way of allowing a business entity to operate as a telecom service provider or use radio frequency spectrum during the period prior to the 1 st April, 2016, on payment of licence fee or spectrum user charges, as the case may be.
47	Heading 9983 or Heading 9991	Services provided by the Central Government, State Government, Union territory or local authority by way of— (a) registration required under any law for the time being in force; (b) testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, including fire license, required under any law for the time being in force.
61	Heading 9991	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.
61A	Heading 9991	Services by way of granting National Permit to a goods carriage to operate through-out India/ contiguous States
62	Heading 9991 or Heading 9997	Services provided by the Central Government, State Government, Union territory or local authority by way of tolerating non-performance of a contract for which consideration in the form

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		of fines or liquidated damages is payable to the Central Government, State Government, Union territory or local authority under such contract.
63	Heading 9991	Services provided by the Central Government, State Government, Union territory or local authority by way of assignment of right to use natural resources to an individual farmer for cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products.
64	Heading 9991 or Heading 9973	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 1 st April, 2016: Provided that the exemption shall apply only to tax payable on one time charge payable, in full upfront or in installments, for assignment of right to use such natural resource.
65	Heading 9991	Services provided by the Central Government, State Government, Union territory by way of deputing officers after office hours or on holidays for inspection or container stuffing or such other duties in relation to import export cargo on payment of merchant overtime charges.
65B	Heading 9991 or any other heading	Services supplied by a State Government to Excess Royalty Collection Contractor (ERCC) by way of assigning the right to collect royalty on behalf of the State Government on the mineral dispatched by the mining lease holders. <i>Explanation:</i> "Mining lease holder" means a person who has been granted mining lease, quarry lease or license or other mineral concession under the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957), the rules made there under or the rules made by a State Government under sub-section (1) of section 15 of the Mines and Minerals (Development and Regulation) Act, 1957. Condition- Provided that at the end of the contract period, ERCC shall submit an account to the State Government and certify that the amount of goods and services tax deposited by mining lease holders on royalty is more than the goods and services tax exempted on the service provided by State Government to the ERCC of assignment of right to collect royalty and where such amount of goods and services tax paid by mining lease holders is less than

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		the amount of goods and services tax exempted, the exemption shall be restricted to such amount as is equal to the amount of goods and services tax paid by the mining lease holders and the ERCC shall pay the difference between goods and services tax exempted on the service provided by State Government to the ERCC of assignment of right to collect royalty and goods and services tax paid by the mining lease holders on royalty.
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The above entries are discussed in greater details hereunder:

I. All activities of Central Government, State Government and Union territory other than the four specified services

All Services provided by Government, being Central Government, State Government or Union territory Government have been exempted except the following four:

- (a) services by the Department of Posts and the Ministry of Railways (Indian Railways). Earlier the restriction was only mentioned when services provided only 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. However, such restriction has been withdrawn vide *Notification No. 4/2022 -Central Tax (Rate)*, dated 13-Jul-2022, w.e.f. 18-Jul-2022 and inclusion of the Ministry of Railways (Indian Railways) done via *Notification No. 13/2023-Central Tax (Rate)* dated 19-Oct-2023, w.e.f. 20-Oct-2023. Thus, all services of Department of Posts and the Ministry of Railways (Indian Railways) have become taxable.
- (b) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;
- (c) transport of goods or passengers; or
- (d) any service, other than services covered under entries (a) to (c) above, provided to business entities.

These services have been made taxable as they are being provided by the Government in sectors where even private players are operating and thus, the Government wants to maintain a level playing field in terms of taxes. Further, services to business entities are not for common good but for commercial reasons and thus, the same have also been made taxable.

It is clarified vide *Circular no. 190/02/2023-GST* dated 13-Jan-2023 that accommodation services provided by Air Force Mess and other similar messes, such as, Army mess, Navy mess, Paramilitary and Police forces mess to their personnel or any person other than a business entity are covered by Sl. No. 6 of *Notification No. 12/2017 – Central Tax (Rate)*, dated 28-Jun-2017 provided the services supplied by such messes qualify to be considered as services supplied by Central Government, State Government, Union Territory or local authority.

II. Services by Governmental Authority in relation to functions under Articles 243W and 243G

Governmental authority provides support in relation to any function entrusted to a municipality under Article 243W of the Constitution or to a Panchayat under Article 243G of the Constitution. The details of such activities have been discussed earlier in the Guidance Note. These bodies are usually entrusted support functions by the Government or local authority. For e.g. Housing Boards in some States are formed under respective Acts to help Government in construction and welfare activities for poor as they are covered under Article 243W.

A clarification has been issued via *Circular No. 228/22/2024 dated 15-Jul-2024*, to provide clarity on the GST applicability on statutory collections made by the Real Estate Regulatory Authority (RERA), which is constituted under the Real Estate (Regulation and Development) Act, 2016. RERA performs the function of regulating real estate development and construction activities, which fall under Entry No. 1 and 2 of the Twelfth Schedule of the Indian Constitution. It has been clarified that RERA qualifies as a 'Governmental Authority' under the definition provided in the exemption *Notification No. 12/2017-Central Tax (Rate), dated 28-Jun-2017*. Therefore, statutory collections made by RERA are exempted from GST.

III. Certain Services by Government or local authority to Business Entities

Following services when provided by government to business entity have been exempted:

- Services provided by a Government or local authority to a business entity with an aggregate turnover of up to such amount as makes it eligible for exemption from registration under the Central Goods and Services Tax Act, 2017 in the preceding financial year. The said exemption shall not be applicable to services by way of renting of immovable property.
- Services provided by Central Government, State Government, Union territory or a local authority where the consideration for such services does not exceed five thousand rupees. It is further provided that in case where continuous supply of service, as defined in sub-section (33) of section 2 of the Central Goods and Services Tax Act, 2017, is provided by the Central Government, State Government, Union territory or a local authority, the exemption shall apply only where the consideration charged for such service does not exceed five thousand rupees in a financial year.

It is important to mention that the above exemptions shall not be applicable to services (i) by the Department of Posts and the Ministry of Railways (Indian Railways); (ii) in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (iii) of transport of goods or passengers.

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- Services 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.
- Services by way of—
 - (a) registration required under any law for the time being in force;
 - (b) testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, including fire license, required under any law for the time being in force.

It was clarified vide *Circular No. 100/19/2019-GST dated 30-Apr-2019* that charges collected for composite supply of seed testing and certification are exempt and such exemption shall apply to supply of seed tags by seed testing and certification agencies of other states also following similar seed testing and certification procedure.

It was also clarified that State Governments/Seed Certification Agencies may also get tags used in seed certification printed from other departments / manufacturers outside. In such cases, exemption shall not be applicable.

- Services 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. Provided that the exemption shall apply only to tax payable on one-time charges payable, in full upfront or in installments, for assignment of right to use such natural resource.
- Services supplied by Central Government, State Government, Union territory to their undertakings or Public Sector Undertakings (PSUs) by way of guaranteeing the loans taken by such undertakings or PSUs from the banking companies and financial institutions.
It was clarified vide *Circular No.154/10/2021-GST dated 17-Jun-2021* that guaranteeing of loans by Central or State Government for their undertaking or PSU is specifically exempt under entry no. 34A.
- Services 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.
- Services 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.
- Services by way of issuance of passport, visa, driving license, birth certificate or death certificate.

Analysis of Exemption

- Services by way of allowing a business entity to operate as a telecom service provider or use radio frequency spectrum during the period prior to the 1st April, 2016, on payment of license fee or spectrum user charges, as the case may be.
- Services supplied by a State Government to Excess Royalty Collection Contractor (ERCC) by way of assigning the right to collect royalty on behalf of the State Government on the mineral dispatched by the mining lease holders. At the end of the contract period, ERCC shall submit an account to the State Government and certify that the amount of goods and services tax deposited by mining lease holders on royalty is more than the goods and services tax exempted on the service provided by State Government to the ERCC of assignment of right to collect royalty and where such amount of goods and services tax paid by mining lease holders is less than the amount of goods and services tax exempted, the exemption shall be restricted to such amount as is equal to the amount of goods and services tax paid by the mining lease holders and the ERCC shall pay the difference between goods and services tax exempted on the service provided by State Government to the ERCC of assignment of right to collect royalty and goods and services tax paid by the mining lease holders on royalty.

IV. Services by one Government to Another

It is possible that one department of Government may supply service to another department or by one Government or local authority to another Government or local authority. Thus, the present exemption covers all such services except services:

- (i) by the Department of Posts and the Ministry of Railways (Indian Railways);
- (ii) in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;
- (iii) of transport of goods or passengers.

5.3 Exemptions in case of supplies to/ by Ministry of Railways (Indian Railways)

The Indian Railways, one of the world's largest railway networks, serves as the backbone of transportation in India, carrying millions of passengers and freight across the country daily. Managed by the Ministry of Railways, Indian Railways plays a vital role in the nation's economy, providing affordable and accessible transportation to both individuals and businesses. Over the years, it has contributed significantly to the movement of goods, aiding in trade, commerce, and the overall economic development of the country.

Recognizing the essential nature of Indian Railways in national growth and public welfare, several services related to the railway sector have been granted specific GST exemptions. Various exemptions which shall be discussed in this Chapter are as under:

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Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services
(1)	(2)	(3)
9E	Chapter 99	Services provided by Ministry of Railways (Indian Railways) to individuals by way of - (a) sale of platform tickets (b) facility of retiring rooms/waiting rooms (c) cloak room services (d) battery operated car services
9F	Chapter 99	Services provided by one zone/division under Ministry of Railways (Indian Railways) to another zone(s)/division(s) under Ministry of Railways (Indian Railways).
9G	Chapter 99	Services provided by Special Purpose Vehicles (SPVs) to Ministry of Railways (Indian Railways) by way of allowing Ministry of Railways (Indian Railways) to use the infrastructure built and owned by them during the concession period against consideration and services of maintenance supplied by Ministry of Railways (Indian Railways) to SPVs in relation to the said infrastructure built and owned by the SPVs during the concession period against consideration.

The above entries are discussed in detailed as under-

These exemptions have been inserted via *Notification No. 04/2024 Central Tax (Rate), dated 12-Jul-2024* which covers supplies provided by Indian Railways to individuals, as well as services between various divisions under Ministry of Railways services provided by Special Purpose Vehicles (SPVs) to Ministry of Railways (Indian Railways) by way of allowing Ministry of Railways (Indian Railways) to use the infrastructure built and owned by them during the concession period against consideration and services of maintenance supplied by Ministry of Railways (Indian Railways) to SPVs in relation to the said infrastructure built and owned by the SPVs during the concession period against consideration:

- Individual Services: Services supplies by Indian Railways directly to individuals, such as the sale of platform tickets, retiring rooms and waiting rooms facilities, cloakroom services, and battery-operated car services, are exempt from GST.

Analysis of Exemption

- **Inter-Zone/Division Services:** Indian Railways is divided into various zones. These zones are the top-level administrative units and are responsible for managing all railway operations, infrastructure, and services within their respective geographical areas. Further each zone is divided into different divisions and each division handle the day-to-day operations at a more localized level, managing.

Services provided in between by one zone or division to another zone or division are exempted from GST.

- **SPV-Related Services:** Special Purpose Vehicles (SPVs) are corporate entities incorporated for specific infrastructure or service projects. These SPVs are generally joint ventures between Indian Railways and other Government or private entities. The function of SPVs is to raise funds, manage projects, and execute operations that are not covered in the routine functioning of Indian Railways. SPVs are particularly important for implementing large-scale infrastructure projects, such as the construction of new rail lines, stations, freight corridors, and other critical assets.

Services provided in between SPVs and the Ministry of Railways by way of allowing the use of infrastructure built and owned by the SPVs during the concession period and maintenance services provided by the Ministry of Railways to these SPVs in relation to said infrastructure are exempt from GST.

5.4 Exemptions in case of supplies effected by Charitable Trusts, Religious Institutions/ Organisations and Not for Profit Entities

In India, the organizations which carry out their activities without a profit motive have always been provided various concessions in the form of exemption from taxes or provision of various facilities at concessional rates.

Charitable organizations carry out variety of activities in the spheres of education, health care, environment protection and enhancement etc. Religious trusts normally own religious places like temples etc. Income of such organizations are generally received through voluntary contribution (donation) or contribution for specific purposes. Renting of precincts owned by them is also a common source of their income.

Specific exemption has been granted to certain supplies of services when made by a person to Government and Government bodies. Various exemptions which shall be discussed in this Chapter are as under:

Sl. No.	Description of Services
1	Services by an entity registered under section 12AA or 12AB of the Income-tax Act, 1961 (43 of 1961) by way of charitable activities.

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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 or 12AB of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) or a trust or an institution registered under sub clause (v) of clause (23C) of section 10 of the Income-tax Act or a body or an authority covered under clause (23BBA) of section 10 of the Income-tax Act: Provided that nothing contained in entry (b) of this exemption shall apply to, - (i) renting of rooms where charges are one thousand rupees or more per day; (ii) renting of premises, community halls, kalyanmandapam or open area, and the like where charges are ten thousand rupees or more per day; (iii) renting of shops or other spaces for business or commerce where charges are ten thousand rupees or more per month.
80	Services by way of training or coaching in - (a) recreational activities relating to arts or culture, by an individual, or (b) sports by charitable entities registered under section 12AA or 12AB of the Income-tax Act.

I. Charitable Activities

There are two requisites for this exemption.

The entity should be registered under section 12AA or 12AB of the Income-tax Act, 1961.

For the aforesaid exemption, the service must be provided by an entity registered under section 12AA or 12AB of Income Tax Act, 1961. Application for registration is required to be made under section 12A of Income Tax Act, 1961 and section 12AA or 12AB of the said Act provides for the procedure of registration of such entities.

Entities registered under section 12AA or 12AB of the Income-tax Act are eligible to claim exemption under the provisions of Income Tax Act, 1961 subject to certain conditions. Under GST, the only condition is that such entity must be registered under section 12AA of the Income-tax Act. If, for any reason, entity is not eligible to avail exemption under Income Tax Act for any assessment year but, it continues to be registered, exemption under GST will continue to be available. Also, exemption will be available on or after the date of registration under section 12AA or 12AB of the Income-tax Act, 1961.

Services should be covered under the ambit of 'charitable activities'

The term 'Charitable activities' has been defined in *Notification No. 12/2017 - Central Tax (Rate) dated 28-Jun-2017* thus:

Analysis of Exemption

- (r) "charitable activities" means activities relating to -
- (i) public health by way of, -
 - (A) care or counselling 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;

Thus, all activities for charitable purpose in general, are not exempt under GST unless they are covered in the specific definition above. Therefore, many activities with charitable objects may be subjected to GST as they may not fall under the confined parameters of charitable activities as per this notification.

Under the Income Tax Act, income derived from property held under a trust solely for "charitable purpose" is exempt from tax to the extent it is applied or accumulated (as per the provisions of Income Tax Act) for charitable purposes in India. In comparison to the term "charitable purpose" defined under 2(15) of the Income Tax Act, 1961, with that of term "charitable activities" defined in exemption notification under GST, following variances can be drawn:

Income Tax Act	Goods and Services Tax Act
Relief of poor	No such inclusion
Preservation of monuments or places or objects of artistic or historic interest	No such inclusion
Education	Advancement of educational programmes or skill development relating to certain specified class of persons

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Medical relief	Activities relating to public health by way of - (A) care or counselling of persons with certain specified ailment (B) public awareness of preventive health, family planning or prevention of HIV infection
Advancement of any other object of general public utility subject to certain conditions and monetary limits	No such residual entry. Specific inclusion of advancement of religion, spirituality or yoga.

From the above comparison, it is evident that the definition of "charitable activities" in the exemption notification under GST is very narrow in scope as compared to the definition under Income Tax Act. Therefore, all the activities carried out by an entity, availing exemption under Income Tax Act, are not compulsorily exempt under GST. The activities have to be examined considering the definition of charitable activities, as to whether they can be classified as any of the activities specified therein or not and the exemption should be availed only if they are falling under the limited scope of activities defined as charitable activities.

Comparison with erstwhile laws

This entry is similar to Service Tax exemption as provided vide Entry No. 6 of *Notification No. 25/2012-ST dated 20-Jun-2012*.

Examples

- (a) X charitable trust (registered under section 12AA of Income Tax Act, 1961) is providing educational services to orphaned children.
- (b) Shri Sanstha (registered under section 12AA of Income Tax Act, 1961) is providing counselling services to alcohol addicted persons.

II. Conduct of religious ceremonies

Scope of this exemption entry covers:

- Service provided by - any person
- Nature of service provided - Conduct of religious ceremony
- Condition or threshold limit for exemption - No condition or limit

The significant term in this entry is 'religious ceremony'. This term has not been defined under the erstwhile Service Tax Law or under GST Act, but according to a CBEC's Education guide, 'religious ceremonies are life-cycle rituals including special religious poojas conducted in terms of religious texts by a person so authorized by such religious texts. Occasions like birth, marriage and death involve elaborate religious ceremonies.

Also, all incomes from religious ceremonies are not exempt. During the course of a religious ceremony, if services other than by way of conduct of religious ceremony are provided, such services are not exempt.

III. Renting of precincts of a religious place meant for general public

The term 'Religious place' has been defined to mean a place which is primarily meant for conduct of prayers or worship pertaining to a religion, meditation, or spirituality. Thus, renting of precincts of such place has been exempted. The word 'precincts' has not been defined under the Act. However, CBEC had clarified vide *Circular No. 200/10/2016-Service Tax dated 06-Sep-2016*, that the word "Precincts" should be interpreted to consider all immovable property of the religious place located within the outer boundary wall of the complex (of building and facilities) in which religious place is located, as being located in the precincts of the religious place. The immovable property located in the immediate vicinity and surrounding the religious place and owned by the religious place or under the same management as the religious place may be considered as being located in the precincts of religious place.

For this exemption, the precincts of such religious place should be owned or managed by:

- a charitable or religious trust under 12AA or 12AB of Income Tax Act, 1961.
- a trust or an 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.

It is important to note here that the above exemption of renting of precincts of a religious place is not applicable where:

- Charges by way of room rent are Rs. 1,000 or more per day.
- Charges for renting of premises, community halls, kalyanamandapam or open area etc. are Rs. 10,000 or more per day.
- Charges for renting of shops or commercial spaces are Rs. 10,000 or more per month.

Examples

- (a) Shri Jagdish Ji, a priest, charged Rs. 21,000/- from Mr. X for carrying out the rituals of his marriage ceremony.

This is exempt under clause (a) of Entry 13 of *Notification No. 12/2017- Central Tax (Rate)*.

- (b) Rent of Rs. 9,000 charged for letting out community hall in a temple premises for a convention to a business organization.

This is exempt under clause (b) of Entry 13 of *Notification No. 12/2017- Central Tax (Rate)*.

- (c) Rent of Rs. 8,000 charged for letting out shops outside the temple in the area under management of trust managing the temple.

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This is exempt under clause (b) of Entry 13 of *Notification No. 12/2017- Central Tax (Rate)*.

IV. Training or Coaching in Recreational Activities or Sports

Services by way of training or coaching in recreational activities relating to arts or culture by an individual and services by way of training or coaching in sports by charitable entities registered under section 12AA or 12AB of the Income Tax Act are exempt.

5.5 Exemptions in case of Associations and Clubs

Clubs or associations are established in different forms of organizations. They may be registered as a society under Societies Registration Act or as a trust or as a company under Section 25 of Companies Act, 2013. A society is the most common form of organization opted by associations or clubs. The bye laws of the organization provide the manner and procedure of enrolment of members and objects of the association. The clubs or associations generally provide different types of services, some of which are:

- Sports facilities
- Organization of events or tournaments
- Renting of *mandap*, banquets or grounds for events
- Facility of library, conference hall etc.
- Short term accommodation facilities
- Supply of food and drinks at restaurants

Concept of Mutuality and GST

From a combined reading of Section 7 and definition of business as provided in CGST Act, it is clear that provision of facilities or benefits by clubs or associations is business but the question, whether provision of an activity, which is covered under the definition of business, by a person to himself will be considered as supply or the principle of mutuality will hold, is still unanswered.

Since the expression 'supply' does not warrant provision of supply by a person to another person, it can be interpreted that provision of an activity by a person covered in the definition of business will be considered as a supply. Also, the notifications issued by the Government indicate an intent that services provided by such associations have to be considered as supply and chargeable to tax as per provisions of the Act.

Supply of goods by clubs or associations

Schedule II to CGST Act deals with activities or transactions to be treated as supply of goods or supply of services. Para 7 to Schedule II specifically provides as under:

Analysis of Exemption

“The following shall be treated as supply of goods, namely:—

Supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration.”

In view of the above, supply of goods or services by associations or clubs to its members are covered under the ambit of supply for levy of GST.

However, Para 7 has been omitted retrospectively w.e.f. 01-Jul-2017 by the Finance Act, 2021. The Government has also amended Section 7 of the CGST Act to introduce a specific clause(1)(aa) to provide for deemed taxability of transaction between members and association inter-se. The relevant entry as introduced w.e.f. 1-Jul-2017 is as follows –

- (aa) the activities or transactions, by a person, other than an individual, to its members or constituents or vice versa, for cash, deferred payment or other valuable consideration.

Explanation.—For the purposes of this clause, it is hereby clarified that, notwithstanding anything contained in any other law for the time being in force or any judgment, decree or order of any Court, tribunal or authority, the person and its members or constituents shall be deemed to be two separate persons and the supply of activities or transactions inter se shall be deemed to take place from one such person to another;

Having discussed the taxability, we shall now discuss the exemptions given to associations.

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services
77	Heading 9995	Service by an unincorporated body or a non- profit entity registered under any law for the time being in force, to its own members by way of reimbursement of charges or share of contribution – (a) as a trade union; (b) for the provision of carrying out any activity which is exempt from the levy of Goods and service Tax; or (c) up to an amount of seven thousand five hundred rupees per month per member for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex.
77A	Heading 9995	Services provided by an unincorporated body or a non-profit entity registered under any law for the time being in force, engaged in, — (i) activities relating to the welfare of industrial or agricultural labour or farmers; or

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		(ii) promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment, to its own members against consideration in the form of membership fee upto an amount of one thousand rupees (Rs. 1000) per member per year.
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Analysis

(a) Trade unions

Service provided by any non-profit entity to its members by way of reimbursement of charges or share of contribution as a *trade union* is exempt from tax. Under the exemption notification under GST, trade union is defined thus:

(zzn) "*trade union*" has the same meaning as assigned to it in clause (h) of section 2 of the Trade Unions Act, 1926 (16 of 1926);

As per section 2(h) of the Trade Unions Act, 1926 (16 of 1926), "Trade Union" means any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen, or between employers and employers, or for imposing restrictive conditions on the conduct of any trade or business, and includes any Federation of two or more Trade Unions.

(b) Contribution from members for an exempt activity

Reimbursements or share of contribution collected by such entities from their members, for provision of carrying out any activity which in itself is exempt from the levy of Goods and service Tax, are also exempt from GST by virtue of this entry of the notification.

(c) Resident Welfare Associations (RWAs)

The management of residential societies is generally in the hands of co-operative housing societies. As an alternate of forming a society, in some places, Resident Welfare Associations are formed for group of buildings. The services provided by the RWAs include organizing supply of electricity and water, cleaning of common areas, maintenance and upkeep of the building, payment of municipal taxes etc.

The association raises contributions from all the members to provide these facilities. The contribution is generally decided in the meetings of the association. Residential complex has been defined under the exemption notification as under:

(zzb) "*residential complex*" means any complex comprising of a building or buildings, having more than one single residential unit;

In respect of such exemption under Service tax regime, CBEC had clarified, vide *Circular No. 175/01 /2014 – ST, dated 10-Jan-2014*, that if per month per member contribution of any or some members of a RWA exceeds five thousand rupees, the entire contribution of such members whose per month contribution exceeds five thousand rupees would be ineligible for

Analysis of Exemption

the exemption under the said notification. Service tax would then be leviable on the aggregate amount of monthly contribution of such members.

The same issue has also been clarified in GST vide *Circular No. 109/28/2019-GST dated 22-Jul-2019*. It states that if the contribution of any member exceeds INR 7500 per month per member, then the entire contribution of such member would be ineligible for exemption under GST. As per general business sense, a person who owns two or more residential apartments in a housing society or a residential complex shall normally be a member of the RWA for each residential apartment owned by him separately. The ceiling of Rs. 7500/- per month per member shall be applied separately for each residential apartment owned by him.

It is also important to note that this exemption covers only such services by the housing society or a body of the residential complex, which are provided for the common use of its members. Thus, if any service is provided by such body on individual basis on payment of fee, such service would not be exempt. For example, when security is made available on individual request by members, it would not be exempt.

Requirement of registration for housing societies/RWAs

An important question that arises is if an RWA provides certain services such as payment of electricity or water bill issued by third person, for its members, is exclusion from value of supply available for the purposes of computation of aggregate turnover for purpose of registration or ITC reversal?

Section 2(6) of Central Goods and Services Tax Act, 2017 defines 'aggregate turnover' as:

(6) "aggregate turnover" means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess;

It means the amount of exempt supplies is also included in the aggregate turnover.

Some common issues are tabulated hereunder:

Issue	Suggestion
Case I : Where an electricity bill is raised in the name of the member in respect of electricity consumed by him and payment is collected and paid by the RWA to the utility without charging any other consideration.	RWA is acting as a pure agent; the amount collected for payment of such bill can be excluded from the value of supply.
Case II : Electricity bill is issued in the name of RWA, in respect of electricity consumed for common use of lifts, motor pumps for water supply, lights in common area etc.	Since there is no agency involved, exclusion from value of supply would not be available. Note : This poses an issue that RWA would have to be registered if aggregate

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	turnover including such exempt supplies exceeds Rs. 20 lakhs and the RWA would not be eligible for ITC in respect of inputs, input services or capital goods in respect of such exempt supplies.
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A. Comparison with erstwhile law

The first two clauses of this exemption entry in respect of trade union and provision of carrying out any activity which is exempt from the levy of tax, are similar to exemption in service tax as provided under Entry No. 28 of *Notification No. 25/2012-ST dated 20-Jun-2012*.

Although, services of RWA were exempt up to an amount of INR 5,000 per month per month in service tax the limit has been extended to INR 7500 per month per member under GST.

In pre-GST period, ITC of Central Excise and VAT paid on goods and capital goods was not available and these were costs to the RWA, but under GST, RWAs will be entitled to ITC in respect of taxes paid by them on capital goods, inputs and input services.

B. Examples

Service provided by an RWA by way of -

- Payment of electricity bills in the name of its members or in the name of RWA for common area
- Provision of facility of cleaning or security services for common use of members

are exempt under Entry 77 of *Notification No. 12/2017 - Central Tax (Rate)*, subject to threshold of Rs. 7500 per month per member. This is also clarified vide *Circular No. 109/28/2019-GST dated 23-Jul-2019*.

Services provided by an unincorporated body or a non-profit entity registered under any law for the time being in force to its own members against consideration in the form of membership fee upto an amount of one thousand rupees (Rs. 1,000) per member per year.

Conditions to be met to avail the exemptions

1. The maximum limit of consideration is Rs. 1,000 if the amount of consideration is more than Rs. 1,000/- then the exemption will not be applicable.
2. The amount has to be collected from the members of the entity and not from the non-members or the general public.
3. The entity should be engaged in any of the following activities: -
 - (i) activities relating to the welfare of industrial labour;
 - (ii) activities relating to welfare of agricultural labour;
 - (iii) activities relating to welfare of farmers;

- (iv) promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment.

5.6 Exemptions in case of Education and Allied Services

"Education" is not defined in the CGST Act but as per Supreme Court decision in *Sole Trustee, Loka Shikshana Trust v. CIT [1975] 101 ITR 234*, education is the process of training and developing knowledge, skill mind and character of students by normal schooling. Education in its general sense is a form of learning in which knowledge, skills and habits of a group of people are transferred from one generation to the next through teaching, training or research. Any experience that has a formative effect on the way one thinks or acts may be considered as education.

Taxing the Education Sector has always been a sensitive issue, as education is seen more as a social activity than a business one. The Government has a constitutional obligation to provide free and compulsory elementary education to every child. Thus, to promote education, it would be beneficial if educational services are exempt from tax. However, commercialization of education is also a reality. The distinction between core and ancillary education is blurring and education is now an organized industry with huge revenues. The GST Act tries to maintain a fine balance whereby core educational services provided and received by educational institutions are exempt and other services are sought to be taxed.

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services
(1)	(2)	(3)
66	Heading 9992 or Heading 9963	Services provided - (a) by an educational institution to its students, faculty and staff; (aa) by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee; (b) to an educational institution, by way of, - (i) transportation of students, faculty and staff; (ii) catering, including any mid-day meals scheme sponsored by the Central Government, State Government or Union territory; (iii) security or cleaning or house-keeping services performed in such educational institution;

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		(iv) services relating to admission to, or conduct of examination by, such institution; (v) supply of online educational journals or periodicals: Provided that nothing contained in sub-items (i), (ii) and (iii) of item (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. Provided further that nothing contained in sub-item (v) of item (b) shall apply to an institution providing services by way of,- (i) pre-school education and education up to higher secondary school or equivalent; or (ii) education as a part of an approved vocational education course.
66A	Heading 9992	Services of affiliation provided by a Central or State Educational Board or Council or any other similar body, by whatever name called, to a school established, owned or controlled by the Central Government, State Government, Union Territory, local authority, Governmental authority or Government entity.
67	Omitted	
69	Heading 9983 or Heading 9991 or Heading 9992	Any services provided by, _ (a) the National Skill Development Corporation set up by the Government of India; (b) the National Council for Vocational Education and Training; (c) an Awarding Body recognized by the National Council for Vocational Education and Training; (d) an Assessment Agency recognized by the National Council for Vocational Education and Training; (e) a Training Body accredited with an Awarding Body that is recognized by the National Council for Vocational Education and Training, in relation to- (i) the National Skill Development Programme or any other scheme implemented by the National Skill Development Corporation; or (ii) a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or (iii) any National Skill Qualification Framework aligned qualification or skill in respect of which the National Council for Vocational Education and Training has approved a qualification packages.

Analysis of Exemption

		(f) a training partner approved by the National Skill Development Corporation
70	Heading 9983 or Heading 9985 or Heading 9992	Services of assessing bodies empanelled centrally by the Directorate General of Training, Ministry of Skill Development and Entrepreneurship by way of assessments under the Skill Development Initiative Scheme.
71	Heading 9992	Services provided by training providers (Project implementation agencies) under Deen Dayal Upadhyaya Grameen Kaushalya Yojana implemented by the Ministry of Rural Development, Government of India by way of offering skill or vocational training courses certified by the National Council for Vocational Education and Training.

We shall now discuss the above entries in detail hereunder:

I. Exemption to services to or by Educational Institution

Following services are exempt as provided in Entry 66 of the exemption Notification-

a. By an educational institution to its students, faculty and staff;

In relation to this exemption entry, the following terms have been defined in the aforesaid exemption notification:

- (y) *“educational institution” means an institution providing services by way of,-*
 - (i) *pre-school education and education up to higher secondary school or equivalent;*
 - (ii) *education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force;*
 - (iii) *education as a part of an approved vocational education course;*
- (h) *“approved vocational education course” means, -*
 - (i) *a course run by an industrial training institute or an industrial training centre affiliated to the National Council for Vocational Education and Training or State Council for Vocational Training offering courses in designated trades notified under the Apprentices Act, 1961 (52 of 1961); or*
 - (ii) *a Modular Employable Skill Course, approved by the National Council of Vocational Education and Training, run by a person registered with the Directorate General of Training, Ministry of Skill Development and Entrepreneurship;*

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It is pertinent to note that the entry does not specify the nature of services provided by an educational institution. Thus, all the services provided by an educational institution to its students, faculty and staff are exempt under GST.

Meaning of “education as a part of curriculum for obtaining a qualification recognized by law”

It means that only such educational services are in the exemption list as are related to delivery of education as 'a part' of the curriculum that has been prescribed for obtaining a qualification prescribed by law. It is important to understand that to be in the exemption list the service should be delivered as part of curriculum. Conduct of degree courses by colleges, universities or institutions which lead to the grant of qualifications recognized by law would be covered. Training given by private coaching institutes would not be covered as such training does not lead to grant of a recognized qualification.

b. By an educational institution by way of conduct of entrance examination

Exemption has been granted to services by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee. Entrance fee charged from prospective students is exempt under GST. It was also clarified vide *Circular No. 151/07/2021-GST dated 17-Jun-2021* that National Board of Examination is an 'Educational Institution' in so far as it provides services by way of conduct of examination, including any entrance examination, to the students. Therefore, GST shall not apply to any fee or any amount charged by such Boards for conduct of such examinations including entrance examinations.

Further, it was clarified that GST is also exempt on input services relating to admission to, or conduct of examination, such as online testing service, result publication, printing of notification for examination, admit card and questions papers etc, when provided to such Boards.

Furthermore, it was clarified that GST @ 18% applies to other services provided by such Boards, namely of providing accreditation to an institution or to a professional (accreditation fee or registration fee such as fee for FMGE screening test) so as to authorise them to provide their respective services.

Additionally, a new explanation has also been inserted via *Notification No. 01/2023 Central Tax (Rate), dated 28-Feb-2023*, which clarifies that "Any authority, board, or body set up by the Central Government or State Government, including the National Testing Agency, for the conduct of entrance examinations for admission to educational institutions, shall be treated as an educational institution for the limited purpose of providing services by way of conducting entrance examinations for admission to educational institutions."

c. Services provided to an educational institution

Following services provided to an educational institution are exempt:

Analysis of Exemption

- (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;
- (v) supply of online educational journals or periodicals;

Scope of exemption for services provided to an educational institution is limited in comparison to the exemption for services provided by them, as the nature of services covered under such exemption has been specified. Broadly, the services covered are transportation, catering, security, cleaning or house-keeping, admission or examination related services, supply of online journals.

Food provided by educational institutions in their premises

Circular No.28/02/2018-GST [F.NO.354/03/2018], dated 8-Jan-2018, as corrected by *Circular No.28/02/2018-GST, dated 18-Jan-2018*, has clarified as under:

- 2.1 If the catering services is one of the services provided by an educational institution to its students, faculty and staff and the said educational institution is covered by the definition given under para 2(y) of *Notification No. 12/2017-Central Tax (Rate)*, then the same is exempt. [Sl. No. 66(a) of *Notification No. 12/2017-Central Tax (Rate)* refers]
- 2.2 If the catering services, i.e., supply of food or drink in a mess or canteen, is provided by anyone other than the educational institution, then it is a supply of service at entry 7(i) of *Notification No. 11/2017-CT(R)* to the concerned educational institution and attracts GST of 5% provided that credit of input tax charged on goods and services used in supplying the service has not been taken, effective from 15-Nov-2017.

Also, in a Press Release dated 11-Apr-2018, it has been clarified that:

- i. GST rate on supply of food and drinks in a mess or canteen in an educational institution attracts GST at 5% without Input Tax Credit (ITC).
- ii. If schools up to higher secondary level supply food directly to students, then the same are exempt from GST.

Hostel Services provided to Students

In the press release dated 13-Jul-2017, the Board has clarified that services of lodging/boarding in hostels provided by such educational institutions which are providing pre-school education and education up to higher secondary school or equivalent or education leading to a qualification recognised by law, are fully exempt from GST. Annual subscription/ fees charged as lodging/boarding charges by such

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educational institutions from its students for hostel accommodation shall not attract GST.

The CBIC in e-version of GST Flyers on education services has discussed that boarding schools provide service of education coupled with other services like providing dwelling units for residence and food. This may be a case of bundled services if the charges for education and lodging and boarding are inseparable. Their taxability will be determined in terms of the principles laid down in section 2(30) read with section 8 of the CGST Act, 2017 (i.e. composite supply). Such services in the case of boarding schools are naturally bundled and supplied in the ordinary course of business. Therefore, the bundle of services will be treated as consisting of the principal supply, which means the service which forms the predominant element of such a bundle. In this case, since the predominant nature is determined by the service of education, the other service of providing residential dwelling will not be considered for the purpose of determining the tax liability and in this case the entire consideration for the supply will be exempt.

Applicability of GST on the Directorate General of Civil Aviation (DGCA) approved flying training courses conducted by Flying Training Organizations approved by the DGCA

Circular 234/28/2024-GST dated 11-Oct-2024 clarified that the approved flying training courses conducted by FTOs approved by DGCA wherein the DGCA mandates the requirement of a completion certificate, are covered under Sl.No.66 of *Notification No.12/2017-CT (R) dated 28-Jun-2024* and are hence, exempt.

d. Conditions for the above exemptions

The aforesaid exemption for services provided to an education institution are subject to the following conditions:

- Services covered in clause (i), (ii) and (iii) above are not applicable to educational institutions other than those providing services by way of pre-school education and education up to higher secondary school or equivalent.

This means that the exemption for said services is applicable only where such services are provided to schools.

- Exemption for supply of online education journals or periodicals is not applicable to institutions providing services by way of-
 - (i) pre-school education and education up to higher secondary school or equivalent; or
 - (ii) education as a part of an approved vocational education course.

This means that such exemption is applicable only for supply to institutions providing services by way of education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force.

Analysis of Exemption

Examples:

1. Modern School has charged Rs. 2,000 per student for a summer tour organized by the school. Such services are exempt.
2. Transportation services provided to a college for transportation of its students.
Such services are taxable because such services are exempt only when provided to schools.

II. Analysis of entry no. 66A of the Exemption Notification

Service of affiliation, provided to schools by Central or State educational boards or councils or other similar bodies, by whatever name called, are taxable. However, affiliation service provided by Central and State educational boards or Councils, or other similar bodies, by whatever name called, to Government schools i.e., schools established owned or controlled by the Central Government, State Government, Union Territory, local authority, Governmental authority or Government entity has been exempted w.e.f. 10-Oct-2024 vide *Notification No.08/2024-CT(R) dated 08-Oct-2024*.

Circular No. 234/28/2024-GST dated 11-Oct-2024 clarified that the activity of affiliation is to monitor and ensure whether the institution possesses the required infrastructure in terms of space, technical prowess, financial liquidity, faculty strength etc. and is thereby eligible for the privileges to conduct the course/program of study or the degree/title extended by the University to the students enrolled in such institutions. The affiliation services provided by the universities to colleges are not by way of services related to the admission of students to such colleges or the conduct of examinations by such colleges. Thus, such affiliation services are not covered within the ambit of exemptions provided to educational institutions in the *Notification No.12/2017-CT(R) dated 28-Jun-2017* and attracts GST@ 18%.

III. Analysis of entry no. 67 of the Exemption Notification

Services provided by the Indian Institutes of Management, as per the guidelines of the Central Government, to their students, by way of the following educational programmes, except Executive Development Programme :-

- (a) two-year full time Post Graduate Programmes in Management for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test (CAT) conducted by the Indian Institute of Management;
- (b) fellow programme in Management;
- (c) five-year integrated programme in Management.

However, the said exemption has been withdrawn by *Notification No. 28/2018-CT(R), dated 31-Dec-2018, w.e.f. 1-Jan-2019*.

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IV. Analysis of entry no. 69 of the Exemption Notification

Any services provided by the National Skill Development Corporation set up by the Government of India, Sector Skill Council approved by the National Skill Development Corporation, an assessment agency approved by the Sector Skill Council or the National Skill Development Corporation and a training partner approved by the National Skill Development Corporation or the Sector Skill Council, in relation to-

- a) the National Skill Development Programme implemented by the National Skill Development Corporation; or
- b) a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or
- c) any other Scheme implemented by the National Skill Development Corporation.

However, *Notification No. 8/2024- CT(R) dt. 08-Oct-2024* has substituted this entry with effect from 10-Oct-2024. Now, with effect from 10-Oct-2024, any services provided by the National Skill Development Corporation set up by the Government of India, National Council for Vocational Education and Training, an Awarding Body recognized by the National Council for Vocational Education and Training, an Assessment Agency recognized by the National Council for Vocational Education and Training, a Training Body accredited with an Awarding Body that is recognized by National Council for Vocational Education and Training, in relation to-

- i) the National Skill Development Programme or any other scheme implemented by the National Skill Development Corporation; or
- ii) a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or
- iii) any National Skill Qualification Framework aligned qualification or skill in respect of which the National Council for Vocational Education and Training has approved a qualification package.

are exempt under GST.

The exemption earlier provided for skilling services provided by Training Partners approved by the National Skill Development Corporation (NSDC) was withdrawn by this notification.

After this amendment, the Ministry of Skill Development and Entrepreneurship raised concerns that the removal of the exemption for National Skill Development Corporation - approved Training Partners would negatively affect the skilling ecosystem. In response, during its 55th meeting, the GST Council recommended reinstating the earlier exemption for National Skill Development Corporation - approved Training Partners. This exemption was reinstated through *Notification No. 06/2025-CT(R) dated 16-Jan-2025*.

Analysis of Exemption

As per *Circular No. 245/02/2025-GST, dated 28-01-2025*, the revised exemption now applies only to skilling services provided by Training Bodies accredited with an Awarding Body recognized by National Council for Vocational Education and Training.

Further it is clarified that the GST Council has regularized the payment of GST for services provided by National Skill Development Corporation - approved Training Partners during the period between 10-Oct-2024 and 15-Jan-2025, where these services were exempt before 10-Oct-2024. This regularization is done on an 'as is where is' basis, meaning it will be handled based on the conditions as they existed during that period.

V. Analysis of entry no. 70 of the Exemption Notification

Services of assessing bodies which are formed by the Directorate General of Training, Ministry of Skill Development and Entrepreneurship by way of assessments under the Skill Development Initiative Scheme.

VI. Analysis of entry no. 71 of the Exemption Notification

Services provided by training providers (Project implementation agencies) under Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) 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. However, *Notification No. 08/2024-Central Tax (Rate)* has substituted the word 'National Council for Vocational Training' with the words 'National Council for Vocational Education and Training'. With effect from 10-Oct-2024, the skill or vocational training courses needs to be certified by National Council for Vocational Education and Training.

There are several challenges preventing India's rural poor from competing in the modern market, such as the lack of formal education and marketable skills. DDU-GKY bridges this gap by funding training projects benchmarked to global standards, with an emphasis on placement, retention, career progression and foreign placement. All the courses should be certified by the National Council for Vocational Training.

"Approved Vocational education course" means:

- (i) A course run by an industrial training institute or an industrial training centre affiliated to the National Council for Vocational Education and Training or State Council for Vocational Training offering courses in designated trades notified under the Apprentices Act, 1961 (52 of 1961); or
- (ii) a Modular Employable Skill Course, approved by the National Council of Vocational Education and Training, run by a person registered with the Directorate General of Training, Ministry of Skill Development and Entrepreneurship

5.7 Health Related Services

Healthcare services comprise of diagnosis, treatment and prevention of disease, illness, injury and other physical and mental impairments in humans. Veterinary service is the branch of

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science that deals with the prevention, diagnosis and treatment of disease, disorder and injury in animals.

Following exemptions have been provided to such services:

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services
46	Heading 9983	Services by a veterinary clinic in relation to health care of animals or birds.
73	Omitted	
74	Heading 9993	Services by way of- (a) health care services by a clinical establishment, an authorised medical practitioner or para-medics; Provided that nothing in this entry shall apply to the services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU)] having room charges exceeding Rs. 5000 per day to a person receiving health care services (b) services provided by way of transportation of a patient in an ambulance, other than those specified in (a) above.
74A	Heading 9993	Services provided by rehabilitation professionals recognised under the Rehabilitation Council of India Act, 1992 (34 of 1992) by way of rehabilitation, therapy or counselling and such other activity as covered by the said Act at medical establishments, educational institutions, rehabilitation centers established by Central Government, State Government or Union territory or an entity registered under section 12AA or 12AB of the Income-tax Act, 1961 (43 of 1961)
75	Omitted	

I. Services of a Veterinary Clinic

'Veterinary clinic' has not been defined but in general terms, it can be explained as an establishment that has the necessary facilities for examination and treatment of animals. Services by veterinary clinic in relation to health care of animals and birds are exempt from tax.

II. Services by the Cord Blood Banks

The exemption has been withdrawn vide *Notification No. 4/2022 -Central Tax (Rate), dated 13-Jul-2022, w.e.f. 18-Jul-2022*. Earlier this exemption was mentioned at S. No. 73 of the Exemption Notification and mentioned that services provided by the cord blood banks by way of preservation of stem cells or any other service in relation to such preservation.

Services in relation to preservation of stem cell can be like sorting, labelling, preserving of stem cells in the chemicals etc.

III. Health Care Services

The exemption has two parts viz., (1) health care services and (2) transportation of patient.

(a) Health care Services

The determination of scope of this exemption first requires an understanding of health care services which is defined as under:

(zg) *"health care services" means any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India and includes services by way of transportation of the patient to and from a clinical establishment, but does not include hair transplant or cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma;*

It has been clarified that Healthcare services have been defined to mean 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 [para 2(zg) of Notification No. 12/2017- Central Tax(Rate)]. Therefore, hospitals also provide healthcare services. The entire amount charged by them from the patients including the retention money and the fee/payments made to the doctors etc., is towards the healthcare services provided by the hospitals to the patients and is exempt.

Health care services are exempt from tax when provided by:

- Clinical establishment
- An authorized medical practitioner or
- Para-medics

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Such services are exempt when provided by a clinical establishment, authorized medical practitioner or para medic. These terms are explained hereunder:

- (s) *“clinical establishment” means a hospital, nursing home, clinic, sanatorium or any other institution by whatever name called, that offers services or facilities requiring diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India, or a place established as an independent entity or a part of an establishment to carry out diagnostic or investigative services of diseases;*
- (k) *“authorised medical practitioner” means a medical practitioner registered with any of the councils of the recognised system of medicines established or recognised by law in India and includes a medical professional having the requisite qualification to practice in any recognised system of medicines in India as per any law for the time being in force;*

Although 'Paramedics' is not defined in this notification, it can be described that paramedics are trained health care professionals - for example nursing staff, physiotherapists, technicians, lab assistants etc. Generally, paramedics assist the doctors in treatment or care of patients.

However, a proviso has been inserted which provides that exemption shall not be applicable when services are provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU)] having room charges exceeding Rs. 5000 per day to a person receiving health care services. Such services have been made taxable @ 5% vide *Notification No. 3/2022-Central Tax (Rate) dated 13-Jul-2022* provided that the credit of input tax charged on goods and services used in supplying the service has not been availed.

It was clarified vide *Circular No. 51/25/2018-GST dated 31-Jul-2018*, that ambulance services are an activity in relation to the functions entrusted to Panchayats and Municipalities under Articles 243G and 243W of the Constitution and thus clarification contained in the *Circular No. 210/2/2018- Service Tax dated 30-May-2018* in respect of the services provided by Government and Private Services Providers (PSPs) by way of transportation of patients in an ambulance is applicable for the purpose of GST also as the said services are specifically exempt under *Notification No. 12/2017- Central Tax (Rate) dated 28-Jun-2017* vide Sl. No. 74.

As regards the service provided by PSPs to the State Governments by way of transportation of patients on behalf of the State Governments against consideration in the form of fee or otherwise charged from the State Government, it is clarified that the same would be exempt under Sl. No. 3 of *Notification No. 12/2017- Central Tax (Rate) dated 28-Jun-2017* if it is a pure service and not a composite supply involving supply of any goods, and Sl. No. 3A of *Notification No. 12/2017- Central Tax (Rate) dated*

28-Jun-2017, if it is a composite supply of goods and services in which the value of supply of goods.

Services by Doctors to Hospitals

The Board has clarified vide *Circular No.32/06/2018-GST, dated 12-Feb-2018* that services provided by senior doctors/ consultants/ technicians hired by the hospitals, whether employees or not, are healthcare services and are exempt.

Food supplied to the patients

Health care services provided by the clinical establishments will include food supplied to the patients; but such food may be prepared by the canteens run by the hospitals or may be outsourced by the hospitals from outdoor caterers. When outsourced, there should be no ambiguity that the suppliers shall charge tax as applicable and hospital will get no ITC. If hospitals have their own canteens and prepare their own food then no ITC will be available on inputs including capital goods and in turn if they supply food to the doctors and their staff; such supplies, even when not charged, may be subjected to GST.

Food supplied to the in-patients as advised by the doctor/nutritionists is a part of composite supply of healthcare and not separately taxable. Other supplies of food by a hospital to patients (not admitted) or their attendants or visitors are taxable.

(b) Transportation of patient

Ambulance service provided by clinical establishments, authorised medical practitioners or para-medics is already covered under exemption of health care services vide clause (a) above. Ambulance service provided by entities not covered in these, are also exempt from tax under clause (b) of this exemption entry.

IV. Services by Operators of Common Bio-medical Waste Treatment Facility

Services provided by operators of common bio-medical waste treatment facility to a clinical establishment by way of treatment or disposal of bio-medical waste or the processes incidental thereto are exempt from tax. However, the exemption has been withdrawn by *Notification No. 4/2022 -Central Tax (Rate), dated 13-Jul-2022, w.e.f. 18-Jul-2022*.

Services provided to a Clinical establishment

Services provided for the treatment or disposal or the processes of the bio-medical waste are exempt. The exemption has been withdrawn by *Notification No. 4/2022 -Central Tax (Rate), dated 13-Jul-2022, w.e.f. 18-Jul-2022*.

What is bio-medical waste

Biomedical waste (BMW) is any waste produced during the diagnosis, treatment, or immunization of human or animal research activities pertaining thereto or in the production or testing of biological or in health camps.

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“BMW treatment and disposal facility” means any facility wherein treatment, disposal of BMW or processes incidental to such treatment and disposal is carried out.

In order to increase the reuse, reduce the wastage of bio-medical waste, the Government has exempted the operators of bio-medical waste treatment facility, provided the facility has been provided to a clinical establishment.

V. Services by Rehabilitation Professionals recognised under Rehabilitation Council of India

The Rehabilitation Council of India (RCI) was set up as a registered society in 1986. On September, 1992, the RCI Act was enacted by the Parliament and it became a Statutory Body on 22 June 1993. The mandate given to RCI is to regulate and monitor services given to persons with disability, to standardise syllabi and to maintain a Central Rehabilitation Register of all qualified professionals and personnel working in the field of Rehabilitation and Special Education.

The services provided by all these registered professionals in the form of rehabilitation, therapy or counselling and other activity as covered by the said Act will be exempted if provided at medical establishments, educational institutions, rehabilitation centre established by Central Government, State Government or Union Territory or a charitable trust registered under Section 12AA or 12AB of the Income Tax Act 1961.

5.8 Exemptions in case of Transportation Services of Goods and Passengers

5.8.1 Transportation of Goods

A detailed analysis of exemptions available for transportation services of goods by various means of transport has been done here.

Sl. No.	Description of Services
9B	Supply of services associated with transit cargo to Nepal and Bhutan (landlocked countries).
18	Services by way of transportation of goods- (a) by road except the services of— (i) a goods transportation agency; (ii) a courier agency; (b) by inland waterways.
19	Services by way of transportation of goods by an aircraft from a place outside India upto the customs station of clearance in India.
19A	Services by way of transportation of goods by an aircraft from customs station of clearance in India to a place outside India.

Analysis of Exemption

	Condition: Nothing contained in this serial number shall apply after 30 th day of September, 2022.
19B	Services by way of transportation of goods by a vessel from customs station of clearance in India to a place outside India. Condition: Nothing contained in this serial number shall apply after 30 th day of September, 2022.
20	Services by way of transportation by rail or a vessel from one place in India to another of the following goods – (a) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishaps; (b) defence or military equipments; (c) newspaper or magazines registered with the Registrar of Newspapers; (d) Omitted; (e) agricultural produce; (f) milk, salt and food grain including flours, pulses and rice; and (g) organic manure.
21	Services provided by a goods transport agency, by way of transport in a goods carriage of - (a) agricultural produce; (b) Omitted; (c) Omitted; (d) milk, salt and food grain including flour, pulses and rice; (e) organic manure; (f) newspaper or magazines registered with the Registrar of Newspapers; (g) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; or (h) defence or military equipments.
21A	Services provided by a goods transport agency to an unregistered person, including an unregistered casual taxable person, other than the following recipients, namely: - (a) any factory registered under or governed by the Factories Act, 1948 (63 of 1948); or (b) any Society registered under the Societies Registration Act, 1860 (21 of 1860) or under any other law for the time being in force in any part of India; or (c) any Co-operative Society established by or under any law for the time being in force; or

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	(d) anybody corporate established, by or under any law for the time being in force; or (e) any partnership firm whether registered or not under any law including association of persons; (f) any casual taxable person registered under the Central Goods and Services Tax Act or the Integrated Goods and Services Tax Act or the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act.
21B	Services provided by a goods transport agency, by way of transport of goods in a goods carriage, to, - (a) a Department or Establishment of the Central Government or State Government or Union territory; or (b) local authority; or (c) Governmental agencies which has taken registration under the Central Goods and Services Tax Act, 2017 (12 of 2017) only for the purpose of deducting tax under Section 51 and not for making a taxable supply of goods or services.
23	Service by way of access to a road or a bridge on payment of toll charges.
23A	Omitted

I. Supply of services associated with transit cargo to Nepal and Bhutan (landlocked countries).

Service with respect to transportation of goods (cargo) from India to Nepal and Bhutan has been exempted. Tax on transportation goods from India to Nepal and Bhutan has been exempted.

II. Transportation of goods by Road and Inland Waterways

- (a) Service of transportation of goods by road is exempt from tax except when provided by -
- Goods transportation Agency (GTA)
 - Courier Agency

A 'goods transport agency' has been defined to mean a person who provides service in relation to transport of goods by road and issues consignment note, by whatever name called. Thus, any person who transports goods by road without issuing a consignment note shall not fall within the ambit of GTA and shall be exempt.

A courier agency has been defined to mean a 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.

Analysis of Exemption

- (b) Service of transportation of goods by inland waterways is exempt from tax. Inland waterways has been defined in clause 2(zi) of the Notification.

“Inland Waterway” as defined in the notification-

- (zi) *"Inland waterway" means national waterways as defined in clause (h) of section 2 of the Inland Waterways Authority of India Act, 1985 (82 of 1985) or other waterways on any inland water, as defined in clause (b) of section 2 of Inland Vessels Act, 1917 (1 of 1917).*

Example

- Mr. A provides service of transportation of goods by road and does not issue consignment note, in a horse cart owned by him. This is exempt.

III. Transportation of goods by Aircraft from place outside India

Scope of exemption:

- Service is provided by an aircraft.
- Service of transportation of goods is being provided.
- Exemption is available only for transportation upto the customs station of clearance in India.

“Customs station” is defined in the notification thus:

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

Example:

X Ltd. imported goods from Russia and paid air freight for transportation of goods by aircraft till custom clearance in India. Such services are exempt under GST.

IV. Transportation of goods by Aircraft to place outside India

The service of transportation of goods by an aircraft from customs station of clearance in India to a place outside India is exempt from tax with effect from 25-Jan-2018 vide *Notification No. 2/2018 – Central Tax (Rate) dated 25-Jan-2018*.

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

Condition:

Nothing contained in this serial number shall apply after the 30th day of September, 2022.

Example:

Z Ltd. exported goods to Japan and the services of an airline company were procured for transportation of goods by aircraft from customs station in India to Japan. Such service is exempt.

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V. Transportation of goods by vessel to place outside India

The service of transportation of goods by vessel from customs station of clearance in India to a place outside India is exempt from tax with effect from 25-Jan-2018 *vide Notification No. 2/2018 – Central Tax (Rate) dated 25-Jan-2018*.

Condition:

Nothing contained in this serial number shall apply after the 30th day of September, 2022.

Example:

A to Z Pvt. Ltd. got an export order and engaged a shipping line for transportation of their goods by vessel from Indian customs station to Dubai Port. Such service is exempt.

VI. Transportation of specified goods by Rail or Vessel

Services by way of transportation of the following goods by rail or a vessel from one place in India to another are exempt from GST–

- (a) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap;
- (b) defence or military equipments;
- (c) newspaper or magazines registered with the Registrar of Newspapers;
- (d) railway equipments or materials [Omitted *vide Notification No. 4/2022 -Central Tax (Rate), dated 13-Jul-2022, w.e.f. 18-Jul-2022*];
- (e) agricultural produce;
- (f) milk, salt and food grain including flours, pulses and rice; and
- (g) organic manure.

Service of transportation of above-mentioned goods within India, by rail or vessel is exempt from tax. The term vessel has been defined in the exemption notification thus:

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

Example

Ramesh, a farmer in Rajasthan transported grains harvested by him to Maharashtra through railways. Transportation of agriculture produce by rail within India is exempt.

VII. Transportation of specified goods by GTA

The services provided by a goods transport agency, by way of transport in a goods carriage of the following are exempt from GST. -

- (a) agricultural produce;
- (b) goods, where consideration charged for the transportation of goods on a consignment transported in a single carriage does not exceed one thousand five hundred rupees;

Analysis of Exemption

[Omitted vide *Notification No. 4/2022 -Central Tax (Rate)*, dated 13-Jul-2022, w.e.f. 18-Jul-2022]

- (c) goods, where consideration charged for transportation of all such goods for a single consignee does not exceed rupees seven hundred and fifty; [Omitted vide *Notification No. 4/2022 -Central Tax (Rate)*, dated 13-Jul-2022, w.e.f. 18-Jul-2022]
- (d) milk, salt and food grain including flour, pulses and rice;
- (e) organic manure;
- (f) newspaper or magazines registered with the Registrar of Newspapers;
- (g) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; or
- (h) defence or military equipments.

“Goods transport” agency has been defined as under:

- (ze) “goods transport agency” means any person who provides service in relation to transport of goods by road and issues consignment note, by whatever name called;

What is GTA and how is it different from Goods Transport Operator?

The speech of the Union Finance Minister when the GTA was brought into tax net, specifically clarified vide Para 149 that the intent was to levy tax on Transport agent and not to tax the truck operators/owners.

The issue was settled in the case *C.C.E. & C., Guntur v. Kanaka Durga Agro Oil Products Pvt. Ltd.* 2009 (15) S.T.R. 399 (Tri. - Bang.) where it was held that Service tax paid for services of individual truck operators is not liable on the basis of clarification given by Finance Minister and interpretation of the definition “agent”. However, this judgement did not discuss the concept of “any person” in the definition of “Goods Transport Agency” being provided specifically.

However, there was a contrary decision rendered in case of *C.C.E., Salem v. Suibramania Siva Co-Op. Sugar Mills Ltd.* (2014) 35 S.T.R. 500 (Mad.) where the Madras High Court held that “any person” would cover all kinds of persons which also covers individual truck owners and also held that speech of Finance Minister cannot be taken in aid for understanding the scope of the clear terms of the provisions in the taxation laws.

Thus, the issue whether truck owners or operators (in case they issue a consignment note) would attract levy of GST for transportation of goods by road, is open to question.

Services provided by Individual Truck Operators

A single truck owner-operator is plying his truck mostly between States, carrying goods booked for his truck by an agent; the aggregate value of service provided by him exceeded twenty lakh rupees during a financial year. The truck owner is not liable to registration, as services provided by way of transportation of goods by road are exempt.

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Registration is also not required in case of services by way of giving on hire. Transportation of goods to a GTA is exempt from tax vide *entry no. 22 of Notification No. 12/2017-Central Tax (Rate) dated 28-Jun-2017*.

Whether ancillary services of GTA constitute “different services”?

The GTA provides service to a person in relation to transportation of goods by road in a goods carriage, which is a composite service. The composite service may include various intermediary and ancillary services, such as, loading/unloading, packing/unpacking, transshipment and temporary warehousing, which are provided in the course of transport of goods by road. These services are not provided as independent services but as ancillary to the principal service, namely, transportation of goods by road. The invoice issued by the GTA for providing the said service includes the value of intermediary and ancillary services. In view of this, if any intermediary and ancillary service is provided in relation to transportation of goods by road, and charges, if any, for such services are included in the invoice issued by the GTA, such service would form part of the GTA service and would not be treated as a separate supply. In fact, any service provided along with the GTA service that is part of the composite service of GTA shall be taxed along with GTA service and not as separate supplies. However, if such incidental services are provided as separate services and charged separately, whether in the same invoice or separate invoices, they shall be treated as separate supplies.

VIII. Transportation of goods by GTA to unregistered persons

Services provided by a goods transport agency to an unregistered person, including an unregistered casual taxable person, other than the following recipients are exempt from tax:

- (a) any factory registered under or governed by the Factories Act, 1948 (63 of 1948); or
- (b) any Society registered under the Societies Registration Act, 1860 (21 of 1860) or under any other law for the time being in force in any part of India; or
- (c) any Co-operative Society established by or under any law for the time being in force; or
- (d) any body corporate established, by or under any law for the time being in force; or
- (e) any partnership firm whether registered or not under any law including association of persons;
- (f) any casual taxable person registered under the Central Goods and Services Tax Act or the Integrated Goods and Services Tax Act or the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act.

Prior to 13-Oct-2017, GTAs were liable to pay GST on the service provided to unregistered persons. This was creating lot of workload and inconvenience to GTAs. Therefore, exemption was given to GTAs for the service provided to unregistered persons.

Example:

Export freight charged by ABC Shipping Line (India) for transportation of goods by vessel from India to Canada.

IX. Services by GTA to specified Central Govt. / State Govt. / Local Authority / Government Agencies

The fact that services provided by goods transport agency to unregistered persons is exempt has already been discussed above. However, there are certain departments of the government or local authority or Government agencies which are not otherwise registered for making taxable supplies but due to the provisions of TDS under the GST law. The provisions of TDS as per Section 51 require certain category of persons to take registration and deduct TDS under the GST law. Quite a number of Departments of Central Government and State Government, local authority and Government agencies get covered within this. These persons only possess TDS registration but not the normal registration under GST. Any services provided by GTA to these persons will be exempted.

Example: Ministry of Commerce which has taken registration for the purpose of deducting tax as per the provisions of Section 51, takes the services of a goods transport agency for transportation of construction materials to its site for renovation of its building. Such services by GTAs will stand exempted.

X. Service by way of access to a road or a bridge on payment of toll charges.

No GST has been levied on the road or bridge on which toll charges are to be paid by the person passing through such toll.

In BOT (Toll) projects, part of the cost is borne by a private person. NHAI collects toll for the usage of road or bridge.

XI. Service by way of access to a road or a bridge on payment of annuity.

This exemption has been withdrawn vide *Notification No. 15/2022 -Central Tax (Rate)*, dated 30-Dec-2022, w.e.f. 01-Jan-2023. Earlier it covered following supplies:

BOT (Annuity) projects provide that all the costs are borne by the Government in the form of deferred budgetary payments. In BOT-Annuity, the developer constructs the road, maintains it and gets fixed payment from the Government.

No GST has been levied on the road or bridge on which annuity charges have to be paid by the person passing through the road.

It was clarified vide *Circular No. 150/06/2021-GST dated 17-Jun-2021* that Entry 23A of *Notification No.12/2017-CT(R)* does not exempt GST on the annuity (deferred payments) paid for construction of roads.

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5.8.2 Transportation of Passengers

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services
15	Heading 9964	Transport of passengers, with or without accompanied belongings, by – (a) air in economy class, embarking from or terminating in an airport located in the State of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, or Tripura or at Bagdogra located in West Bengal; (b) non-airconditioned contract carriage other than radio taxi, for transportation of passengers, excluding tourism, conducted tour, charter or hire; or (c) stage carriage other than air-conditioned stage carriage. Provided that nothing contained in items (b) and (c) above shall apply to services supplied through an electronic commerce operator and notified under sub-section (5) of Section 9 of the Central Goods and Services Tax Act, 2017 (12 of 2017).
16	Heading 9964	Services provided to the Central Government, by way of transport of passengers with or without accompanied belongings, by air, embarking from or terminating at a regional connectivity scheme airport, against consideration in the form of viability gap funding: Provided that nothing contained in this entry shall apply on or after the expiry of a period of three years from the date of commencement of operations of the regional connectivity scheme airport as notified by the Ministry of Civil Aviation.
17	Heading 9964	Service of transportation of passengers, with or without accompanied belongings, by— (a) railways in a class other than— (i) first class; or (ii) an air-conditioned coach; (b) metro, monorail or tramway; (c) inland waterways;

Analysis of Exemption

		(d) public transport, other than predominantly for tourism purpose, in a vessel between places located in India; and (e) metered cabs or auto rickshaws (including e-rickshaws). Provided that nothing contained in items (e) above shall apply to services supplied through an electronic commerce operator, and notified under sub-section (5) of Section 9 of the Central Goods and Services Tax Act, 2017 (12 of 2017).
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I. Transportation of passengers from specified Airports

Transport of passengers, with or without accompanied belongings, by –

- (a) air in economy class embarking from or terminating in an airport located in the State of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, or Tripura or at Bagdogra located in West Bengal;
- (b) non-airconditioned contract carriage other than radio taxi, for transportation of passengers, excluding tourism, conducted tour, charter or hire; or
- (c) stage carriage other than air-conditioned stage carriage.

A Proviso has been added vide *Notification No. 16/2021-Central Tax (Rate), dated 18-Nov-2021, w.e.f. 1-Jan-2022* which provides that exemption shall not be available when services of transportation of passengers provided by non-airconditioned contract carriage excluding radio taxi for transportation of passengers and non-airconditioned stage carriage are supplied through an electronic commerce operator and notified under section 9(5) of the CGST Act, 2017.

The terms 'contract carriage', 'radio taxi' and 'stage carriage' have been defined in the exemption notification under clauses 2(t), (zv) and (zzh) respectively.

Example:

Ms. Ankita booked tickets for air travel from Jaipur to Guwahati (Assam). It would be exempt from GST.

II. Transportation of passenger from Regional Connectivity Scheme Airports

This exemption has been detailed elsewhere in this publication under exemptions to services provided to Government.

III. Transportation of passenger in specified modes of transportations

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

- (a) railways in a class other than—

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

The above modes are known to all. Specific definition of various terms can be found in the Notification in clause 2 for 'inland waterways', 'metered cab' and 'e-rickshaw'.

A Proviso has been added vide *Notification No. 16/2021-Central Tax (Rate)*, dated 18-Nov-2021, w.e.f. 1-Jan-2022 which provides that exemption shall not be available when services of transportation of passengers provided by metered cabs or auto rickshaws (including e-rickshaws) are supplied through an electronic commerce operator and notified under section 9(5) of the CGST Act, 2017.

Joy rides by non-motorised vehicles

It has been clarified vide *Circular No.32/06/2018-GST*, dated 12-Feb-2018 that elephant/ camel joy rides cannot be classified as transportation services. These services will attract GST@ 18% with threshold exemption being available to small service providers.

Round trip bookings

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

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

Example:

Ankesh booked his rail tickets in sleeper class from Jaipur to Mumbai. This is exempt from GST.

5.9 Exemptions in case of services received for Personal Consumption, Recreation including Import of Services by Individuals

Personal consumption of services by an individual is an important part of survival or growth and thus, services which are essential for the well-being of any individual have been exempt by the Government. The following services have been exempted:

Analysis of Exemption

LIST OF EXEMPTIONS

Sl. No.	Description of Services
12	Services by way of renting of residential dwelling for use as residence except where the residential dwelling is rented to a registered person. Explanation 1. - For the purpose of exemption under this entry, this entry shall cover services by way of renting of residential dwelling to a registered person where, – (i) the registered person is proprietor of a proprietorship concern and rents the residential dwelling in his personal capacity for use as his own residence; and (ii) such renting is on his own account and not that of the proprietorship concern. Explanation 2.- Nothing contained in this entry shall apply to- a) accommodation services for students in student residences; b) accommodation services provided by Hostels, Camps, Paying Guest accommodations and the like
12A	Supply of accommodation services having value of supply less than or equal to twenty thousand rupees per person per month provided that the accommodation service is supplied for a minimum continuous period of ninety days.
14	Omitted
50	Services of public libraries by way of lending of books, publications or any other knowledge-enhancing content or material.
76	Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets.
79	Services by way of admission to a museum, national park, wildlife sanctuary, tiger reserve or zoo.
79A	Services by way of admission to a protected monument so declared under the Ancient Monuments and Archaeological Sites and Remains Act, 1958 (24 of 1958) or any of the State Acts, for the time being in force.
81	Services by way of right to admission to— (a) circus, dance, or theatrical performance including drama or ballet; (b) award function, concert, pageant, musical performance or any sporting event other than a recognised sporting event; (c) recognised sporting event; (d) planetarium, where the consideration for right to admission to the events or places as referred to in item (a), (b), (c) or (d) above is not more than Rs. 500 per person.
82	Services by way of right to admission to the events organised under FIFA U-17 World Cup 2017.

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82A	Services by way of right to admission to the events organised under FIFA U-17 Women's World Cup 2020, whenever rescheduled.
82B	Services by way of right to admission to the events organised under AFC Women's Asia Cup 2022

We shall now discuss the above entries in more detail hereunder:

I. Exemption to Services by way of Renting of Residential Dwelling for use as Residence

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.

The phrase 'residential dwelling' has not been defined in the exemption notification. However, in normal trade parlance it shall include all residential accommodation other than hotel, hotel inn, guest house, camp-site, lodge, houseboat, or like places which are meant for temporary stay. Thus, service of renting of any such property when used by a person for his residence, shall be exempt. However, such an exemption shall not apply when a residential dwelling is rented to a registered person for commercial purposes. These services are treated as commercial activities, and the exemption typically available for residential rentals does not extend to them. The exception has been added vide *Notification No. 4/2022 -Central Tax (Rate), dated 13-Jul-2022, w.e.f. 18-Jul-2022*. The provision of accommodation services related to student residences, hostels, camps, paying guest accommodations, etc., has been removed from Serial No. 12 of the exemption notifications, as they are now covered under the new Serial No. 12A of the exemption notification. Serial No. 12A has been inserted by *Notification No. 4/2024-CT(R) dated 12-Jul-2024 w.e.f. 15-Jul-2024*.

Explanation 1 has been inserted vide *Notification No. 15/2022 -Central Tax (Rate), dated 30-Dec-2022, w.e.f. 1-Jan-2023*, which provides as follows:

For the purpose of exemption under this entry, this entry shall cover services by way of renting of residential dwelling to a registered person where, –

- (i) the registered person is proprietor of a proprietorship concern and rents the residential dwelling in his personal capacity for use as his own residence; and
- (ii) such renting is on his own account and not that of the proprietorship concern.

Further explanation 2 has also been inserted via *Notification No. 04/2024 -Central Tax (Rate), dated 12-Jul-2024 w.e.f. 15-Jul-2024* which specifically provides that nothing in this entry shall apply to-

- i) accommodation services for students in student residences;
- ii) accommodation services provided by Hostels, Camps, Paying Guest accommodations and the like

Property partly used for commercial purpose

If a residential dwelling is rented for a single price to another person, such supply shall be determined in accordance with Section 8 of the CGST Act and shall be considered as a mixed supply and thus, full amount shall be exigible to GST.

II. Exemption to Accommodation Services for minimum continuous period of 90 days.

A new entry 12A has been inserted via *Notification No. 04/2024 -Central Tax (Rate)*, dated 12-Jul-2024 applicable w.e.f. 15-Jul-2024 to exempt accommodation services having value of supply less than or equal to Rs. 20,000 per person per month with a condition that the accommodation service is supplied for a minimum continuous period of 90 days.

III. Exemption to Services of low-cost Hotels, camps etc.

In order to keep the services of temporary accommodation accessible to masses, exemption has been granted to services of low-cost Hotel, inn, guest house, club or campsite, or any other place which offers services of residential or lodging purposes and is having value of supply of a unit of accommodation below one thousand rupees per day or equivalent. It is important to note that the value of supply should be considered as for a complete day and thus, if a room is given for part of day, the amount should be considered proportionately. However, this exemption has been omitted by *Notification No. 4/2022 -Central Tax (Rate)*, dated 13-Jul-2022, w.e.f. 18-Jul-2022.

IV. Exemption to Public libraries

Exemption has been given to services of public libraries by way of lending of books, publications or any other knowledge-enhancing content or material. Thus, such libraries need not charge GST from their members and students benefiting from their services.

V. Exemption to Public Conveniences

Exemption has been given to services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets. The aim is to keep value of services of such conveniences low by exempting from GST.

VI. Exemption in respect of admission to certain places / events

Exemption has been given to services by way of admission to following places:

S. No.	Admission to	Value of Ticket upto which such services are exempted
1.	Museum, national park, wildlife sanctuary, tiger reserve or zoo	No limit
2.	A protected monument so declared under the Ancient Monuments and	No limit

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	Archaeological Sites and Remains Act, 1958 (24 of 1958) or any of the State Acts, for the time being in force for eg. Taj Mahal	
3.	Circus, dance, or theatrical performance including drama or ballet	Value of ticket is not more than Rs. 500 per person
4.	Award function, concert, pageant, musical performance or any sporting event other than a recognised sporting event	Value of ticket is not more than Rs. 500 per person
5.	Recognised sporting event	Value of ticket is not more than Rs. 500 per person
6.	Planetarium	Value of ticket is not more than Rs. 500 per person
7.	Events organised under FIFA U-17 World Cup 17	No limit
8.	Events organized under U-17 Women's World Cup 2020, whenever rescheduled.	No Limit
9.	Events organized under AFC Women's Asia Cup 2022	No Limit

5.10 Exemptions in case of Finance, Insurance and Employee Funds

Financial and insurance sector has been one of the biggest contributors to the economy's business. They not only provide financial assistance but also secure financial health of both individuals and businesses. Thus, suitable exemptions need to be provided to them to ensure that their services do not become expensive on account of taxes.

Sl. No.	Description of Services
26	Omitted
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. It was clarified vide <i>Circular No. 102/21/2019-GST dated 28-Jun-2019</i>, that the transaction of levy of additional / penal interest does not fall within the ambit of

Analysis of Exemption

	entry 5(e) of Schedule II of the CGST Act i.e. “agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act”, as this levy of additional / penal interest satisfies the definition of “interest” as contained in <i>Notification No. 12/2017 - Central Tax (Rate) dated 28-Jun-2017</i> .
27A	Services provided by a banking company to Basic Saving Bank Deposit (BSBD) account holders under Pradhan Mantri Jan Dhan Yojana (PMJDY).
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 (23 of 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.
29A	Services of life insurance provided or agreed to be provided by the Naval Group Insurance Fund to the personnel of Coast Guard under the Group Insurance Schemes of the Central Government.
29B	Services of life insurance provided or agreed to be provided by the Central Armed Police Forces (under Ministry of Home Affairs) Group Insurance Funds to their members under the Group Insurance Schemes of the concerned Central Armed Police Force.
30	Services by the Employees’ State Insurance Corporation to persons governed under the Employees’ State Insurance Act, 1948 (34 of 1948).
31	Services provided by the Employees Provident Funds Organisation to persons governed under the Employees Provident Funds and the Miscellaneous Provisions Act, 1952 (19 of 1952).
31A	Services by Coal Mines Provident Fund Organisation to persons governed by the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948 (46 of 1948).
31B	Services by National Pension System (NPS) Trust to its members against consideration in the form of administrative fee
32	Omitted
33.	Omitted
34.	Services by an acquiring bank, to any person in relation to settlement of an amount upto two thousand rupees in a single transaction transacted through credit card, debit card, charge card or other payment card service. Explanation.- For the purposes of this entry, “acquiring bank” means any banking company, financial institution including non-banking financial company

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	or any other person, who makes the payment to any person who accepts such card
34A	Services supplied by Central Government, State Government, Union territory to their undertakings or Public Sector Undertakings (PSUs) by way of guaranteeing the loans taken by such undertakings or PSUs from the banking companies and financial institutions.
35.	Services of general insurance business provided under the following schemes (a) Hut Insurance Scheme; (b) Cattle Insurance under <i>Swarnajayanti Gram Swarozgar Yojana</i> (earlier known as Integrated rural Development Programme); (c) Scheme for Insurance of Tribals; (d) <i>Janata</i> Personal Accident Policy and <i>Gramin</i> 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) <i>Jan Arogya Bima</i> 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 Bima Yojana; (q) Niramaya Health Insurance Scheme implemented by the Trust constituted under the provisions of the National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999); (r) Bangla Shasya Bima
36	Services of life insurance business provided under the following schemes- (a) Janashree Bima Yojana; (b) Aam Aadmi Bima Yojana; (c) Life micro-insurance product as approved by the Insurance Regulatory and Development Authority, having maximum amount of cover of two lakhs rupees; (d) Varishtha Pension Bima Yojana; (e) Pradhan mantri Jeevan Jyoti Bima Yojana;

Analysis of Exemption

	(f) Pradhan Mantri Jan Dhan Yojana; (g) Pradhan Mantri Vaya Vandana Yojana.
36A	Services by way of reinsurance of the insurance schemes specified in serial number 35 or 36 or 40
36B	Services of insurance provided by the Motor Vehicle Accident Fund, constituted under section 164B of the Motor Vehicles Act, 1988 (59 of 1988), against contributions made by insurers out of the premiums collected for third party insurance of motor vehicles.
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	Services by the following persons in respective capacities- (a) business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch; (b) any person as an intermediary to a business facilitator or a business correspondent with respect to services mentioned in entry (a); or (c) business facilitator or a business correspondent to an insurance company in a rural area. It was clarified vide <i>Circular No. 86/05/2019-GST dated 01-Jan-2019</i>, that banking company is the service provider in the business facilitator model or the business correspondent model operated by a banking company as per RBI guidelines. The banking company is liable to pay GST on the entire value of service charge or fee charged to customers whether or not received via business facilitator or the business correspondent.
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.

We shall now discuss the above entries in greater detail hereunder:

I. Exemption to Interest received on loan

Interest is the consideration for provision of money for use to someone else. Though money is neither goods nor services, yet use of money is a service. Accordingly, supply of such service and consideration thereof in the form of interest or discount (other than interest involved in credit card services) has been exempted.

II. Exemption to Exchange of Money

Exemption has been granted to *inter se* sale or purchase of foreign currency amongst banks or authorized dealers of foreign exchange or amongst banks and such dealers. Thus, when

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banks or authorized dealers exchange money for persons other than banks and authorized dealers, their commission for such exchange shall be taxable.

III. Exemption to services provided by Specified Financial Institutions

To ensure economic services by certain institutions to masses, tax exemption has been granted to the following services:

S. No.	Name of the institution	Services exempted
1.	Life insurance companies	Services by way of annuity under the National Pension System regulated by the Pension Funds Regulatory and Development Authority of India under the Pension Funds Regulatory and Development Authority Act, 2013 (23 of 2013).
2.	Army, Naval and Air Force Group Insurance Funds	Services of life insurance business provided or agreed to be provided to members of the Army, Navy and Air Force, respectively, under the Group Insurance Schemes of the Central Government.
3.	Naval Group Insurance Fund	Services of life insurance provided or agreed to be provided to the personnel of Coast Guard under the Group Insurance Schemes of the Central Government.
4.	Central Armed Police Forces (under Ministry of Home Affairs) Group Insurance Funds	Services of life insurance provided or agreed to be provided to their members under Group Insurance Schemes of the Central Government.
5.	Employees' State Insurance Corporation	Services to persons governed under the Employees' State Insurance Act, 1948 (34 of 1948).
6.	Employees Provident Funds Organisation	Services provided to the persons governed under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952).
7.	Coal Mines Provident Fund Organisation	Services to persons governed by the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948 (46 of 1948).
8.	National Pension System (NPS) Trust	Services to its members against consideration in the form of administrative fee

Analysis of Exemption

9.	Insurance Regulatory and Development Authority of India [This exemption has been Omitted by <i>Notification No. 4/2022 -Central Tax (Rate)</i> , dated 13-Jul-2022, w.e.f. 18-Jul-2022]	Services provided to insurers under the Insurance Regulatory and Development Authority of India Act, 1999 (41 of 1999).
10.	Securities and Exchange Board of India set up under the Securities and Exchange Board of India Act, 1992 (15 of 1992) [This exemption has been Omitted by <i>Notification No. 4/2022 -Central Tax (Rate)</i> , dated 13-Jul-2022, w.e.f. 18-Jul-2022]	Services provided by way of protecting the interests of investors in securities and to promote the development of, and to regulate, the securities market.

IV. Exemption to specified Insurance Schemes

Specific insurance schemes have been exempted by the Government. List of such exemptions has been set out in Serial numbers 35, 36, 36A, 36B, 37 and 38. Further, 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. Thus, all schemes whose total premium (not even a single rupee to be paid by any other person) is paid by Government, no GST shall be levied on such insurance schemes. Also, re-insurance of specified schemes has been exempted when made for schemes listed in Serial numbers 35, 36 and 40.

V. Services of Intermediaries

Services by the following intermediaries / agents have been exempted:

Agent /Intermediary	Recipient
Business facilitator or business correspondent	A banking company with respect to accounts in its rural area branch
Any person	Business facilitator or business correspondent with respect to services mentioned in entry (a) (i.e. accounts in its rural area branch)
Business facilitator or business correspondent in a rural area.	An insurance company

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VI. Exemption to Acquiring Bank

As exemption entry 34 applies specifically to services rendered by acquiring banks, which are institutions responsible for facilitating card-based transactions for merchants.

The provision focuses on transactions involving an amount of up to Rs. 2,000 in a single transaction when such payments are made through various types of payment cards—like credit cards, debit cards, charge cards, or any similar payment card — services provided by the acquiring bank related to settling these payments are exempt from GST. This essentially means that if a cardholder uses any of the specified cards to make a single transaction of Rs. 2,000 or less, the acquiring bank that processes this payment does not have to pay GST on the service it provides in facilitating the transaction.

In the explanation section, the term "acquiring bank" is clarified. It refers not just to commercial banks but also to financial institutions, including non-banking financial companies (NBFCs), or any other entity involved in making payments to the merchant who accepts the card for payment. These institutions or entities play a key role in the transaction process by transferring funds from the cardholder's bank to the merchant's bank, ensuring that the merchant receives the correct amount.

This exemption is aimed at promoting the ease of digital payments for small transactions, helping to reduce the financial burden on both merchants and banks for low-value transactions. It encourages the use of electronic payments, particularly for small-ticket transactions, which can help in reducing the reliance on cash.

Pursuant to the 55th GST Council meeting, Circular No. 245/02/2025-GST dated 28-Jan-2025 has clarified that GST exemption under Sl. No. 34 of Notification No. 12/2017-CT(R) dated 28-Jun-2017 is available to RBI regulated Payment Aggregators (PAs) in relation to settlement of an amount, up to two thousand rupees in a single transaction, transacted through credit card, debit card, charge card or other payment card services, as PAs fall within the definition of 'acquiring bank' given in the Explanation to the said exemption entry.

According to Clause 8 of the RBI's Guidelines on Regulation of PAs and Payment Gateways (PGs) dated 17-Mar-2020, pertaining to 'Settlement and Escrow Account Management' makes it clear that the PAs receive payments from customers in an escrow account, and are obligated to do the final settlement with the merchant within time periods specified by RBI. Therefore, the RBI regulated PAs, involved in the settlement process of making payments to the merchant, are covered by the second part of the definition of acquiring bank, i.e. "any other person, who makes the payment to any person who accepts such card" and hence, fall within the definition of acquiring bank, for the purpose of the exemption as they make the payment to the merchants who accept credit cards, debit cards, charge cards or other payment card services.

Further, the same guidelines make a clear difference between PAs and PGs, based on their roles in handling money. PAs are responsible for receiving payments from customers, pooling the funds, and transferring them to merchants within a specific timeframe. On the other hand,

PGs only provide the technology to process the payment but do not handle or manage any money, thereby such exemption shall not extend to Payment Gateways, as specifically clarified by the circular. It is also clarified that this exemption is limited to payment settlement function only, which involves handling of money, and does not cover payment gateway services.

5.11 Exemptions in case of Activities related to Arts, Sports and Culture

Culture represents the values, goals and beliefs of any nation. It is reflective of economic, social and other values of the people. A country as diverse as India is symbolized by the plurality of its culture. Similarly, for proper growth of a nation, growth of Sports and Arts are also equally important.

Thus, suitable exemption has been given to various services relating to arts, culture and sports. The following services have been exempted:

Sl. No.	Description of Services
9A	Services provided by and to Federation Internationale de Football Association (FIFA) and its subsidiaries directly or indirectly related to any of the events under FIFA U-17 World Cup 2017 to be hosted in India. Condition: Provided that Director (Sports), Ministry of Youth Affairs and Sports certifies that the services are directly or indirectly related to any of the events under FIFA U-17 World Cup 2017
9AA	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 Women's World Cup 2020 to be hosted in India whenever rescheduled. Condition: Provided that Director (Sports), Ministry of Youth Affairs and Sports certifies that the services are directly or indirectly related to any of the events under FIFA U-17 Women's World Cup 2020.
9AB	Services provided by and to Asian Football Confederation (AFC) and its subsidiaries directly or indirectly related to any of the events under AFC Women's Asia Cup 2022 to be hosted in India. Condition: Provided that Director (Sports), Ministry of Youth Affairs and Sports certifies that the services are directly or indirectly related to any of the events under AFC Women's Asia Cup 2022.
53	Services by way of sponsorship of sporting events organised- (a) by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, State, zone or Country; (b) by Association of Indian Universities, Inter-University Sports Board, School Games Federation of India, All India Sports Council for the Deaf, Paralympic

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	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.
68	Services provided to a recognised sports body by (a) an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organised by a recognized sports body; (b) another recognised sports body.
78	Services by an artist by way of a performance in folk or classical art forms of— (a) music, or (b) dance, or (c) theatre, if the consideration charged for such performance is not more than one lakh and fifty thousand rupees: Provided that the exemption shall not apply to service provided by such artist as a brand ambassador.
80	Services by way of training or coaching in – (a) recreational activities relating to arts or culture, by an individual, or (b) sports by charitable entities registered under section 12AA or 12AB of the Income-tax Act.

We shall now elaborately discuss the above entries:

I. Exemption to Sponsorship of specified Sporting events

Exemption has been granted to services by way of sponsorship of specified sporting events. The list of sporting events whose sponsorship has been exempt is as follows:

- Sporting event by a national sports federation, or its affiliated Federations, where the participating teams or individuals represent any district, State, zone or Country;
This includes all National, State level, zonals organized for various sports in the country. National Sports Federations (NSFs) are autonomous bodies registered under the Societies Registration Act 1860. List of such Federations is given on the website of the Ministry of Youth Affairs and Sports.
- Sporting events 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
- Sponsorship of sporting event by the Central Civil Services Cultural and Sports Board shall also be exempt. The Central Civil Services Cultural & Sports Board is the nodal agency for promotion of Sports and Cultural activities amongst Central Government

Analysis of Exemption

Employees. In order to cater to the needs of the Central Government employees located outside Delhi, Regional Sports Boards were set up in Cities where the number of Central Government employees was more than one thousand.

- Sponsorship of sporting event as part of national games, by the Indian Olympic Association shall be exempt. The Indian Olympic Association is the governing body for the Olympic Movement and the Commonwealth Games in India. As an affiliated member of the International Olympic Committee (IOC), Commonwealth Games Federation (CGF), Olympic Council of Asia (OCA) and Association of National Olympic Committees (ANOC), the IOA administers various aspects of sports governance and athletes' welfare in the country. In this regard, the IOA oversees the representation of athletes or teams participating in the Olympic Games, Commonwealth Games, Asian Games and other international multi-sport competitions of IOC, CGF, OCA and ANOC. The Indian Olympic Association is recognised by the Ministry of Youth Affairs and Sports.
- Sponsorship of sporting event under the Panchayat Yuva Kreedha Aur Khel Abhiyaan Scheme ("PYKKA") are exempt. PYKKA is a Central Government sponsored scheme which is implemented by State and Union Territory administrations.

II. Exemption to services provided to Recognised Sports Bodies

Services provided to a recognised sports body by

- (a) an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organised by a recognised sports body;
- (b) another recognised sports body.

have been exempted.

A recognised sports body has been defined to include the following:

- the Indian Olympic Association;
- Sports Authority of India;
- a national sports federation recognised by the Ministry of Sports and Youth Affairs of the Central Government, and its affiliate federations;
- national sports promotion organisations recognised by the Ministry of Sports and Youth Affairs of the Central Government;
- the International Olympic Association or a federation recognised by the International Olympic Association; or
- a federation or a body which regulates a sport at international level and its affiliated federations or bodies regulating a sport in India;

III. Exemption to performing Artists

Services by an artist by way of a performance in folk or classical art forms of—

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- (a) music, or
- (b) dance, or
- (c) theatre,

have been exempted with the condition that the consideration charged for such performance is not more than one lakh and fifty thousand rupees. Another condition has been attached to the exemption that such service should not be provided by such artist as a brand ambassador. Thus, while the classical performers are exempt from tax, those charging substantially or where the person is promoting a brand, such performances have been kept outside the ambit of the exemption.

IV. Exemption to Training Activities

Services by way of training or coaching in

- (a) recreational activities relating to arts or culture by an individual, or
- (b) sports by charitable entities registered under section 12AA or 12AB of the Income-tax Act are also exempt.

The first one above is that such training relating to arts or culture should be recreational and provided by an individual. Thus, professional trainings in such art or culture shall be taxable. Training or coaching in sports is exempt only when it is undertaken by a charitable entity registered under section 12AA or 12AB of the Income-tax Act.

5.12 Exemptions in case of Activities relating to Agriculture

The following services relating to agriculture have been exempted:

Sl. No.	Description of Services
53A	Omitted
54	Services relating to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce by way of – (a) agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing; (b) supply of farm labour; (c) processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, 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;

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	(d) renting or leasing of agro machinery or vacant land with or without a structure incidental to its use; (e) loading, unloading, packing, storage or warehousing of agricultural produce; (f) agricultural extension services; (g) services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce; (h) Omitted Vide Circular No. 16/16/2017-GST dated 15-Nov-2017, it was clarified that processed products such as tea (i.e. black tea, white tea etc.), processed coffee beans or powder, pulses (de-husked or split), jaggery, processed spices, processed dry fruits, processed cashew nuts etc. fall outside the definition of agricultural produce given in Notification no. 11/2017-CT(Rate) and 12/2017-CT(Rate) and therefore the exemption from GST is not available to their loading, packing, warehousing etc. and that any clarification issued in the past to the contrary in the context of Service Tax or VAT/ Sales Tax is no more relevant.
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. Vide Circular No. 19/19/2017-GST dated 20-Nov-2017, it was clarified that milling of paddy into rice changes its essential characteristics and therefore it cannot be considered as an intermediate production process in relation to cultivation of plants for food, fibre or other similar products or agricultural produce and thus, milling of paddy into rice is not eligible for exemption under s.no. 55 of Notification 12/2017 - Central Tax (Rate) dated 28-Jun-2017. It is also clarified that milling of paddy into rice on job work basis, is liable to GST at the rate of 5%, on the processing charges (and not on the entire value of rice).
55A	Services by way of artificial insemination of livestock (other than horses).
56	Omitted
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, Co-operation and Farmer's Welfare by way of cold chain knowledge dissemination.

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We shall now discuss the above entries in detail hereunder:

I. Services by way of Fumigation in a Warehouse of Agricultural Produce.

Services by way of fumigation in a warehouse of agricultural produce has been exempted vide *Notification No. 2/2018- Central Tax (Rate) dated 25-Jan-2018*. However, this exemption has been omitted by *Notification No. 4/2022 -Central Tax (Rate), dated 13-Jul-2022, w.e.f. 18-Jul-2022*.

II. Services relating to Agriculture

Exemption has been given to specified 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. Such services should be by way of—

- (a) agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing;
- (b) supply of farm labour;
- (c) processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging and such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market;
- (d) renting or leasing of agro machinery or vacant land with or without a structure incidental to its use;
- (e) loading, unloading, packing, storage or warehousing of agricultural produce;
- (f) agricultural extension services. The term 'agricultural extension' has been defined in Para 2(c) of *Notification No. 12/2017-Central Tax (Rate) dated 20-Jun-2017* to mean application of scientific research and knowledge to agricultural practices through farmer education or training';
- (g) services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce;
- (h) services by way of fumigation in a warehouse of agricultural produce. This has been omitted by the *Notification No. 4/2022 -Central Tax (Rate), dated 13-Jul-2022, w.e.f. 18-Jul-2022*.

Services by way of erection or construction of original works pertaining to mechanised food grain handling system, machinery or equipment for units processing agricultural produce would be exempt from GST.

The term "Agriculture" has not been defined under GST Act. Under Section 65B-Clause (3) of the Finance Act, 1994, it has been defined as the cultivation of plants and rearing of all

Analysis of Exemption

life-forms of animals, except the rearing of horses, for food, fiber, fuel, raw material or other similar products. However, under GST law, this meaning of agriculture has been incorporated in the definition of agricultural produce as defined below :

“Agricultural produce” as defined in Para 2(d) of *Notification No. 12/2017-Central Tax (Rate) dated 20-Jun-2017* 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” as defined in Para 2(e) of *Notification No. 12/2017-Central Tax (Rate) dated 20-Jun-2017* 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;

‘Renting in relation to immovable property’ as defined in Para 2(zz) of *Notification No. 12/2017-Central Tax (Rate) dated 20-Jun-2017* 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.

Extracts from Sl. No. 4.4 of the Taxation of Services - An Education Guide dated 20.06.2012 published under erstwhile Service Tax Law:

- Activities like breeding of fish (pisciculture), rearing of silkworms (sericulture), cultivation of ornamental flowers (floriculture) and horticulture, forestry are also included in the definition of agriculture.
- Plantation crops like rubber, tea or coffee are covered under agricultural produce.
- Specified processes like tending, pruning, grading, sorting etc. carried out at the farm or elsewhere are also exempted as long as they do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market.
- Cleaning of wheat carried out outside the farm is exempt as such activity does not alter the essential characteristics of agricultural produce. However, shelling of paddy is not exempted as this process is never done on a farm as is usually done by a cultivator or producer but in a rice sheller normally located away from the farm. However, if shelling is done by way of a service i.e. on job work then the same would be covered under the exemption relating to ‘carrying out of intermediate production process as job work in relation to agriculture’
- Potato chips or tomato ketchup do not qualify as agricultural produce because in terms of the definition of agricultural produce, only such processing should be carried out as is usually done by a cultivator or producer which does not alter its essential characteristics but makes it marketable for primary market. Potato chips or tomato ketchup are

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manufactured through processes which alter the essential characteristic of farm produce (potatoes and tomatoes in this case).

- Agricultural products like cereals, pulses, copra and jaggery will be covered in the ambit of 'agricultural produce' since certain amount of processing done on these products by a person other than a cultivator or producer are those processes which are usually done by a cultivator or producer.
- Processes of grinding, sterilizing, extraction packaging in retail packs of agricultural products, which make the agricultural products marketable in retail market are not exempted because only those processes are exempted which make agricultural produce marketable in the primary market.
- Leasing of vacant land with a green house or a storage shed meant for agricultural produce is exempt because such structure is incidental to its use for agriculture.
- Agricultural Produce Marketing Committees or Boards are set up under a State Law for purpose of regulating the marketing of agricultural produce. Such marketing committees or boards have been set up in most of the States and provide a variety of support services for facilitating the marketing of agricultural produce by provision of facilities and amenities like sheds, water, light, electricity, grading facilities etc. They also take measures for prevention of sale or purchase of agricultural produce below the minimum support price. APMCs collect market fees, license fees, rents etc. Services provided by such Agricultural Produce Marketing Committee or Board are covered in the negative list. However, any service provided by such bodies which is not directly related to agriculture or agricultural produce will be liable to tax e.g., renting of shops or other property.

III. Services of intermediate process in relation to Agriculture

Exemption has been given to services by way of 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.

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

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

If need be reference can be made to Serial No 30 of *Notification No 25/2012 dated 20-Jun-2012* issued under Service Tax Law which grants exemption to intermediate production process carried out by job worker.

IV. Services by way of Slaughtering of Animals

This exemption has been omitted by the *Notification No. 4/2022-Central Tax (Rate)*, dated 13-Jul-2022, w.e.f. 18-Jul-2022.

V. Services by way of specified activities on In-store Agricultural Goods

Exemption has been granted to services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labeling of fruits and vegetables which do not change or alter the essential characteristics of the said fruits or vegetables. These activities are usually undertaken in the storage facility near the market for such fruits or vegetables. The activities aim to provide shelf life or marketability to such fruits and vegetables.

5.13 Exemption to other Construction / Installation etc. Related Activities

The following services relating to other construction/installation etc. have been exempted:

LIST OF EXEMPTIONS

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services
10	Heading 9954	Services provided by way of pure labour contracts of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of a civil structure or any other original works pertaining to the beneficiary-led individual house construction or enhancement under the Housing for All (Urban) Mission/ <i>Pradhan Mantri Awas Yojana</i> .
10A	Heading 9954	Services supplied by electricity distribution utilities by way of construction, erection, commissioning, or installation of infrastructure for extending electricity distribution network upto the tube well of the farmer or agriculturist for agricultural use
11	Heading 9954	Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex.

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41A	Heading 9972	Service by way of transfer of development rights (herein refer TDR) or Floor Space Index (FSI) (including additional FSI) on or after 1st April, 2019 for construction of residential apartments by a promoter in a project, intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier. The amount of GST exemption available for construction of residential apartments in the project under this notification shall be calculated as under: [GST payable on TDR or FSI (including additional FSI) or both for construction of the project] x (carpet area of the residential apartments in the project ÷ Total carpet area of the residential and commercial apartments in the project) Condition: Provided that the promoter shall be liable to pay tax at the applicable rate, on reverse charge basis, on such proportion of value of development rights, or FSI (including additional FSI), or both, as is attributable to the residential apartments, which remain un-booked on the date of issuance of completion certificate, or first occupation of the project, as the case may be, in the following manner— [GST payable on TDR or FSI (including additional FSI) or both for construction of the residential apartments in the project but for the exemption contained herein] × (carpet area of the residential apartments in the project which remain un- booked on the date of issuance of completion certificate or first occupation ÷ Total carpet area of the residential apartments in the project) Provided further that tax payable in terms of the first proviso herein above shall not exceed 0.5 per cent of the value in case of affordable residential apartments and 2.5 per cent of the value in case of residential apartments other than affordable residential apartments remaining unbooked on the date of issuance of completion certificate or first occupation. The liability to pay central tax on the said portion of the development rights or FSI, or both, calculated as above, shall arise on the date of completion or first occupation of the project, as the case may be, whichever is earlier.
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Analysis of Exemption

41B	Heading 9972	Upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable in respect of service by way of granting of long term lease of thirty years, or more, on or after 01.04.2019, for construction of residential apartments by a promoter in a project, intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier. The amount of GST exemption available for construction of residential apartments in the project under this notification shall be calculated as under: [GST payable on upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable for long term lease of land for construction of the project] x (carpet area of the residential apartments in the project ÷ Total carpet area of the residential and commercial apartments in the project). Condition: Provided that the promoter shall be liable to pay tax at the applicable rate, on reverse charge basis, on such proportion of upfront amount (called as premium, salami, cost, price, development charges or by any other name) paid for long term lease of land, as is attributable to the residential apartments, which remain un- booked on the date of issuance of completion certificate, or first occupation of the project, as the case may be, in the following manner— [GST payable on upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable for long term lease of land for construction of the residential apartments in the project but for the exemption contained herein] × (carpet area of the residential apartments in the project which remain un- booked on the date of issuance of completion certificate or first occupation ÷ Total carpet area of the residential apartments in the project); Provided further that the tax payable in terms of the first proviso shall not exceed 0.5 per cent of the value in case of affordable residential apartments and 2.5 per cent of the value in case of residential apartments other than affordable residential apartments remaining un-booked on the date of issuance of
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		completion certificate or first occupation. The liability to pay central tax on the said proportion of upfront amount (called as premium, salami, cost, price, development charges or by any other name) paid for long term lease of land, calculated as above, shall arise on the date of issue of completion certificate or first occupation of the project, as the case may be.
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We shall now discuss the above entries in more details hereunder:

I. Services by way of pure labour contracts of Construction, Erection, Commissioning etc.

Conditions for the above exemption are as under:

- (a) Service should be provided by way of pure labour contract;
- (b) The service shall be for the construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of a structure.
- (c) The above-mentioned service shall be provided for
 - the civil structure or
 - any other original works pertaining to the beneficiary led individual house construction or
 - enhancement under the Housing for all (Urban) Mission/ *Pradhan Mantri Awas Yojna*.

II. Services by Electricity Distribution Utilities upto the tube well of Farmers

Conditions for the above exemption are as under:

- (a) Services provided by way of construction, erection, commissioning or installation of infrastructure for extending electricity distribution network.
- (b) The service shall be provided upto the tube well of farmers or agriculturist for agricultural use. The service of electricity distribution network provided for work other than agricultural use will not be covered in this exemption.

III. Services by way of construction, erection, commission etc. pertaining to a Single Residential Unit.

Conditions for the above exemption are as under:

- (a) Service provided by way of pure labour contract.
- (b) Service is for the construction, erection, commissioning or installation of original works;

Analysis of Exemption

- (c) The service shall be provided for the original work pertaining to a single residential unit and not for the residential complex.

"Single residential unit" as defined in Para 2(zze) of *Notification No. 12/2017-Central Tax (Rate) dated 20-Jun-2017* means a self-contained residential unit which is designed for use, wholly or principally, for residential purposes for one family. Thus, any building when constructed by multiple families (even of relatives) shall be taxable. E.g., Two brothers gave a construction contract of their two floors to a contractor. Such construction shall be taxable.

IV. Services by way of Transfer of Development Rights (TDR) or Floor Space Index (FSI) (including additional FSI) on or after 1st April, 2019

Services by way of transfer of TDR or FSI including additional FSI has been made exempt vide *N. No. 04/2019-Central Tax (Rate) dated 29-Mar-2019 w.e.f. 01-Apr-2019* if such transfer is:

- for construction of residential apartments;
- by a promoter; in a project;
- intended for sale to a buyer, wholly or partly except where the entire consideration from the buyer has been received after issuance of completion certificate, where required by the competent authority or after its first occupation, whichever is earlier.

The amount of GST exemption available for construction of residential apartments in the project under this notification shall be calculated as under:

[GST payable on TDR or FSI (including additional FSI) or both for construction of the project] $\times$ (carpet area of the residential apartments in the project $\div$ Total carpet area of the residential and commercial apartments in the project)

However, if residential apartments remain un-booked on the date of issuance of completion certificate or first occupation of the project, as the case may be, then the promoter shall be liable to pay tax at the applicable rate on reverse charge basis on such proportion of value of TDR or FSI (incl. additional FSI) or both, as is attributable to such residential apartments.

The amount of tax payable shall be calculated in the following manner:

[GST payable on TDR or FSI (including additional FSI) or both for construction of the residential apartments in the project but for the exemption contained herein] $\times$ (carpet area of the residential apartments in the project which remain un-booked on the date of issuance of completion certificate or first occupation $\div$ Total carpet area of the residential apartments in the project)

The tax payable under reverse charge shall not exceed:

- 0.5% of the value in case of affordable residential apartments and
- 2.5 per cent. of the value in case of residential apartments other than affordable residential apartments

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remaining un- booked on the date of issuance of completion certificate or first occupation.

When liability to pay tax shall arise: On the date of completion or first occupation of the project, as the case may be, whichever is earlier.

'Floor Space Index (FSI)' as defined in Clause (xiii) of the Explanation to *Notification No. 12/2017-Central Tax (Rate) dated 20-Jun-2017* shall mean the ratio of a building's total floor area (gross floor area) to the size of the piece of land upon which it is built.

V. Services by way of grant of long term lease against payment of upfront amount for construction of residential apartments on or after 1st April, 2019

Services by way of grant of long term lease of 30 years or more has been made exempt vide *N. No. 04/2019-Central Tax (Rate) dated 29-Mar-2019 w.e.f. 01-Apr-2019* if such transfer is:

- against payment of upfront amount (called as premium, salami, cost, price, development charges or by any other name);
- for construction of residential apartments;
- by a promoter;
- in a project;
- intended for sale to a buyer, wholly or partly except where the entire consideration from the buyer has been received after issuance of completion certificate, where required by the competent authority or after its first occupation, whichever is earlier.

The amount of GST exemption available for construction of residential apartments in the project under this notification shall be calculated as under:

$[GST \text{ payable on upfront amount payable for long term lease of land for construction of the project}] \times (\text{carpet area of the residential apartments in the project} \div \text{Total carpet area of the residential and commercial apartments in the project})$.

However, if residential apartments remain un-booked on the date of issuance of completion certificate or first occupation of the project, as the case may be, then the promoter shall be liable to pay tax at the applicable rate on reverse charge basis on such proportion of upfront amount paid for long term lease of land as is attributable to such residential apartments.

Calculation of the amount of tax payable

$[GST \text{ payable on upfront amount payable for long term lease of land for construction of the residential apartments in the project but for the exemption contained herein}] \times (\text{carpet area of the residential apartments in the project which remain un- booked on the date of issuance of completion certificate or first occupation} \div \text{Total carpet area of the residential apartments in the project})$;

The tax payable under reverse charge shall not exceed:

- 0.5% of the value in case of affordable residential apartments and

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- 2.5 per cent. of the value in case of residential apartments other than affordable residential apartments

remaining un-booked on the date of issuance of completion certificate or first occupation.

When liability to pay tax shall arise: On the date of completion or first occupation of the project whichever is earlier.

5.14 Exemption to Business Support Services

The following services relating to business support services have been exempted:

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services
22	Heading 9966 or Heading 9973	Services by way of giving on hire— (a) to a State transport undertaking, a motor vehicle meant to carry more than twelve passengers; (aa) to a local authority, an Electrically operated vehicle meant to carry more than twelve passengers; Explanation.- For the purposes of this entry, “Electrically operated vehicle” means vehicle falling under Chapter 87 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) which is run solely on electrical energy derived from an external source or from one or more electrical batteries fitted to such road vehicle.’. (b) to a goods transport agency, a means of transportation of goods; or (c) motor vehicle for transport of students, faculty and staff, to a person providing services of transportation of students, faculty and staff to an educational institution providing services by way of pre-school education and education upto higher secondary school or equivalent.
24	Heading 9967 or Heading 9985	Services by way of loading, unloading, packing, storage or warehousing of rice.
24A	Heading 9967 or Heading 9985	Services by way of warehousing of minor forest produce
24B	Heading 9967 or Heading 9985	Services by way of storage or warehousing of cereals, pulses, fruits, and vegetables

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24C	Chapter 9968	Services by the Department of Posts by way of post card, inland letter, book post and ordinary post (envelopes weighing less than 10 grams).
25	Heading 9969	Transmission or distribution of electricity by an electricity transmission or distribution utility.
25A	Heading 9969 or Heading 9986	Supply of services by way of providing metering equipment on rent, testing for meters/transformers/capacitors etc., releasing electricity connection, shifting of meters/service lines, issuing duplicate bills etc., which are incidental or ancillary to the supply of transmission or distribution of electricity provided by electricity transmission or distribution utilities to their consumers.
39A	Heading 9971	Services by an intermediary of financial services located in a multi services SEZ with International Financial Services Centre (IFSC) status to a customer located outside India for international financial services in currencies other than Indian rupees (INR). <i>Explanation</i> - For the purposes of this entry, the intermediary of financial services in IFSC is a person,— (a) who is permitted or recognised as such by the Government of India or any Regulator appointed for regulation of IFSC; or (b) who is treated as a person resident outside India under the Foreign Exchange Management (International Financial Services Centre) Regulations, 2015; or (c) who is registered under the Insurance Regulatory and Development Authority of India (International Financial Service Centre) Guidelines, 2015 as IFSC Insurance Office; or (d) who is permitted as such by Securities and Exchange Board of India (SEBI) under the Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015.
41	Heading 9972	Upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable in respect of service by way of granting of long term lease (of

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		thirty years, or more) of industrial plots or plots for development of infrastructure for financial business, provided by the State Government Industrial Development Corporations or Undertakings or by any other entity having 20 per cent or more ownership of Central Government, State Government, Union territory to the industrial units or the developers in any industrial or financial business area. Explanation—For the purpose of this exemption, the Central Government, State Government or Union territory shall have 20 per cent or more ownership in the entity directly or through an entity which is wholly owned by the Central Government, State Government or Union territory. Condition: Provided that the leased plots shall be used for the purpose for which they are allotted, that is, for industrial or financial activity in an industrial or financial business area: Provided further that the State Government concerned shall monitor and enforce the above condition as per the order issued by the State Government in this regard: Provided also that in case of any violation or subsequent change of land use, due to any reason whatsoever, the original lessor, original lessee as well as any subsequent lessee or buyer or owner shall be jointly and severally liable to pay such amount of central tax, as would have been payable on the upfront amount charged for the long term lease of the plots but for the exemption contained herein, along with the applicable interest and penalty. Provided also that the lease agreement entered into by the original lessor with the original lessee or subsequent lessee, or sub-lessee, as well as any subsequent lease or sale agreements, for lease or sale of such plots to subsequent lessees or buyers or owners shall incorporate in the terms and conditions, the fact that the central tax was exempted on the long term lease of the plots by the original lessor to the original lessee subject to above condition and that the parties to the said agreements undertake to comply with the same. (Vide Circular No. 101/20/2019-GST dated 30-Apr-2019, it was clarified that GST exemption is admissible irrespective of whether such upfront amount is payable or paid in one or
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		more instalments, provided the amount is determined upfront)
44	Heading 9981	Services provided by an incubatee up to a total turnover of fifty lakh rupees in a financial year subject to the following conditions, namely:- (a) the total turnover had not exceeded fifty lakh rupees during the preceding financial year; and (b) a period of three years has not elapsed from the date of entering into an agreement as an incubatee.
44A	Heading 9981	Research and development services against consideration received in the form of grants supplied by – (a) Government Entity; or (b) a research association, university, college or other institution, notified under clauses (ii) or (iii) of sub-section (1) of section 35 of the Income Tax Act, 1961. Condition- Provided that the research association, university, college or other institution, notified under clauses (ii) or (iii) of sub-section (1) of section 35 of the Income Tax Act, 1961 is so notified at the time of supply of research and development service.
45	Heading 9982 or Heading 9991	Services provided by- (a) an arbitral tribunal to – (i) any person other than a business entity; (ii) a business entity with an aggregate turnover up to such amount in the preceding financial year as makes it eligible for exemption from registration under Central Goods and Services Tax Act, 2017 (12 of 2017); or (iii) the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity; (b) a partnership firm of advocates or an individual as an advocate other than a senior advocate, by way of legal

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		services to- (i) an advocate or partnership firm of advocates providing legal services; (ii) any person other than a business entity; (iii) a business entity with an aggregate turnover up to such amount in the preceding financial year as makes it eligible for exemption from registration under Central Goods and Services Tax Act, 2017 (12 of 2017); or (iv) the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity; (c) a senior advocate by way of legal services to- (i) any person other than a business entity; (ii) a business entity with an aggregate turnover up to such amount in the preceding financial year as makes it eligible for exemption from registration under Central Goods and Services Tax Act, 2017 (12 of 2017); or (iii) the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity.
47A	Omitted	
48	Heading 9983 or any other Heading of Chapter 99	Taxable services, provided or to be provided, by a Technology Business Incubator or a Science and Technology Entrepreneurship Park recognised by the National Science and Technology Entrepreneurship Development Board of the Department of Science and Technology, Government of India or bio-incubators recognised by the Biotechnology Industry Research Assistance Council, under the Department of Biotechnology, Government of India.
49	Heading 9984	Services by way of collecting or providing news by an independent journalist, Press Trust of India or United News of India.
52	Heading 9985	Services by an organiser to any person in respect of a business exhibition held outside India.

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52A	Heading 9985	Tour operator service, which is performed partly in India and partly outside India, supplied by a tour operator to a foreign tourist, to the extent of the value of the tour operator service which is performed outside India: Provided that value of the tour operator service performed outside India shall be such proportion of the total consideration charged for the entire tour which is equal to the proportion which the number of days for which the tour is performed outside India has to the total number of days comprising the tour, or 50% of the total consideration charged for the entire tour, whichever is less: Provided further that in making the above calculations, any duration of time equal to or exceeding 12 hours shall be considered as one full day and any duration of time less than 12 hours shall be taken as half a day. Explanation — "foreign tourist" means a person not normally resident in India, who enters India for a stay of not more than six months for legitimate non-immigrant purposes. <i>Illustrations:</i> <i>A tour operator provides a tour operator service to a foreign tourist as follows:—</i> (a) 3 days in India, 2 days in Nepal; Consideration Charged for the entire tour: Rs. 1, 00, 000/- Exemption: Rs. 40,000/- (=Rs.1,00,000/- x 2/5) or, Rs. 50,000/- (=50% of Rs.1,00, 000/-) whichever is less, i.e., Rs. 40, 000/- (i.e., Taxable value: Rs. 60, 000/-); (b) 2 days in India, 3 nights in Nepal; Consideration Charged for the entire tour: Rs. 1, 00, 000/- Exemption: Rs. 60, 000 (=Rs.1, 00, 000/- x 3/5) or, Rs. 50,000/- (= 50% of Rs. 1, 0, 000/-) whichever is less, i.e., Rs. 50, 000/- (i.e., Taxable value: Rs. 50, 000/-); (c) 2.5 days in India, 3 days in Nepal; Consideration charged for the entire tour: Rs. 1,00,000/- Exemption: Rs. 54,545 (=Rs.1,00,000/- x 3/5.5) or, Rs. 50,000/- (= 50% of Rs. 1,00,000/-) whichever is less, i.e., Rs. 50,000/- (i.e., Taxable value: Rs. 50,000/-).
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I. Explanation to entry no. 22 of the Exemption Notification

Exemption has been granted to services by way of giving on hire—

- to a state transport undertaking, a motor vehicle meant to carry more than twelve passengers;
- to a local authority, an Electrically operated vehicle meant to carry more than twelve passengers; [This exemption has been inserted vide *Notification No. 13/2019-Central Tax (Rate) dated 31-Jul-2019 w.e.f. 01-Aug-2019*].
- to a goods transport agency, a means of transportation of goods; or
- motor vehicle for transport of students, faculty and staff, to a person providing services of transportation of students, faculty and staff to an educational institution providing services by way of pre-school education and education upto higher secondary school or equivalent.

It is important to note that the above exemption is given for giving the vehicle for hire to the specified person. In this exemption, the person has not been given exemption for actual transportation.

For the purposes of this entry, “Electrically operated vehicle” means vehicle falling under Chapter 87 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) which is run solely on electrical energy derived from an external source or from one or more electrical batteries fitted to such road vehicle.

II. Explanation to entry no. 24 of the Exemption Notification

Services by way of loading, unloading, packing, storage or warehousing of rice have been exempted. The entry is specifically provided as rice is not an agricultural produce.

III. Explanation to entry no. 24A of the Exemption Notification

Minor Forest Produce (MFP) is a subset of forest produce and got a definition only in 2007 when the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006, was enacted. Section 2(i) of the said Act, popularly known as the Forests Rights Act (FRA) defines a Minor Forest Produce (MFP) as all non-timber forest produce of plant origin and includes bamboo, brushwood, stumps, canes, tusser, cocoon, honey, waxes, lac, tendu/ kendu leaves, medicinal plants and herbs, roots, tuber and the like. Warehousing of these products are covered under this exemption.

IV. Explanation to entry no. 24B of the Exemption Notification

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

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granted vide *Notification No. 21/2019-Central Tax (Rate) dated 30-Sep-2019 w.e.f 01-Oct-2019*. However, this exemption has been further restricted vide by *Notification No. 4/2022 - Central Tax (Rate), dated 13-Jul-2022, w.e.f. 18-Jul-2022*. The Exemption entry reads as under –

“Services by way of storage or warehousing of cereals, pulses, fruits and vegetables.”

V. Explanation to entry no. 25 of the Exemption Notification

Transmission or distribution of electricity by an electricity transmission or distribution utility. An "electricity transmission or distribution utility" as defined in Para 2(z) of *Notification No. 12/2017-Central tax (Rate) dated 20-Jun-2017* means the Central Electricity Authority; a State Electricity Board; the Central Transmission Utility or a State Transmission Utility notified under the Electricity Act, 2003 (36 of 2003); or a distribution or transmission licensee under the said Act, or any other entity entrusted with such function by the Central Government or, as the case may be, the State Government. Thus, distribution of electricity by any other persons shall be taxable.

It was clarified vide *Circular No. 34/8/2018-GST dated 01-Mar-2018*, that following other services provided by DISCOMS to consumer are taxable.

- (a) Application fee for releasing connection of electricity;
- (b) Rental Charges against metering equipment;
- (c) Testing fee for meters/ transformers, capacitors etc;
- (d) Labour charges from customers for shifting of meters or shifting of service lines;
- (e) Charges for duplicate bill.

VI. Explanation to entry no. 25A of the Exemption Notification

Notification No. 08/2024-Central Tax(Rate) dated 08-Oct-2024 has provided that supply of services by way of providing

- (a) providing metering equipment on rent
- (b) testing for meters/ transformers/capacitors application fees for providing electricity connection, releasing electricity connection,
- (c) shifting of meters/service lines
- (d) issuing duplicate bills etc.

which are incidental, ancillary to the supply of transmission and distribution of electricity by transmission and distribution utilities to their consumers are exempt.

Further, *Circular No. 234/28/2024 – GST dated 11-Oct-2024* has provided that the payment of GST on services provided by an electricity transmission or distribution utility which are incidental or ancillary to the supply of transmission and distribution of electricity by such utility,

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such as providing metering equipment on rent, testing for meters/ transformers/ capacitors, etc., releasing electricity connection, shifting of meters/service lines, issuing duplicate bills etc., have been regularized on 'as is where is' basis from 01-07-2017 to 09-10-2024. From 10-Oct-2024, such services have been exempted vide *Notification No. 08/2024-Central Tax (Rate) dated 08-Oct-2024*.

However, *Notification No. 6/2025-CT(R) dated 16-Jan-2025* has been issued to substitute the phrase "transmission and distribution" with "transmission or distribution" ensuring that the exemption applies to ancillary services related to the supply of transmission of electricity as also the supply of distribution of electricity provided by electricity transmission or distribution utilities to their consumers.

VII. Explanation to entry no. 39A of the Exemption Notification

Conditions for the above exemption are as under:

- (a) The service shall be provided by an intermediary of financial service with the status of a IFSC.
- (b) The service provider shall be located in a SEZ.
- (c) The service shall be provided to a customer located outside India.
- (d) The service shall be in the nature of international financial services and provided in currencies other than Indian rupees (INR); if the service is provided to the customer in Indian rupees then it will not be covered in this exemption.

As per the explanation provided in this entry the intermediary of financial services in IFSC is a person,

- (a) who is permitted or recognised as such by the Government of India or any Regulator appointed for regulation of IFSC; or
- (b) who is treated as a person resident outside India under the Foreign Exchange Management (International Financial Services Centre) Regulations, 2015; or
- (c) who is registered under the Insurance Regulatory and Development Authority of India (International Financial Service Centre) Guidelines, 2015 as IFSC Insurance Office; or
- (d) who is permitted as such by Securities and Exchange Board of India (SEBI) under the Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015

VIII. Explanation to entry no. 41 of the Exemption Notification

Exemption has been granted-

- against upfront amount (called as premium, salami, cost, price, development charges or by any other name)

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- which is payable in respect of service
- by way of granting of long term lease of thirty years, or more
- of industrial plots or
- plots for development of infrastructure for financial business,
- provided by the State Government Industrial Development Corporations or Undertakings or by any other entity having 20 percent or more ownership of Central Government, State Government, Union territory,
- to the industrial units or the developers
- in any industrial or financial business area.

Thus, if any State Government Industrial Development Corporations or Undertakings or any other entity having 20% or more ownership of Central Government, State Government, Union territory grant long term lease of industrial plots or plots for thirty years or more in any industrial or financial business area to the industrial units or the developers for development of infrastructure for financial business, then any upfront amount, whether called premium, salami, cost, price, development charges or any other name, collected against grant of such lease shall be exempted.

However, vide *Notification No. 28/2019-Central Tax (Rate)*, dated 31-Dec-2019, w.e.f. 1-Jan-2020, certain conditions have been inserted for claiming the exemption. Such conditions are as under –

- The leased plots shall be used only for industrial or financial activity in an industrial or financial business area:
- The concerned State Government shall monitor and enforce the above condition as per the order issued by the State Government in this regard:
- In case of any violation or subsequent change of land use the original lessor, original lessee as well as any subsequent lessee or buyer or owner shall be jointly and severally liable to pay such amount of central tax, as would have been payable on the upfront amount charged for the long-term lease of the plots but for the exemption contained herein, along with the applicable interest and penalty:
- The fact that the central tax was exempted on the long-term lease of the plots by the original lessor to the original lessee subject to above condition and that the parties to the said agreements undertake to comply with the same.

IX. Explanation to entry no. 44 of the Exemption Notification

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

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- (a) the total turnover is less than or upto fifty lakh rupees during the preceding financial year; and
- (b) a period of three years has not elapsed from the date of entering into an agreement as an incubatee. If the three years has elapsed from the date of entering into the agreement then this exemption shall not be applicable.

The term "Incubatee" as defined in Para 2(zh) of *Notification No. 12/2017-Central tax (Rate) dated 20-Jun-2017* 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.

X. Explanation to entry no. 44A of the Exemption Notification

Exemption has been granted as follow with effect from 10-Oct-2024 -

- (a) The services relate to supply of research and development services.
- (b) The supply should be against consideration in the form of grants supplied by Government entity or a research association, university, college or other institution notified under clauses (ii) or (iii) of section 35(1) of Income Tax Act, 1961.
- (c) The research association, university, college or other institution notified under clauses (ii) or (iii) of section 35(1) of Income Tax Act, 1961 is so notified at the time of supply of services.

XI. Explanation to entry no. 45 of the Exemption Notification

Exemption has been granted to service provided by-

- (a) an arbitral tribunal –
- (b) a partnership firm of advocates or an individual as an advocate other than a senior advocate, by way of legal services -
- (c) a senior advocate by way of legal services,

when such services are provided to-

- (i) any person other than a business entity;
- (ii) a business entity with an aggregate turnover up to such amount in the preceding financial year as makes it eligible for exemption from registration under CGST Act, 2017; or
- (iii) the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity;

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In case of partnership firm of advocates or an individual as an advocate other than a senior advocate, they can provide service to an advocate or partnership firm of advocates providing legal services in addition to the above-mentioned service recipient.

The above entry is self-explanatory as it provides for exemption of certain legal services when provided to specified recipients. However, legal services of above specified providers become taxable when such services are provided to business entities with aggregate turnover above the threshold limit who are liable to pay tax on such services under reverse charge in terms of *Notification No. 13/2017-Central Tax (Rate) dated 20-Jun-2017*.

The term 'Business entity' as defined in para 2(n) of the *Notification No. 12/2017-Central Tax (Rate) dated 20-Jun-2017* means any person carrying out business.

Earlier, in case of business entity, exemption was available if its aggregate turnover in the preceding financial year was upto 20 lakhs rupees (10 lakhs rupees in case of special category states). This has now been substituted with 'up to such amount in the preceding financial year as makes it eligible for exemption from registration under CGST Act, 2017 vide *Notification No. 21/2019-Central Tax (Rate) dated 30-Sep-2019 w.e.f. 01-Oct-2019*. This change ensures that whenever there is a change in the threshold limit for registration, corresponding change is not required to be made in the above entry.

The term 'Legal Services' has been defined in Para 2(zm) of *Notification No. 12/2017-Central Tax (Rate) dated 20-Jun-2017* as 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.

XII. Explanation to entry no. 47A of the Exemption Notification

Conditions for the above exemption are as under:

- (a) Service shall be supplied by Food Safety and Standard Authority of India (FSSAI)
- (b) Service shall be received by the Food Business Operators
- (c) Service shall be by way of licensing, registration and analysis or testing of food samples manufactured by the food business operators.

Services relating to food certification has been exempted to keep costs under check.

However, this exemption has been withdrawn vide by *Notification No. 4/2022 -Central Tax (Rate), dated 13-Jul-2022, w.e.f. 18-Jul-2022*.

XIII. Explanation to entry no. 48 of the Exemption Notification

Exemption has been granted to taxable services, provided or to be provided, by

- (a) Technology Business Incubator or
- (b) 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

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- (c) bio-incubators recognised by the Biotechnology Industry Research Assistance Council, under the Department of Biotechnology, Government of India.

These bodies have been set up to promote incubators who shall set up production facilities for innovative products. These bodies provide various incentives for setting up of such units.

XIV. Explanation to entry no. 49 of the Exemption Notification

- (a) Services by way of collecting or providing news
 (b) by an independent journalist, Press Trust of India or United News of India.

have been exempted. Thus, services of only specified persons have been exempted. Other persons like news channels etc. when providing news to any other news agency shall be taxable.

XV. Explanation to entry no. 52 of the Exemption Notification

Conditions for the above exemption are as under:

- (a) Services should be by an organiser
 (b) Services can be to any person
 (c) Services should be in respect of a business exhibition held outside India.

Since the transaction takes place between two residents, its place of supply falls within India and thus, the same has been exempted. The business exhibition should have been held out of India and not in India.

XVI. Explanation to entry no. 52A of the Exemption Notification

Nature of service - Tour operator service

Supplier of service – Tour operator

Recipient of service – Foreign Tourist

Location where services are performed- Partly in India and partly outside India

Tour Operator services which are performed partly in India and partly outside India, supplied by a tour operator to a foreign tourist, to the extent of the value of the tour operator service which is performed outside India are exempt.

The value of the tour operator service performed outside India shall be such proportion of the total consideration charged for the entire tour which is equal to the proportion which the number of days for which the tour is performed outside India has to the total number of days comprising the tour, or 50% of the total consideration charged for the entire tour, whichever is less.

Any duration of time equal to or exceeding 12 hours shall be considered as one full day and any duration of time less than 12 hours shall be taken as half a day.

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5.15 Other Exemptions

The following services have been exempted:

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services
2	Chapter 99	Services by way of transfer of a going concern, as a whole or an independent part thereof
19C	Heading 9965	Satellite Launch Services
59	Heading 9999	Services by a foreign diplomatic mission located in India.
60	Heading 9991	Services by a specified organisation in respect of a religious pilgrimage facilitated by the Government of India, under bilateral arrangement.
65A	Heading 9991	Services by way of providing information under the Right to Information Act, 2005 (22 of 2005).
70	Heading 9983 or Heading 9985 or Heading 9992	Services of assessing bodies empanelled centrally by the Directorate General of Training, Ministry of Skill Development and Entrepreneurship by way of assessments under the Skill Development Initiative Scheme.

I. Explanation to entry no. 2 of the Exemption Notification

Exemption has been granted under above entry if services have been provided by way of transfer of a going concern. Such exemption shall be available whether the transfer is of whole concern or an independent part thereof.

II. Explanation to entry no. 59 of the Exemption Notification

Exemption has been granted to services by a foreign diplomatic mission located in India. A *diplomatic mission* or *foreign mission* is a group of people from one State or an organisation present in another State to represent the sending State/organisation officially in the receiving State.

A country may have several types of diplomatic missions in another country:

An *embassy* is a diplomatic mission generally located in the capital city of another country which offers a full range of services, including consular services.

A *high commission* is an embassy of a Commonwealth country located in another Commonwealth country.

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A *permanent mission* is a diplomatic mission to a major international organization.

A *Consulate General* is a diplomatic mission located in a major city, usually other than the capital city, which provides a full range of consular services.

A *consulate* is a diplomatic mission that is similar to a consulate general, but may not provide a full range of services.

A *consulate headed by an Honorary Consul* is a diplomatic mission headed by an Honorary Consul which provides only a limited range of services.

As well as being a diplomatic mission to the country in which it is situated, it may also be a non-resident permanent mission to one or more other countries. There are thus both resident and non-resident embassies.

The Vienna Convention states:

The functions of a diplomatic mission consist, *inter alia*, in representing the sending State in the receiving State; protecting in the receiving State the interests of the sending State and of its nationals, within the limits permitted by international law; negotiating with the Government of the receiving State; ascertaining by all lawful means conditions and developments in the receiving State, and reporting thereon to the Government of the sending State; promoting friendly relations between the sending State and the receiving State, and developing their economic, cultural and scientific relations.

[Source: https://en.wikipedia.org/wiki/Diplomatic_mission]

Its services like issuance of VISA, looking after welfare of its State, running cultural / educational activities are all exempt from GST.

III. Explanation to entry no. 60 of the Exemption Notification

Services by a specified organisation in respect of a religious pilgrimage facilitated by the Government of India, under bilateral arrangement has been exempted. This mainly covers the Kailash Mansarovar Yatra and Haj pilgrimage.

IV. Explanation to entry no. 65A of the Exemption Notification

Any services by way of providing information under the Right to Information Act, 2005 (22 of 2005) is covered under this entry. Any fee collected for RTI application is exempted under to GST.

V. Explanation to entry no. 70 of the Exemption Notification

Exemption has been granted to 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.

IGST EXEMPTIONS

5.16 Additional Exemption Entries in IGST Act

A list similar to the CGST exemptions is also provided under IGST. The list of certain exemptions specific to IGST Act is provided and explained hereunder. These transactions are unique for IGST Act 2017 as these transactions fall under the category of inter-State.

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services
10	Chapter 99	Services received from a provider of service located in a non-taxable territory by— (a) the Central Government, State Government, Union territory, a local authority, a Governmental authority or an individual in relation to any purpose other than commerce, industry or any other business or profession; (b) an entity registered under section 12AA of the Income Tax Act, 1961 (43 of 1961) for the purposes of providing charitable activities; or (ba) way of supply of online educational journals or periodicals to an educational institution other than an institution providing services by way of— (i) pre-school education and education upto higher secondary school or equivalent; or (ii) education as a part of an approved vocational education course; (c) a person located in a non-taxable territory: Provided that the exemption shall not apply to online information and database access or retrieval services received by persons specified in item (a) or item (b).
10F	Chapter 99	Services supplied by an establishment of a person in India to any establishment of that person outside India, which are treated as establishments of distinct persons in accordance

Analysis of Exemption

		with Explanation 1 in section 8 of the Integrated Goods and Services Tax Act, 2017. Condition- Provided the place of supply of the service is outside India in accordance with section 13 of Integrated Goods and Services Tax Act, 2017.
10G	Chapter 99	Import of services by United Nations or a specified international organisation for official use of the United Nations or the specified international organisation. Explanation.— For the purposes of this entry, unless the context otherwise requires, "specified international organisation" means an international organisation declared by the Central Government in pursuance of section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply.
10H	Chapter 99	Import of services by Foreign diplomatic mission or consular post in India, or diplomatic agents or career consular officers posted therein. Condition – Foreign diplomatic mission or consular post in India, or diplomatic agents or career consular officers posted therein shall be entitled to exemption from integrated tax leviable on the import of services subject to the conditions,— (i) that the foreign diplomatic mission or consular post in India, or diplomatic agents or career consular officers posted therein, are entitled to exemption from integrated tax, as stipulated in the certificate issued by the Protocol Division of the Ministry of External Affairs, based on the principle of reciprocity; (ii) that the services imported are for official purpose of the said foreign diplomatic mission or consular post; or for personal use of the said diplomatic agent or career consular officer or members of his or her family. (iii) that in case the Protocol Division of the Ministry of External Affairs, after having issued a certificate to any

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		foreign diplomatic mission or consular post in India, decides to withdraw the same subsequently, it shall communicate the withdrawal of such certificate to the foreign diplomatic mission or consular post; (iv) that the exemption from the whole of the integrated tax granted to the foreign diplomatic mission or consular post in India for official purpose or for the personal use or use of their family members shall not be available from the date of withdrawal of such certificate.
10L	Chapter 99	Import of services by an establishment of a foreign company in India, which is an airline company, from a related person or from any of its other establishments outside India, when made without consideration. Explanation: Foreign company shall have the same meaning as assigned to it in sub-section (42) of section 2 of Companies Act, 2013 (18 of 2013). Condition- Provided that GST at applicable rates is paid by the establishment of the foreign airline company in India on transport of goods and passengers as may be applicable. Provided that Ministry of Civil Aviation certifies that the establishment of the foreign company in India is that of an airline company which has been designated by the foreign Government under the applicable bilateral air services agreement with India. Provided further that Ministry of Civil Aviation certifies that on a reciprocal basis, designated Indian airlines are not subject to levy of similar taxes by whatever name called for the same services appearing under the entry, by the Government of the country designating the foreign airline company.
12AA	Heading 9961	Services provided by an intermediary when location of both supplier and recipient of goods is outside the taxable territory. Condition- Following documents shall be maintained for a minimum duration of five years: (1) Copy of Bill of Lading

Analysis of Exemption

		(2) Copy of executed contract between Supplier/ Seller and Receiver/ Buyer of goods (3) Copy of commission debit note raised by an intermediary service provider in taxable territory from service recipient located in non-taxable territory (4) Copy of certificate of origin issued by service recipient located in non-taxable territory (5) Declaration letter from an intermediary service provider in taxable territory on company letter head confirming that commission debit note raised relates to contract when both supplier and receiver of goods are outside the taxable territory.
54	Heading 9985	Services provided by a tour operator to a foreign tourist in relation to a tour conducted wholly outside India.

I. Explanation to entry no. 10 of the Exemption Notification

The services received from a provider of service located in a non-taxable territory by—

- a. the Central Government, State Government, Union territory, a local authority, a Governmental Authority, or an individual in relation to any purpose other than commerce, industry or any other business or profession;
- b. an entity registered under section 12AA of the Income-tax Act, 1961 for the purposes of providing charitable activities; or
- ba. way of supply of online educational journals or periodicals to an educational institution other than an institution providing services by way of—
 - (i) pre-school education and education upto higher secondary school or equivalent; or
 - (ii) education as a part of an approved vocational education course;
- c. a person located in a non-taxable territory:

are exempt.

However, the exemption shall not apply to online information and database access or retrieval services received by persons specified in item (a) or item (b).

In other words, the supplier of service shall be located in non-taxable territory and the recipient of service shall be the persons as specified in (a) to (c) as above.

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II. Explanation to entry no. 10F of the Exemption Notification

Exemption has been granted for services supplied by an establishment of a person in India to any establishment of that person outside India, which are treated as establishments of distinct persons in accordance with Explanation 1 in section 8 of the IGST Act, 2017. The condition for availing this exemption is that the place of supply of service which is determined in accordance with section 13 of IGST Act, 2017 is outside India.

The Explanation 1 to section 8 of IGST Act is reproduced as under

“Explanation 1.-For the purposes of this Act, where a person has,-

- (i) an establishment in India and any other establishment outside India;*
- (ii) an establishment in a State or Union territory and any other establishment outside that State or Union territory; or*
- (iii) an establishment in a State or Union territory and any other establishment registered within that State or Union territory, then such establishments shall be treated as establishments of distinct persons.”*

III. Explanation to entry no. 10G of the Exemption Notification

Exemption has been granted for import of services by United Nations or a specified international organisation for official use of the United Nations or the specified international organisation.

"Specified international organisation" means an international organisation declared by the Central Government in pursuance of section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947).

IV. Explanation to entry no. 10H of Exemption Notification

Exemption has been granted for import of services by Foreign diplomatic mission or consular post in India, or diplomatic agents or career consular officers posted therein.

There are certain conditions for availing above exemption which are as follows:

- a) The above persons are entitled to exemption from integrated tax, as stipulated in the certificate issued by the Protocol Division of the Ministry of External Affairs, based on the principle of reciprocity.
- b) that the services imported are for official purpose of the said foreign diplomatic mission or consular post; or for personal use of the said diplomatic agent or career consular officer or members of his or her family.

Analysis of Exemption

- c) that in case the Protocol Division of the Ministry of External Affairs, after having issued a certificate to any foreign diplomatic mission or consular post in India, decides to withdraw the same subsequently, it shall communicate the withdrawal of such certificate to the foreign diplomatic mission or consular post;
- d) that the exemption from the whole of the integrated tax granted shall not be available from the date of withdrawal of such certificate.

V. Explanation to entry no. 10L of the Exemption Notification

Exemption has been granted for import of services by an establishment of a foreign company in India, which is an airline company, from a related person or from any of its other establishments outside India, when made without consideration.

Conditions for the above exemption are as under:

- a) The GST at applicable rates is paid by the establishment of the foreign airline company in India on transport of goods and passengers as may be applicable.
- b) The Ministry of Civil Aviation certifies that the establishment of the foreign company in India is that of an airline company which has been designated by the foreign government under the applicable bilateral air services agreement with India.
- c) The Ministry of Civil Aviation certifies that on a reciprocal basis, designated Indian airlines are not subject to levy of similar taxes by whatever name called for the same services appearing under the entry, by the Government of the country designating the foreign airline company.

VI. Explanation to entry no. 12AA of the Exemption Notification

Exemption has been granted for services provided by an intermediary when location of both supplier and recipient of goods is outside the taxable territory.

The following documents shall be maintained for a minimum duration of five years:

- a) Copy of Bill of Lading.
- b) Copy of executed contract between Supplier/ Seller and Receiver/ Buyer of goods.
- c) Copy of commission debit note raised by an intermediary service provider in taxable territory from service recipient located in non-taxable territory.
- d) Copy of certificate of origin issued by service recipient located in non-taxable territory.
- e) Declaration letter from an intermediary service provider in taxable territory on company letter head confirming that commission debit note raised relates to contract when both supplier and receiver of goods are outside the taxable territory.

VII. Explanation to entry no. 54 of the Exemption Notification

Exemption has been granted for services provided by a tour operator to a foreign tourist, in relation to tour conducted wholly outside India. If the services are provided to a foreign tourist in relation to tour conducted in India, then it is taxable.

Chapter 6

Annexures

1. List of Exempted Goods

SCHEDULE

S. No.	Chapter/Heading/Sub-heading/Tariff item	Description of Goods
(1)	(2)	(3)
1.	0101	Live asses, mules and hinnies
2.	0102	Live bovine animals
3.	0103	Live swine
4.	0104	Live sheep and goats
5.	0105	Live poultry, that is to say, fowls of the species <i>Gallus domesticus</i> , ducks, geese, turkeys and guinea fowls.
6.	0106	Other live animal such as Mammals, Birds, Insects
7.	0201	Meat of bovine animals, fresh and chilled.
¹ [8.	0203, 0204, 0205, 0206, 0207, 0208, 0209	All goods, fresh or chilled
9.	0202, 0203, 0204, 0205, 0206, 0207,	All goods [other than fresh or chilled] and ² [, other than pre-packaged and labelled]]

¹ Substituted by Notification No. 42/2017-Central Tax (Rate), dated 14-11-2017, w.e.f. 15-11-2017, before it was read as,

8.	0202	Meat of bovine animals frozen [other than frozen and put up in unit container]
9.	0203	Meat of swine, fresh, chilled or frozen [other than frozen and put up in unit container]

² Substituted for the portion beginning with the words "other than those put up in" and ending with the words "conditions as in the ANNEXURE I]" by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution, said portion read as under:

"Other than those put up in unit container and, —

(a)	bearing a registered brand name; or
(b)	bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily], subject to the conditions as in the ANNEXURE I]"

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	0208, 0209, 0210	
10. to 17.	³ [***]	
18.	3	Fish seeds, prawn/shrimp seeds whether or not processed, cured or in frozen state [other than goods falling under Chapter 3 and attracting 2.5%]
19.	0301	Live fish.
20.	0302	Fish, fresh or chilled, excluding fish fillets and other fish meat of heading 0304
⁴ [21.	0304, 0306, 0307, 0308	All goods, fresh or chilled
22.	⁵ [0303, 0304, 0305, 0306, 0307, 0308, 0309]	All goods [other than fresh or chilled] and ⁶ [, other than pre-packaged and labelled]]

³ Omitted by Notification No. 42/2017-Central Tax (Rate), dated 14-11-2017, w.e.f. 15-11-2017, before it was read as,

10.	0204	Meat of sheep or goats, fresh, chilled or frozen [other than frozen and put up in unit container]
11.	0205	Meat of horses, asses, mules or hinnies, fresh, chilled or frozen [other than frozen and put up in unit container]
12.	0206	Edible offal of bovine animals, swine, sheep, goats, horses, asses, mules or hinnies, fresh, chilled or frozen [other than frozen and put up in unit container]
13.	0207	Meat and edible offal, of the poultry of heading 0105, fresh, chilled or frozen [other than frozen and put up in unit container]
14.	0208	Other meat and edible meat offal, fresh, chilled or frozen [other than frozen and put up in unit container]
15.	0209	Pig fat, free of lean meat, and poultry fat, not rendered or otherwise extracted, fresh, chilled or frozen [other than frozen and put up in unit container]
16.	0209	Pig fat, free of lean meat, and poultry fat, not rendered or otherwise extracted, salted, in brine, dried or smoked [other than put up in unit containers]
17.	0210	Meat and edible meat offal, salted, in brine, dried or smoked; edible flours and meals of meat or meat offal, other than put up in unit containers

⁴ Substituted by Notification No. 42/2017-Central Tax (Rate), dated 14-11-2017, w.e.f. 15-11-2017.

⁵ Substituted for "0303, 0304, 0305, 0306, 0307, 0308" by Notification No. 19/2021-Central Tax (Rate), dated 28-12-2021, w.e.f. 1-1-2022. before it was read as,

21.	0304	Fish fillets and other fish meat (whether or not minced), fresh or chilled.
22.	0306	Crustaceans, whether in shell or not, live, fresh or chilled; crustaceans, in shell, cooked by steaming or by boiling in water live, fresh or chilled.

⁶ Substituted for the portion beginning with the words "other than those put up in" and ending with the words "conditions as in the ANNEXURE I]" by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution, said portion read as under: "other than those put up in unit container and, —

List of Exempted Goods

23.	⁷ [***]	
24.	⁸ [***]	
25.	0401	Fresh milk and pasteurised milk, including separated milk, milk and cream, not concentrated nor containing added sugar or other sweetening matter, excluding Ultra High Temperature (UHT) milk
26.	0403	⁹ [Curd, Lassi, Butter milk, other than pre-packaged and labelled]
27.	0406	Chhena or paneer ¹⁰ [, other than pre-packaged and labelled]
28.	0407	Birds' eggs, in shell, fresh, preserved or cooked
29.	0409	Natural honey ¹¹ [, other than pre-packaged and labelled]

(a)	bearing a registered brand name; or
(b)	bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily], subject to the conditions as in the ANNEXURE IJ"

^{7&8} Omitted vide Notification No. 42/2017 dated 14-11-2017, w.e.f. 15-11-2017, before it was read as,

23.	0307	Molluscs, whether in shell or not, live, fresh, chilled; aquatic invertebrates other than crustaceans and molluscs, live, fresh or chilled.
24.	0308	Aquatic invertebrates other than crustaceans and molluscs, live, fresh or chilled.

⁹ Substituted for "Curd; Lassi; Butter milk" by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022.

¹⁰ Substituted for the portion beginning with the words "other than those put up in" and ending with the words "conditions as in the ANNEXURE IJ" by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution, said portion as amended by Notification No. 28/2017-Central Tax (Rate), dated 22-9-2017, w.e.f. 22-9-2017, read as under:

"other than those put up in unit container and,—

(a)	bearing a registered brand name; or
(b)	bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily], subject to the conditions as in the ANNEXURE IJ"

¹¹ Substituted for the portion beginning with the words "other than those put up in" and ending with the words "conditions as in the ANNEXURE IJ" by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution, said portion as amended by Notification No. 28/2017-Central Tax (Rate), dated 22-9-2017, w.e.f. 22-9-2017, read as under: "other than those put up in unit container and,—

(a)	bearing a registered brand name; or
(b)	bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily], subject to the conditions as in the ANNEXURE IJ"

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30.	0501	Human hair, unworked, whether or not washed or scoured; waste of human hair
¹² [30A.	0504	All goods, fresh or chilled
30B.	0504	All goods ¹³ [, other than pre-packaged and labelled]]
31.	0506	All goods <i>i.e.</i> Bones and horn-cores, unworked, defatted, simply prepared (but not cut to shape), treated with acid or gelatinised; powder and waste of these products
32.	0507 90	All goods <i>i.e.</i> Hoof meal; horn meal; hooves, claws, nails and beaks; antlers; etc.
33	0511	Semen including frozen semen
34.	6	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage
35.	0701	Potatoes, fresh or chilled.
36.	0702	Tomatoes, fresh or chilled.
37.	0703	Onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled.
38.	0704	Cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas, fresh or chilled.
39.	0705	Lettuce (<i>Lactuca sativa</i>) and chicory (<i>Cichorium spp.</i>), fresh or chilled.
40.	0706	Carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots, fresh or chilled.
41.	0707	Cucumbers and gherkins, fresh or chilled.
42.	0708	Leguminous vegetables, shelled or unshelled, fresh or chilled.

¹² Inserted by Notification No. 42/2017-Central Tax (Rate), dated 14-11-2017, w.e.f. 15-11-2017.

¹³ Substituted for the portion beginning with the words "other than those put up in" and ending with the words "conditions as in the ANNEXURE I]" by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution, said portion read as under: "other than those put up in unit container and,—

(a)	bearing a registered brand name; or
(b)	bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily], subject to the conditions as in the ANNEXURE I]"

List of Exempted Goods

43.	0709	Other vegetables, fresh or chilled.
¹⁴ [43A.	0710	Vegetables (uncooked or cooked by steaming or boiling in water), frozen
43B	0711	¹⁵ [Vegetables provisionally preserved, but unsuitable in that state for immediate consumption]]
44.	0712	Dried vegetables, whole, cut, sliced, broken or in powder, but not further prepared.
45.	0713	¹⁶ [Dried leguminous vegetables, shelled, whether or not skinned or split ¹⁷ [other than pre-packaged and labelled]]
46.	0714	Manioc, arrowroot, salep, Jerusalem artichokes, sweet potatoes and similar roots and tubers with high starch or inulin content, ¹⁸ [fresh or chilled, dried]; sago pith.
¹⁹ [46A.	0714	Manioc, arrowroot, salep, Jerusalem artichokes, sweet potatoes and similar roots and tubers with high starch or

¹⁴ Sl. Nos. 43A and 43B substituted for Sl. No. 43A by Notification No. 25/2018-Central Tax (Rate), dated 31-12-2018, w.e.f. 1-1-2019. Prior to its substitution, Sl. No. 43A, as inserted by Notification No. 42/2017-Central Tax (Rate), dated 14-11-2017, w.e.f. 15-11-2017, read as under:

"43A.	0710	Vegetables (uncooked or cooked by steaming or boiling in water), frozen, other than those put up in unit container and,— (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily], subject to the conditions as in the ANNEXURE I"
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¹⁵ Substituted for "Vegetables provisionally preserved (for example, by sulphur dioxide gas, in brine, in sulphur water or in" by Notification No. 19/2021-Central Tax (Rate), dated 28-12-2021, w.e.f. 1-1-2022.

¹⁶ Substituted for "Dried leguminous vegetables, shelled, whether or not skinned or split" by Corrigendum GSR 868(E), dated 12-7-2017.

¹⁷ Substituted for the portion beginning with the words "other than those put up in" and ending with the words "conditions as in the ANNEXURE I]" by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution, said portion as amended by Notification No. 28/2017-Central Tax (Rate), dated 22-9-2017, w.e.f. 22-9-2017, read as under: "other than those put up in unit container and,—

(a)	bearing a registered brand name; or
(b)	bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily], subject to the conditions as in the ANNEXURE I]"

¹⁸ Substituted for "fresh or chilled" by Notification No. 42/2017-Central Tax (Rate), dated 14-11-2017, w.e.f. 15-11-2017.

¹⁹ Inserted by Notification No. 42/2017-Central Tax (Rate), dated 14-11-2017, w.e.f. 15-11-2017.

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		inulin content, frozen, whether or not sliced or in the form of pellets ²⁰ [, other than pre-packaged and labelled]
46B.	08	Dried makhana, whether or not shelled or peeled ²¹ [, other than pre-packaged and labelled]]
47.	0801	Coconuts, fresh or dried, whether or not shelled or peeled
48.	0801	Brazil nuts, fresh, whether or not shelled or peeled
49.	0802	²² [Other nuts, fresh such as Almonds, Hazelnuts or filberts (Corylus spp.), walnuts, Chestnuts (Castanea spp.), Pistachios, Macadamia nuts, Kola nuts (Cola spp.), Areca nuts, Pine nuts, fresh, whether or not shelled or peeled]
50.	0803	Bananas, including plantains, fresh or dried
51.	0804	Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh.
52.	0805	Citrus fruit, such as Oranges, Mandarins (including tangerines and satsumas); Clementines, wilkings and similar citrus hybrids, Grapefruit, including pomelos, Lemons (Citrus limon, Citrus limonum) and limes (Citrus aurantifolia, Citrus latifolia), fresh.
53.	0806	Grapes, fresh

²⁰ Substituted for the portion beginning with the words "other than those put up in" and ending with the words "conditions as in the ANNEXURE I]" by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution, said portion read as under: "other than those put up in unit container and,—

(a)	bearing a registered brand name; or
(b)	bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily], subject to the conditions as in the ANNEXURE I]"

²¹ Substituted for the portion beginning with the words "[other than those put up in" and ending with the words "conditions as in the ANNEXURE I]" by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution, said portion read as under:

"[other than those put up in unit container and,—

(a)	bearing a registered brand name; or
(b)	bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]"

²² Substituted for "Other nuts, fresh such as Almonds, Hazelnuts or filberts (Corylus spp.), walnuts, Chestnuts (Castanea spp.), Pistachios, Macadamia nuts, Kola nuts (Cola spp.), Areca nuts, fresh, whether or not shelled or peeled" by Notification No. 19/2021-Central Tax (Rate), dated 28-12-2021, w.e.f. 1-1-2022.

List of Exempted Goods

54.	0807	Melons (including watermelons) and papaws (papayas), fresh.
55.	0808	Apples, pears and quinces, fresh.
56.	0809	Apricots, cherries, peaches (including nectarines), plums and sloes, fresh.
57.	0810	Other fruit such as strawberries, raspberries, blackberries, mulberries and loganberries, black, white or red currants and gooseberries, cranberries, bilberries and other fruits of the genus vaccinium, Kiwi fruit, Durians, Persimmons, Pomegranates, Tamarind, Sapota (chico), Custard-apple (ata), Bore, Lichi, fresh
²³ [57A.	0813	Tamarind dried]
58.	0814	Peel of citrus fruit or melons (including watermelons), fresh.
59.	²⁴ [7, 9 or 10]	All goods of seed quality
60.	0901	Coffee beans, not roasted
61	0902	Unprocessed green leaves of tea
62.	0909	Seeds of anise, badian, fennel, coriander, cumin or caraway; juniper berries [of seed quality]
63.	0910 11 10	Fresh ginger, other than in processed form
64.	0910 30 10	Fresh turmeric, other than in processed form
65.	1001	Wheat and meslin ²⁵ [, other than pre-packaged and labelled]

²³ Inserted by Notification No. 15/2019-Central Tax (Rate), dated 30-9-2019, w.e.f. 1-10-2019.

²⁴ Substituted for "9" by Corrigendum GSR 959(E), dated 27-7-2017.

²⁵ Substituted for the portion beginning with the words "[other than those put up in" and ending with the words "conditions as in the ANNEXURE I]" by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution, said portion as amended by Notification No. 28/2017-Central Tax (Rate), dated 22-9-2017, w.e.f. 22-9-2017, read as under:

"[other than those put up in unit container and,—

(a)	bearing a registered brand name; or
(b)	bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]"

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66.	1002	Rye ²⁶ [, other than pre-packaged and labelled]
67.	1003	Barley ²⁷ [, other than pre-packaged and labelled]
68.	1004	Oats ²⁸ [, other than pre-packaged and labelled]
69.	1005	Maize (corn) ²⁹ [, other than pre-packaged and labelled]
70.	1006	Rice ³⁰ [, other than pre-packaged and labelled]

²⁶ Substituted for the portion beginning with the words "[other than those put up in" and ending with the words "conditions as in the ANNEXURE I]" by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution, said portion as amended by Notification No. 28/2017-Central Tax (Rate), dated 22-9-2017, w.e.f. 22-9-2017, read as under:

"[other than those put up in unit container and,—

(a)	bearing a registered brand name; or
(b)	bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]"

²⁷ Substituted for the portion beginning with the words "[other than those put up in" and ending with the words "conditions as in the ANNEXURE I]" by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution, said portion as amended by Notification No. 28/2017-Central Tax (Rate), dated 22-9-2017, w.e.f. 22-9-2017, read as under:

"[other than those put up in unit container and,—

(a)	bearing a registered brand name; or
(b)	bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]"

²⁸ Substituted for the portion beginning with the words "[other than those put up in" and ending with the words "conditions as in the ANNEXURE I]" by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution, said portion as amended by Notification No. 28/2017-Central Tax (Rate), dated 22-9-2017, w.e.f. 22-9-2017, read as under "[other than those put up in unit container and,—

(a)	bearing a registered brand name; or
(b)	bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]"

²⁹ Substituted for the portion beginning with the words "[other than those put up in" and ending with the words "conditions as in the ANNEXURE I]" by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution, said portion as amended by Notification No. 28/2017-Central Tax (Rate), dated 22-9-2017, w.e.f. 22-9-2017, read as under:

"[other than those put up in unit container and,—

(a)	bearing a registered brand name; or
(b)	bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]"

³⁰ Substituted for the portion beginning with the words "[other than those put up in" and ending with the words "conditions as in the ANNEXURE I]" by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-

List of Exempted Goods

71.	1007	Grain sorghum ³¹ [,other than pre-packaged and labelled]
72.	1008	Buckwheat, millet and canary seed; other cereals such as Jawar, Bajra, Ragi ³² [,other than pre-packaged and labelled]
73.	1101	Wheat or meslin flour ³³ [,other than pre-packaged and labelled]
74.	1102	Cereal flours other than of wheat or meslin, [maize

2022. Prior to its substitution, said portion as amended by Notification No. 28/2017-Central Tax (Rate), dated 22-9-2017, w.e.f. 22-9-2017, read as under:

"[other than those put up in unit container and,—

(a)	bearing a registered brand name; or
(b)	bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]]"

³¹ Substituted for the portion beginning with the words "[other than those put up in" and ending with the words "conditions as in the ANNEXURE I]]" by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution, said portion as amended by Notification No. 28/2017-Central Tax (Rate), dated 22-9-2017, w.e.f. 22-9-2017, read as under:

"[other than those put up in unit container and,—

(a)	bearing a registered brand name; or
(b)	bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]]"

³² Substituted for the portion beginning with the words "[other than those put up in" and ending with the words "conditions as in the ANNEXURE I]]" by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution, said portion as amended by Notification No. 28/2017-Central Tax (Rate), dated 22-9-2017, w.e.f. 22-9-2017, read as under:

"[other than those put up in unit container and, —

(a)	bearing a registered brand name; or
(b)	bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]]"

³³ Substituted for the portion beginning with the words "[other than those put up in" and ending with the words "conditions as in the ANNEXURE I]]" by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution, said portion as amended by Notification No. 28/2017-Central Tax (Rate), dated 22-9-2017, w.e.f. 22-9-2017, read as under:

"[other than those put up in unit container and, —

(a)	bearing a registered brand name; or
(b)	bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]]"

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		(corn) flour, Rye flour, etc.] ³⁴ [, other than pre-packaged and labelled]
75.	1103	Cereal groats, meal and pellets ³⁵ [, other than pre-packaged and labelled]
76.	1104	Cereal grains hulled
77.	1105	³⁶ [Flour, powder, flakes, granules or pellets of potatoes] ³⁷ [, other than pre-packaged and labelled]
78.	1106	Flour, of the dried leguminous vegetables of heading 0713 (pulses) [other than guar meal 1106 10 10 and guar gum refined split 1106 10 90], of sago or of roots or

³⁴ Substituted for the portion beginning with the words "[other than those put up in" and ending with the words "conditions as in the ANNEXURE I]" by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution, said portion as amended by Notification No. 28/2017-Central Tax (Rate), dated 22-9-2017, w.e.f. 22-9-2017, read as under:

"[other than those put up in unit container and,—

(a)	bearing a registered brand name; or
(b)	bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]"

³⁵ Substituted for the portion beginning with the words "[other than those put up in" and ending with the words "conditions as in the ANNEXURE I]" by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution, said portion as amended by Notification No. 28/2017-Central Tax (Rate), dated 22-9-2017, w.e.f. 22-9-2017, read as under:

"[other than those put up in unit container and,—

(a)	bearing a registered brand name; or
(b)	bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]"

³⁶ Substituted for "Flour, of potatoes" by Notification No. 42/2017-Central Tax (Rate), dated 14-11-2017, w.e.f. 15-11-2017.

³⁷ Substituted for the portion beginning with the words "[other than those put up in" and ending with the words "conditions as in the ANNEXURE I]" by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution said portion as amended by Notification No. 28/2017-Central Tax (Rate), dated 22-9-2017, w.e.f. 22-9-2017, read as under:

"[other than those put up in unit container and,—

(a)	bearing a registered brand name; or
(b)	bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]"

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		tubers of heading 0714 or of the products of Chapter 8 i.e. of tamarind, of singoda, mango flour, etc. ³⁸], other than pre-packaged and labelled]
³⁹ [78A.	1106 10 10	Guar meal]
79.	12	All goods of seed quality
80.	1201	Soyabeans, whether or not broken, of seed quality.
81.	1202	Ground-nuts, not roasted or otherwise cooked, whether or not shelled or broken, of seed quality.
82.	1204	Linseed, whether or not broken, of seed quality.
83.	1205	Rape or colza seeds, whether or not broken, of seed quality.
84.	1206	Sunflower seeds, whether or not broken, of seed quality.
85.	1207	Other oil seeds and oleaginous fruits (i.e. Palm nuts and kernels, cotton seeds, Castor oil seeds, Sesamum seeds, Mustard seeds, Safflower (Carthamus tinctorius) seeds, Melon seeds, Poppy seeds, Ajams, Mango kernel, Niger seed, Kokam) whether or not broken, of seed quality.
⁴⁰ [86.	1209	Seeds, fruit and spores, of a kind used for sowing Explanation: This entry does not cover seeds meant for any use other than sowing.]
87.	1210	Hop cones, fresh.
⁴¹ [87A.	1210 10 00	Hop cones, neither ground nor powdered nor in the form of pellets]

³⁸ Substituted for the portion beginning with the words "[other than those put up in" and ending with the words "conditions as in the ANNEXURE I]" by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution said portion as amended by Notification No. 28/2017-Central Tax (Rate), dated 22-9-2017, w.e.f. 22-9-2017, read as under:

"[other than those put up in unit container and,—

(a)	bearing a registered brand name; or
(b)	bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]"

³⁹ Inserted by Notification No. 42/2017-Central Tax (Rate), dated 14-11-2017, w.e.f. 15-11-2017.

⁴⁰ Substituted by Notification No. 9/2021-Central Tax (Rate), dated 30-9-2021, w.e.f. 1-10-2021. Prior to its substitution s.no. 86, read as under:

86.	1209	Seeds, fruit and spores, of a kind used for sowing.
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⁴¹ Inserted by Notification No. 42/2017-Central Tax (Rate), dated 14-11-2017, w.e.f. 15-11-2017.

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88.	1211	Plants and parts of plants (including seeds and fruits), of a kind used primarily in perfumery, in pharmacy or for insecticidal, fungicidal or similar purpose, fresh or chilled.
89.	1212	Locust beans, seaweeds and other algae, sugar beet and sugarcane, fresh or chilled.
90.	1213	Cereal straw and husks, unprepared, whether or not chopped, ground, pressed or in the form of pellets
91.	1214	Swedes, mangolds, fodder roots, hay, lucerne (alfalfa), clover, sainfoin, forage kale, lupines, vetches and similar forage products, whether or not in the form of pellets.
92.	1301	Lac and Shellac
⁴² [92A.	1401	Sal leaves, siali leaves, sisal leaves, sabai grass]
93.	1404 90 40	Betel leaves
⁴³ [93A.	1404 90 60	Coconut shell, unworked]
⁴⁴ [93B.	1404 90 90	Vegetable materials, for manufacture of jhadoo or broom sticks]
94.	1701 or 1702	⁴⁵ [(i) Jaggery of all types including Cane Jaggery (gur), Palmyra Jaggery, other than pre-packaged and labelled (ii) Khandsari Sugar, other than pre-packaged and labelled] ⁴⁶ [(iii) Rab, other than pre-packaged and labelled]
⁴⁷ [94A.	1901	Food preparation of millet flour, in powder form, containing at least 70% millets by weight, other than pre-packaged and labelled]
95.	1904	Puffed rice, commonly known as Muri, flattened or beaten rice, commonly known as Chira, parched rice,

⁴² Inserted by Notification No. 19/2018-Central Tax (Rate), dated 26-7-2018, w.e.f. 27-7-2018.

⁴³ Inserted by Notification No. 42/2017-Central Tax (Rate), dated 14-11-2017, w.e.f. 15-11-2017.

⁴⁴ Inserted by Notification No. 19/2018-Central Tax (Rate), dated 26-7-2018, w.e.f. 27-7-2018.

⁴⁵ Substituted by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution, entry as amended by Notification No. 42/2017-Central Tax (Rate), dated 14-11-2017, w.e.f. 15-11-2017, read as under: "Jaggery of all types including Cane Jaggery (gur), Palmyra Jaggery; Khandsari Sugar"

⁴⁶ Inserted by Notification No. 4/2023-Central Tax (Rate), dated 28-2-2023, w.e.f. 1-3-2023.

⁴⁷ Inserted by Notification No. 18/2023-Central Tax (Rate), dated 19-10-2023, w.e.f. 20-10-2023.

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		commonly known as khoi, parched paddy or rice coated with sugar or gur, commonly known as Murki ⁴⁸ [, other than pre-packaged and labelled]
96.	1905	Pappad, by whatever name it is known, except when served for consumption
97.	1905	Bread (branded or otherwise), except when served for consumption and pizza bread
⁴⁹ [97A.	2009 89 90	Tender coconut water ⁵⁰ [, other than pre-packaged and labelled]]
98.	2106	Prasadam supplied by religious places like temples, mosques, churches, gurudwaras, dargahs, etc.
99.	2201	Water [other than aerated, mineral, ⁵¹ [***] distilled, medicinal, ionic, battery, de-mineralized and water sold in sealed container]
100.	2201	Non-alcoholic Toddy, Neera including date and palm neera
101.	⁵² [***]	

⁴⁸ Inserted by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022.

⁴⁹ Inserted by Notification No. 19/2021-Central Tax (Rate), dated 28-12-2021, w.e.f. 1-1-2022.

⁵⁰ Substituted for the portion beginning with the words "other than those put up in" and ending with the words "conditions as in the ANNEXURE I]" by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution, said portion read as under:

"other than those put up in unit container and,—

(a)	bearing a registered brand name; or
(b)	bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily], subject to the conditions as in the ANNEXURE I]"

⁵¹ Word "purified," omitted by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022.

⁵² Omitted by Notification No. 19/2021-Central Tax (Rate), dated 28-12-2021, Prior to its omission Sl. No. 101 as amended by Notification No. 28/2017-Central Tax (Rate), dated 22-9-2017, w.e.f. 22-9-2017, read as under :

"2202 90 90	Tender coconut water [other than those put up in unit container and,—
(a)	bearing a registered brand name; or
(b)	bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]"

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102.	⁵³ [2301, 2302, 2308, 2309]	⁵⁴ [Aquatic feed including shrimp feed and prawn feed, poultry feed and cattle feed, including grass, hay and straw, supplement and additives, wheat bran and de-oiled cake [other than rice bran]]
⁵⁵ ⁵⁶ [102A.	2306	De-oiled rice bran Explanation: The exemption applies to de-oiled rice bran falling under heading 2306 with effect from 25 th January, 2018]
102B.	2306	Cotton seed oil cake]
⁵⁷ 102C.	2302, 2309	Husk of pulses including Chilka, Concentrates including chuni or churi, Khanda]
103.	2501	⁵⁸ [Salt (including table salt and denatured salt) and pure sodium chloride, whether or not in aqueous solutions or containing added anti-caking or free flowing agents; sea water]
⁵⁹ [103A.	26	Uranium Ore Concentrate]
104.	2716 00 00	Electrical energy
105.	2835	Dicalcium phosphate (DCP) of animal feed grade conforming to IS specification No. 5470 : 2002
⁶⁰ [105A	30	Gene Therapy]
106.	3002	Human Blood and its components
107.	3006	All types of contraceptives

⁵³ Substituted for "2301, 2302, 2304, 2305, 2306, 2308, 2309" by Notification No. 28/2017-Central Tax (Rate), dated 22-9-2017, w.e.f. 22-9-2017. Earlier, the quoted entries were amended by Corrigendum GSR 959(E), dated 27-7-2017.

⁵⁴ Substituted for "Aquatic feed including shrimp feed and prawn feed, poultry feed & cattle feed, including grass, hay & straw, supplement & husk of pulses, concentrates & additives, wheat bran & de-oiled cake [other than rice-bran]" by Notification No. 13/2022-Central Tax (Rate), dated 30-12-2022, w.e.f. 1-1-2023.

⁵⁵ Sl. Nos. 102A and 102B substituted for Sl. No. 102A by Notification No. 7/2018-Central Tax (Rate), dated 25-1-2018, w.e.f. 25-1-2018. Earlier, Sl. No. 102A was inserted by Notification No. 28/2017-Central Tax (Rate), dated 22-9-2017, w.e.f. 22-9-2017.

⁵⁶ Substituted by Notification No. 19/2018-Central Tax (Rate), dated 26-7-2018, w.e.f. 27-7-2018.

⁵⁷ Inserted by Notification No. 13/2022-Central Tax (Rate), dated 30-12-2022, w.e.f. 1-1-2023.

⁵⁸ Substituted by Notification No. 42/2017-Central Tax (Rate), dated 14-11-2017, w.e.f. 15-11-2017.

⁵⁹ Inserted by Notification No. 42/2017-Central Tax (Rate), dated 14-11-2017, w.e.f. 15-11-2017 [with retrospective effect from 1-7-2017 vide Finance (No. 2) Act, 2019].

⁶⁰ Inserted by Notification No. 02/2025-Central Tax (Rate), dated 16-01-2025, w.e.f. 16-01-2025.

List of Exempted Goods

108.	3101	All goods and organic manure ⁶¹ [, other than pre-packaged and labelled]
109.	3304	Kajal [other than kajal pencil sticks], Kumkum, Bindi, Sindur, Alta
110.	3825	Municipal waste, sewage sludge, clinical waste
111.	3926	Plastic bangles
112.	4014	Condoms and contraceptives
113.	4401	Firewood or fuel wood
114.	4402	Wood charcoal (including shell or nut charcoal), whether or not agglomerated
⁶² [114A.	44 or 68	Deities made of stone, marble or wood
114B.	46	Khali Dona; Goods made of sal leaves, siali leaves, sisal leaves, sabai grass, including sabai grass rope]
⁶³ [114C.	46	Plates and cups made up of all kinds of leaves/flowers/bark]
115.	4802/4907	Judicial, Non-judicial stamp papers, Court fee stamps when sold by the Government Treasuries or Vendors authorized by the Government
116.	4817/4907	Postal items, like envelope, Post card etc., sold by Government
⁶⁴ [117.	48 or 4907 or 71	Rupee notes or coins when sold to Reserve Bank of India or the Government of India]

⁶¹ Substituted for the portion beginning with the words "[other than those put up in" and ending with the words "conditions as in the ANNEXURE I]" by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution said portion as amended by Notification No. 28/2017-Central Tax (Rate), dated 22-9-2017, w.e.f. 22-9-2017, read as under:

"[other than those put up in unit container and,—

(a)	bearing a registered brand name; or
(b)	bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]"

⁶² Inserted by Notification No. 19/2018-Central Tax (Rate), dated 26-7-2018, w.e.f. 27-7-2018.

⁶³ Inserted by Notification No. 15/2019-Central Tax (Rate), dated 30-9-2019, w.e.f. 1-10-2019.

⁶⁴ Substituted vide Notification No.19/2018-Central Tax (Rate) dated 26-07-2018 w.e.f. 27-07-2018 before it was read as:

117.	48 / 4907	Rupee notes when sold to the Reserve Bank of India.
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118.	⁶⁵ [***]	
119.	4901	Printed books, including Braille books
120.	4902	Newspapers, journals and periodicals, whether or not illustrated or containing advertising material
121.	4903	Children's picture, drawing or colouring books
⁶⁶ [121A.	4904 00 00	Music, printed or in manuscript, whether or not bound or illustrated]
122.	⁶⁷ [***]	
⁶⁸ [122A.	4907	Duty Credit Scrips]
123.	5001	Silkworm laying, cocoon
124.	5002	Raw silk
125.	5003	Silk waste
126.	5101	Wool, not carded or combed
127.	5102	Fine or coarse animal hair, not carded or combed
128.	5103	Waste of wool or of fine or coarse animal hair
129.	52	Gandhi Topi
130.	52	Khadi yarn
⁶⁹ [130A.	50 to 55	Khadi fabric, sold through Khadi and Village Industries Commission (KVIC) and KVIC certified institutions/ outlets]
131.	5303	Jute fibres, raw or processed but not spun
132.	5305	Coconut, coir fibre

⁶⁵ Omitted by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its omission, Sl. No. 118 read as under:

"118.	4907	Cheques, lose or in book form"
122.	4905	Maps and hydrographic or similar charts of all kinds, including atlases, wall maps, topographical plans and globes, printed"

⁶⁶ Inserted by Notification No. 25/2018-Central Tax (Rate), dated 31-12-2018, w.e.f. 1-1-2019.

⁶⁷ Omitted by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its omission, Sl. No. 118 read as under:

"118.	4907	Cheques, lose or in book form"
122.	4905	Maps and hydrographic or similar charts of all kinds, including atlases, wall maps, topographical plans and globes, printed"

⁶⁸ Inserted by Notification No. 35/2017-Central Tax (Rate), dated 13-10-2017, w.e.f. 13-10-2017.

⁶⁹ Inserted by Notification No. 28/2017-Central Tax (Rate), dated 22-9-2017, w.e.f. 22-9-2017.

List of Exempted Goods

⁷⁰ [132A.	53	Coir pith compost ⁷¹ [, other than pre-packaged and labelled]]
133.	63	Indian National Flag
134.	6703	Human hair, dressed, thinned, bleached or otherwise worked
135.	6912 00 40	Earthen pot and clay lamps
⁷² [135A.	69	Idols made of clay]
136.	7018	Glass bangles (except those made from precious metals)
⁷³ [136A.	⁷⁴ [7117]	Bangles of lac/shellac]
137.	8201	Agricultural implements manually operated or animal driven <i>i.e.</i> Hand tools, such as spades, shovels, mattocks, picks, hoes, forks and rakes; axes, bill hooks and similar hewing tools; secateurs and pruners of any kind; scythes, sickles, hay knives, hedge shears, timber wedges and other tools of a kind used in agriculture, horticulture or forestry ⁷⁵ [other than ghamella]
138.	8445	⁷⁶ [Charkha for hand spinning of yarns, including amber charkha]
139.	8446	Handloom [weaving machinery]
140.	8802 60 00	Spacecraft (including satellites) and suborbital and spacecraft launch vehicles

⁷⁰ Inserted by Notification No. 19/2018-Central Tax (Rate), dated 26-7-2018, w.e.f. 27-7-2018.

⁷¹ Substituted for the portion beginning with the words "other than those put up in" and ending with the words "conditions as in the ANNEXURE I]" by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution, said portion read as under:
"other than those put up in unit container and,—

(a)	bearing a registered brand name; or
(b)	bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily], subject to the conditions as in the ANNEXURE I]"

⁷² Inserted by Notification No. 28/2017-Central Tax (Rate), dated 22-9-2017, w.e.f. 22-9-2017.

⁷³ Inserted by Notification No. 42/2017-Central Tax (Rate), dated 14-11-2017, w.e.f. 15-11-2017.

⁷⁴ Substituted for "7113" by Notification No. 7/2018-Central Tax (Rate), dated 25-1-2018, w.e.f. 25-1-2018.

⁷⁵ Inserted by Notification No. 7/2018-Central Tax (Rate), dated 25-1-2018, w.e.f. 25-1-2018.

⁷⁶ Substituted for "Amber charkha" by Notification No. 28/2017-Central Tax (Rate), dated 22-9-2017, w.e.f. 22-9-2017.

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141.	⁷⁷ [***]	
142.	9021	Hearing aids
143.	92	⁷⁸ [Indigenous handmade musical instruments as listed in ANNEXURE II]
144.	9603	⁷⁹ [Muddhas made of sarkanda, Brooms or brushes, consisting of twigs or other vegetable materials, bound together, with or without handles]
145.	9609	Slate pencils and chalk sticks
146.	9610 00 00	Slates
⁸⁰ [146A.	9619 00 10 or 9619 00 20	Sanitary towels (pads) or sanitary napkins; tampons]
147.	9803	Passenger baggage
148.	Any Chapter	Puja samagri namely,— (i) Rudraksha, rudraksha mala, tulsi kanthi mala, panchgavya (mixture of cowdung, desi ghee, milk and curd); (ii) Sacred thread (commonly known as yagnopavit); (iii) Wooden khadau; (iv) Panchamrit; (v) ⁸¹[Vibhuti]; (vi) Unbranded honey ⁸²[***]; (vii) Wick for diya; (viii) Roli; (ix) Kalava (Raksha sutra); (x) Chandan tika.

⁷⁷ Omitted by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its omission Sl. No. 141 as amended by Notification No. 19/2021-Central Tax (Rate), dated 28-12-2021, w.e.f. 1-1-2022, read as under:

"141.	8807	Parts of goods of heading 8801"
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⁷⁸ Substituted for "Indigenous handmade musical instruments" by Notification No. 28/2017-Central Tax (Rate), dated 22-9-2017, w.e.f. 22-9-2017.

⁷⁹ Substituted for "Muddhas made of sarkanda and phool bahari jhadoo" by Notification No. 28/2017-Central Tax (Rate), dated 22-9-2017, w.e.f. 22-9-2017.

⁸⁰ Inserted by Notification No. 19/2018-Central Tax (Rate), dated 26-7-2018, w.e.f. 27-7-2018.

⁸¹ Substituted for "Vibhuti sold by religious institutions" by Notification No. 7/2018-Central Tax (Rate), dated 25-1-2018, w.e.f. 25-1-2018.

⁸² Words "[proposed GST Nil]" omitted by Corrigendum GSR 868(E), dated 12-7-2017.

List of Exempted Goods

149.	-	Supply of lottery by any person other than State Government, Union Territory or Local authority subject to the condition that the supply of such lottery has suffered appropriate central tax, State tax, Union territory tax or integrated tax, as the case may be, when supplied by State Government, Union Territory or local authority, as the case may be, to the lottery distributor or selling agent appointed by the State Government, Union Territory or local authority, as the case may be.
⁸³ [150.	-	Supply of goods by a Government entity to Central Government, State Government, Union territory, local authority or any person specified by Central Government, State Government, Union territory or local authority, against consideration received from Central Government, State Government, Union territory or local authority in the form of grants]
⁸⁴ [151.	Any chapter	Parts for manufacture of hearing aids]
⁸⁵ [152.	Any chapter except 71	Rakhi (other than those made of goods falling under Chapter 71)]
⁸⁶ [153.	Any Chapter	Supply of gift items received by the President, Prime Minister, Governor or Chief Minister of any State or Union territory, or any public servant, by way of public auction by the Government, where auction proceeds are to be used for public or charitable cause]

Explanation.—For the purposes of this Schedule, —

- (i) The phrase "unit container" means a package, whether large or small (for example, tin, cane, box, jar, bottle, bag, or carton, drum, barrel, or canister) designed to hold a pre-determined quantity or number, which is indicated on such package.
- ⁸⁷[(ii) The expression 'pre-packaged and labelled' means all commodities that are intended

⁸³ Inserted by Notification No. 35/2017-Central Tax (Rate), dated 13-10-2017, w.e.f. 13-10-2017.

⁸⁴ Inserted by Notification No. 7/2018-Central Tax (Rate), dated 25-1-2018, w.e.f. 25-1-2018.

⁸⁵ Inserted by Notification No. 19/2018-Central Tax (Rate), dated 26-7-2018, w.e.f. 27-7-2018.

⁸⁶ Inserted by Notification No. 25/2018-Central Tax (Rate), dated 31-12-2018, w.e.f. 1-1-2019.

⁸⁷ Substituted by Notification No. 02/2025-Central Tax (Rate), dated 16-01-2025, w.e.f. 16-01-2025. Prior to its substitution @ [" The expression 'pre-packaged and labelled' means a 'pre-packaged commodity' as defined in clauses (l) of section 2 of the Legal Metrology Act, 2009 (1 of 2010) where, the package in which the commodity is pre-packed or a label securely affixed thereto is required to bear the declarations under the provisions of the Legal Metrology Act, 2009 (1 of 2010) and the rules made thereunder.

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for retail sale and containing not more than 25 kg or 25 litre, which are 'pre-packed' as defined in clause (l) of section 2 of the Legal Metrology Act, 2009 (1 of 2010) where, the package in which the commodity is pre-packed or a label securely affixed thereto is required to bear the declarations under the provisions of the Legal Metrology Act, 2009 (1 of 2010) and the rules made thereunder.".]

- (iii) "Tariff item", "sub-heading" "heading" and "Chapter" shall mean respectively a tariff item, heading, sub-heading and Chapter as specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975).
 - (iv) The rules for the interpretation of the First Schedule to the said Customs Tariff Act, 1975, including the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall, so far as may be, apply to the interpretation of this notification.
- ⁸⁸ [(v) The phrase "Government Entity" shall mean an authority or a board or any other body including a society, trust, corporation, which is:
- (a) set up by an Act of Parliament or State Legislature; or
 - (b) established by any Government,
- with 90 per cent or more participation by way of equity or control, to carry out a function entrusted by the Central Government, State Government, Union territory or a local authority.]

2. This notification shall come into force with effect from the 1st day of July, 2017.

[Provided that notwithstanding anything contained in the Legal Metrology Act, 2009 (1 of 2010) and the rules made thereunder, as amended from time to time, the supply of agricultural farm produce in package(s) of commodities containing quantity of more than 25 kilogram or 25 litre shall not be considered as a supply made within the scope of expression 'pre-packaged and labelled'.]

@ Substituted by Notification No. 7/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution clause (ii) were amended by Notification No. 28/2017-Central Tax (Rate), dated 22-9-2017, w.e.f. 22-9-2017 and Notification No. 42/2017-Central Tax (Rate), dated 14-11-2017, w.e.f. 15-11-2017, read as under:

	(a) The phrase "brand name" means brand name or trade name, that is to say, a name or a mark, such as symbol, monogram, label, signature or invented word or writing which is used in relation to such specified goods for the purpose of indicating, or so as to indicate a connection in the course of trade between such specified goods and some person using such name or mark with or without any indication of the identity of that person.
	(b) The phrase "registered brand name" means, —
(A)	a brand registered as on or after the 15th May 2017 under the Trade Marks Act, 1999 irrespective of whether or not the brand is subsequently deregistered;
(B)	a brand registered as on or after the 15th May 2017 under the Copyright Act, 1957(14 of 1957);
(C)	a brand registered as on or after the 15th May 2017 under any law for the time being in force in any other country."

⁸⁸ Inserted by Notification No. 35/2017-Central Tax (Rate), dated 13-10-2017, w.e.f. 13-10-2017.

List of Exempted Goods

⁸⁹[ANNEXURE I

For foregoing an actionable claim or enforceable right on a brand name, —

(a)	the person undertaking packing of such goods in unit containers which bears a brand name shall file an affidavit to that effect with the jurisdictional Commissioner of Central tax that he is voluntarily foregoing his actionable claim or enforceable right on such brand name as defined in <i>Explanation (ii)(a)</i> ; and
(b)	the person undertaking packing of such goods in unit containers which bear a brand name shall, on each such unit containers, clearly print in indelible ink, both in English and the local language, that in respect of the brand name as defined in <i>Explanation (ii)(a)</i> printed on the unit containers he has foregone his actionable claim or enforceable right voluntarily:

⁹⁰[Provided that, if the person having an actionable claim or enforceable right on a brand name and the person undertaking packing of such goods in unit containers are two different persons, then the person having an actionable claim or enforceable right on a brand name shall file an affidavit to that effect with the jurisdictional Commissioner of Central tax of the person undertaking packing of such goods that he is voluntarily foregoing his actionable claim or enforceable right on such brand name as defined in *Explanation (ii)(a)*; and he has authorised the person [undertaking packing of such goods in unit containers bearing said brand name] to print on such unit containers in indelible ink, both in English and the local language, that in respect of such brand name he [the person owning the brand name] is voluntarily foregoing the actionable claim or enforceable right voluntarily on such brand name.]

⁸⁹ Annexures I and II inserted by Notification No. 28/2017-Central Tax (Rate), dated 22-9-2017, w.e.f. 22-9-2017.

⁹⁰ Inserted by Notification No. 35/2017-Central Tax (Rate), dated 13-10-2017, w.e.f. 13-10-2017

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ANNEXURE II

List of indigenous handmade musical instruments	
1.	Bulbul Tarang
2.	Dotar, Dotora, or Dotara
3.	Ektara
4.	Getchu Vadyam or Jhallari
5.	Gopichand or Gopiyatra or Khamak
6.	Gottuvadhyam or Chitravina
7.	Katho
8.	Sarod
9.	Sitar
10.	Surbahar
11.	Surshringar
12.	Swarabat
13.	Swarmandal
14.	Tambura
15.	Tumbi
16.	Tuntuna
17.	Magadi Veena
18.	Hansaveena
19.	Mohan Veena
20.	Nakula Veena
21.	Nanduni
22.	Rudra Veena
23.	Saraswati Veena
24.	Vichitra Veena
25.	Yazh
26.	Ranjan Veena
27.	Triveni Veena
28.	Chikara
29.	Dilruba

List of Exempted Goods

30.	Ektara violin
31.	Esraj
32.	Kamaicha
33.	Mayuri Vina or Taus
34.	Onavillu
35.	Behala (violin type)
36.	Pena or Bana
37.	Pulluvan veena - one stringed violin
38.	Ravanahatha
39.	Folk sarangi
40.	Classical sarangi
41.	Sarinda
42.	Tar shehnai
43.	Gethu or Jhallari
44.	Gubguba or Jamuku - Percussion string instrument
45.	Pulluvan kutam
46.	Santoor - Hammered chord box
47.	Pepa
48.	Pungi or Been
49.	Indian Harmonium: Double reed
50.	Kuzhal
51.	Nadaswaram
52.	Shehnai
53.	Sundari
54.	Tangmuri
55.	Alghoza - double flute
56.	Bansuri
57.	Venu (Carnatic flute) Pullanguzhal
58.	Mashak
59.	Titti
60.	Sruti upanga

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61.	Gogona
62.	Morsing
63.	Shruti box
64.	Harmonium (hand-pumped)
65.	Ekkalam
66.	Karnal
67.	Ramsinga
68.	Kahal
69.	Nagphani
70.	Turi
71.	Dhad
72.	Damru
73.	Dimadi
74.	Dhol
75.	Dholak
76.	Dholki
77.	Duggi
78.	Ghat singhari or gada singari
79.	Ghumot
80.	Gummeta
81.	Kanjira
82.	Khol
83.	Kinpar and Dhobar (tribal drums)
84.	Maddale
85.	Maram
86.	Mizhavu
87.	Mridangam
88.	Pakhavaj
89.	Pakhavaj jori - Sikh instrument similar to tabla
90.	Panchamukha vadyam
91.	Pung

List of Exempted Goods

92.	Shuddha madalam or Maddalam
93.	Tabala/tabla/chameli - goblet drum
94.	Tabla
95.	Tabla tarang - set of tablas
96.	Tamte
97.	Thanthi Panai
98.	Thimila
99.	Tumbak, tumbaknari, tumbaknaer
100.	Daff, duff, daf or duf Dimdi or dimri - small frame drum without jingles
101.	Kanjira - small frame drum with one jingle
102.	Kansi - small without jingles
103.	Patayani thappu - medium frame drum played with hands
104.	Chenda
105.	Dollu
106.	Dhak
107.	Dhol
108.	Dholi
109.	Idakka
110.	Thavil
111.	Udukai
112.	Chande
113.	Nagara - pair of kettledrums
114.	Pambai - unit of two cylindrical drums
115.	Parai thappu, halgi - frame drum played with two sticks
116.	Sambal
117.	Stick daff or stick duff - daff in a stand played with sticks
118.	Tamak
119.	Tasha - type of kettledrum
120.	Urumee
121.	Jaltarang chimpta - fire tong with brass jingles
122.	Chengila - metal disc

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123.	Elathalam
124.	Geger - brass vessel
125.	Ghatam and Matkam (Earthenware pot drum)
126.	Ghungroo
127.	Khartal or Chiplya
128.	Manjeera or jhanj or taal
129.	Nut - clay pot
130.	Sankarjang - lithophone
131.	Thali - metal plate
132.	Thattukazhi mannai
133.	Kanch tarang, a type of glass harp
134.	Kashtha tarang, a type of xylophone.]

List of Exempted Services

2. List of Exempted Services

TABLE

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent)	Condition
(1)	(2)	(3)	(4)	(5)
1	Chapter 99	Services by an entity registered under section 12AA ⁹¹ [or 12AB] of the Income-tax Act, 1961 (43 of 1961) by way of charitable activities.	Nil	Nil
2	Chapter 99	Services by way of transfer of a going concern, as a whole or an independent part thereof.	Nil	Nil
3	Chapter 99	Pure services (excluding works contract service or other composite supplies involving supply of any goods) provided to the Central Government, State Government or Union territory or local authority ⁹² [***] by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution.	Nil	Nil
⁹³ [3A]	Chapter 99	Composite supply of goods and services in which the value of supply of goods constitutes not more than 25 per cent of the value of the said	Nil	Nil]

⁹¹ Inserted by Notification No. 7/2021-Central Tax (Rate), dated 30-9-2021, w.e.f. 1-10-2021.

⁹² Words "or a Governmental authority or a Government Entity" omitted by Notification No. 16/2021-Central Tax (Rate), dated 18-11-2021, w.e.f. 1-1-2022.

⁹³ Inserted by Notification No. 2/2018-Central Tax (Rate), dated 25-1-2018, w.e.f. 25-1-2018.

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		composite supply provided to the Central Government, State Government or Union territory or local authority ⁹⁴ ***] by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution.		
⁹⁵ 3B	Chapter 99	Services provided to a Governmental Authority by way of - (a) water supply; (b) public health; (c) sanitation conservancy; (d) solid waste management; and (e) slum improvement and upgradation.	Nil	Nil]
4	Chapter 99	Services by ⁹⁶ ***] Governmental Authority by way of any activity in relation to any function entrusted to a municipality under article 243W of the Constitution.	Nil	Nil
5	Chapter 99	Services by a ⁹⁷ ⁹⁸ ***] Governmental Authority] by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution.	Nil	Nil
6	Chapter 99	Services by the Central Government, State Government, Union territory or local authority	Nil	Nil

⁹⁴ Words "or a Governmental authority or a Government Entity" omitted by Notification No. 16/2021-Central Tax (Rate), dated 18-11-2021, w.e.f. 1-1-2022.

⁹⁵ Inserted by Notification No. 13/2023-Central Tax (Rate), dated 19-10-2023, w.e.f. 20-10-2023.

⁹⁶ Words "Central Government, State Government, Union territory, local authority or" omitted by Notification No. 14/2018-Central Tax (Rate), dated 26-7-2018, w.e.f. 27-7-2018.

⁹⁷ Substituted for "Governmental authority" by Notification No. 32/2017-Central Tax (Rate), dated 13-10-2017, w.e.f. 13-10-2017.

⁹⁸ Words "Central Government, State Government, Union territory, local authority or" omitted by Notification No. 14/2018-Central Tax (Rate), dated 26-7-2018, w.e.f. 27-7-2018.

List of Exempted Services

		excluding the following services— (a) services by the Department of Posts ⁹⁹[and the Ministry of Railways (Indian Railways)] ¹⁰⁰[***]; (b) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (c) transport of goods or passengers; or (d) any service, other than services covered under entries (a) to (c) above, provided to business entities.		
7	Chapter 99	Services provided by the Central Government, State Government, Union territory or local authority to a business entity with an aggregate turnover of up to ¹⁰¹[such amount in the preceding financial year as makes it eligible for exemption from registration under the Central Goods and Services Tax Act, 2017 (12 of 2017)]. <i>Explanation.</i> —For the purposes of this entry, it is hereby clarified that the provisions of this entry shall not be applicable to—	Nil	Nil

⁹⁹ Inserted by Notification No. 13/2023-Central Tax (Rate), dated 19-10-2023, w.e.f. 20-10-2023.

¹⁰⁰ Words "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" omitted by Notification No. 4/2022 - Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022.

¹⁰¹ Substituted for "twenty lakh rupees (ten lakh rupees in case of a special category State) in the preceding financial year" by Notification No. 21/2019-Central Tax (Rate), dated 30-9-2019, w.e.f. 1-10-2019.

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		(a) services, — (i) by the Department of Posts ¹⁰²[and the Ministry of Railways (Indian Railways)] ¹⁰³[***]; (ii) in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (iii) of transport of goods or passengers; and (b) services by way of renting of immovable property.		
8	Chapter 99	Services provided by the Central Government, State Government, Union territory or local authority to another Central Government, State Government, Union territory or local authority: Provided that nothing contained in this entry shall apply to services— (i) by the Department of Posts ¹⁰⁴[and the Ministry of Railways (Indian Railways)] ¹⁰⁵[***]; (ii) in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (iii) of transport of goods or	Nil	Nil

¹⁰² Inserted by Notification No. 13/2023-Central Tax (Rate), dated 19-10-2023, w.e.f. 20-10-2023.

¹⁰³ Words "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" omitted by Notification No. 4/2022 - Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022.

¹⁰⁴ Inserted by Notification No. 13/2023-Central Tax (Rate), dated 19-10-2023, w.e.f. 20-10-2023.

¹⁰⁵ Words "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" omitted by Notification No. 4/2022 - Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022.

List of Exempted Services

		passengers.		
9	Chapter 99	Services provided by Central Government, State Government, Union territory or a local authority where the consideration for such services does not exceed five thousand rupees: Provided that nothing contained in this entry shall apply to— (i) services by the Department of Posts ¹⁰⁶[and the Ministry of Railways (Indian Railways)] ¹⁰⁷[***]; (ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (iii) transport of goods or passengers: Provided further that in case where continuous supply of service, as defined in sub-section (33) of section 2 of the Central Goods and Services Tax Act, 2017, is provided by the Central Government, State Government, Union territory or a local authority, the exemption shall apply only where the consideration charged for such service does not exceed five thousand rupees in a financial year.	Nil	Nil
¹⁰⁸ 9A	Chapter 99	Services provided by and to Federation Internationale de	Nil	Provided that Director (Sports), Ministry of

¹⁰⁶ Inserted by Notification No. 13/2023-Central Tax (Rate), dated 19-10-2023, w.e.f. 20-10-2023.

¹⁰⁷ Words "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" omitted by Notification No. 4/2022 - Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022.

¹⁰⁸ Inserted by Notification No. 21/2017-Central Tax (Rate), dated 22-8-2017.

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		Football Association (FIFA) and its subsidiaries directly or indirectly related to any of the events under FIFA U-17 World Cup 2017 to be hosted in India.		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]
¹⁰⁹ [9AA]	Chapter 99	Services provided by and to Federation Internationale de Football Association (FIFA) and its subsidiaries directly or indirectly related to any of the events under FIFA U-17 Women's World Cup 2020 to be hosted in India ¹¹⁰ [whenever rescheduled].	Nil	Provided that Director (Sports), Ministry of Youth Affairs and Sports certifies that the services are directly or indirectly related to any of the events under FIFA U-17 Women's World Cup 2020.]
¹¹¹ [9AB]	Chapter 99	Services provided by and to Asian Football Confederation (AFC) and its subsidiaries directly or indirectly related to any of the events under AFC Women's Asia Cup 2022 to be hosted in India.	Nil	Provided that Director (Sports), Ministry of Youth Affairs and Sports certifies that the services are directly or indirectly related to any of the events under AFC Women's Asia Cup 2022.]
¹¹² [9B]	Chapter 99	Supply of services associated with transit cargo to Nepal and Bhutan (landlocked countries).	Nil	Nil]
¹¹³ [9C]	Chapter 99	Supply of service by a Government Entity to Central Government, State Government, Union territory, local authority or any person specified by	Nil	Nil]

¹⁰⁹ Inserted by Notification No. 21/2019-Central Tax (Rate), dated 30-9-2019, w.e.f. 1-10-2019.

¹¹⁰ Inserted by Notification No. 7/2021-Central Tax (Rate), dated 30-9-2021, w.e.f. 1-10-2021.

¹¹¹ Inserted by Notification No. 7/2021-Central Tax (Rate), dated 30-9-2021, w.e.f. 1-10-2021.

¹¹² Inserted by Notification No. 30/2017-Central Tax (Rate), dated 29-9-2017, w.e.f. 29-9-2017.

¹¹³ Inserted by Notification No. 32/2017-Central Tax (Rate), dated 13-10-2017, w.e.f. 13-10-2017.

List of Exempted Services

		Central Government, State Government, Union territory or local authority against consideration received from Central Government, State Government, Union territory or local authority, in the form of grants.		
¹¹⁴ [9D]	Chapter 99	Services by an old age home run by Central Government, State Government or by an entity registered under section 12AA ¹¹⁵ [or 12AB] of the Income-tax Act, 1961 (43 of 1961) to its residents (aged 60 years or more) against consideration upto twenty-five thousand rupees per month per member, provided that the consideration charged is inclusive of charges for boarding, lodging and maintenance.	Nil	Nil]
¹¹⁶ 9E	Chapter 99	Services provided by Ministry of Railways (Indian Railways) to individuals by way of – a) sale of platform tickets b) facility of retiring rooms/waiting rooms c) cloak room services d) battery operated car services.	Nil	Nil]
¹¹⁷ 9F	Chapter 99	Services provided by one zone/division under Ministry of Railways (Indian Railways) to another zone(s)/division(s) under Ministry of Railways (Indian Railways).	Nil	Nil]
¹¹⁸ 9G	Chapter 99	Services provided by Special	Nil	Nil]

¹¹⁴ Inserted by Notification No. 14/2018-Central Tax (Rate), dated 26-7-2018, w.e.f. 27-7-2018.

¹¹⁵ Inserted by Notification No. 7/2021-Central Tax (Rate), dated 30-9-2021, w.e.f. 1-10-2021.

¹¹⁶ Inserted by Notification No. 4/2024-Central Tax (Rate), dated 12-7-2024, w.e.f. 15-7-2024.

¹¹⁷ Inserted by Notification No. 4/2024-Central Tax (Rate), dated 12-7-2024, w.e.f. 15-7-2024.

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		Purpose Vehicles (SPVs) to Ministry of Railways (Indian Railways) by way of allowing Ministry of Railways (Indian Railways) to use the infrastructure built and owned by them during the concession period against consideration and services of maintenance supplied by Ministry of Railways (Indian Railways) to SPVs in relation to the said infrastructure built and owned by the SPVs during the concession period against consideration.		
10	Heading 9954	Services provided by way of pure labour contracts of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of a civil structure or any other original works pertaining to the beneficiary-led individual house construction or enhancement under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana.	Nil	Nil
¹¹⁹ [10A]	Heading 9954	Services supplied by electricity distribution utilities by way of construction, erection, commissioning, or installation of infrastructure for extending electricity distribution network upto the tube well of the farmer or agriculturist for agricultural use	Nil	Nil]
11	Heading 9954	Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single	Nil	Nil

¹¹⁸ Inserted by Notification No. 4/2024-Central Tax (Rate), dated 12-7-2024, w.e.f. 15-7-2024.

¹¹⁹ Inserted by Notification No. 14/2018-Central Tax (Rate), dated 26-7-2018, w.e.f. 27-7-2018.

List of Exempted Services

		residential unit otherwise than as a part of a residential complex.		
¹²⁰ [11A]	Heading 9961 or Heading 9962	¹²¹ [Service provided by Fair Price Shops to Central Government, State Government or Union territory by way of sale of food grains, kerosene, sugar, edible oil, etc. under Public Distribution System against consideration in the form of commission or margin.]	Nil	Nil
11B	¹²² [***]]			
12	¹²³ [****] Heading 9972	Services by way of renting of residential dwelling for use as residence ¹²⁴ [except where the residential dwelling is rented to a registered person]. ¹²⁵ [¹²⁶ [Explanation 1]. - For the purpose of exemption under this entry, this entry shall cover services by way of renting of residential dwelling to a registered person were, - (i) the registered person is	Nil	Nil

¹²⁰ Inserted by Notification No. 21/2017-Central Tax (Rate), dated 22-8-2017.

¹²¹ Substituted by Notification No. 47/2017-Central Tax (Rate), dated 14-11-2017, w.e.f. 15-11-2017, before it was read as, "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."

¹²² Omitted by Notification No. 47/2017-Central Tax (Rate), dated 14-11-2017, w.e.f. 15-11-2017, before it was read as,

11B	Heading 9961 or Heading 9962	Service provided by Fair Price Shops to State Governments or Union territories by way of sale of kerosene, sugar, edible oil, etc. under Public Distribution System (PDS) against consideration in the form of commission or margin.	Nil	Nil
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¹²³ Words and figures "Heading 9963 or" omitted by Notification No. 4/2024-Central Tax (Rate), dated 12-7-2024, w.e.f. 15-7-2024.

¹²⁴ Inserted by Notification No. 4/2022 -Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022.

¹²⁵ Inserted by Notification No. 15/2022-Central Tax (Rate), dated 30-12-2022, w.e.f. 1-1-2023.

¹²⁶ Explanation renumbered as Explanation 1 by Notification No. 4/2024-Central Tax (Rate), dated 12-7-2024, w.e.f. 15-7-2024.

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		proprietor of a proprietorship concern and rents the residential dwelling in his personal capacity for use as his own residence; and (ii) such renting is on his own account and not that of the proprietorship concern.] ¹²⁷ [Explanation 2.- Nothing contained in this entry shall apply to- a) accommodation services for students in student residences. b) accommodation services provided by Hostels, Camps, Paying Guest accommodations and the like.]		
¹²⁸ [12A]	Heading 9963	Supply of accommodation services having value of supply less than or equal to twenty thousand rupees per person per month provided that the accommodation service is supplied for a minimum continuous period of ninety days.]	Nil	Nil
13	Heading 9963 or Heading 9972 or Heading 9995 or any other Heading of Section 9	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 ¹²⁹ [or 12AB] of the Income-tax Act, 1961 (hereinafter referred to as	Nil	Nil

¹²⁷ Inserted by Notification No. 4/2024-Central Tax (Rate), dated 12-7-2024, w.e.f. 15-7-2024.

¹²⁸ Inserted by Notification No. 4/2024-Central Tax (Rate), dated 12-7-2024, w.e.f. 15-7-2024.

¹²⁹ Inserted by Notification No. 7/2021-Central Tax (Rate), dated 30-9-2021, w.e.f. 1-10-2021.

List of Exempted Services

		the Income-tax Act) or a trust or an institution registered under sub-clause (v) of clause (23C) of section 10 of the Income-tax Act or a body or an authority covered under clause (23BBA) of section 10 of the said Income-tax Act: Provided that nothing contained in entry (b) of this exemption shall apply to, — (i) renting of rooms where charges are one thousand rupees or more per day; (ii) renting of premises, community halls, kalyanmandapam or open area, and the like where charges are ten thousand rupees or more per day; (iii) renting of shops or other spaces for business or commerce where charges are ten thousand rupees or more per month.		
14	¹³⁰ [***]			
15	Heading 9964	Transport of passengers, with or without accompanied belongings, by— ¹³¹[(a)air in economy class,	Nil	Nil

¹³⁰ Omitted by Notification No. 4/2022 -Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022., Prior to its omission Sl. No. 14 was amended by Notification No. 21/2019-Central Tax (Rate), dated 30-9-2019, w.e.f. 1-10-2019 and Notification No. 14/2018-Central Tax (Rate), dated 26-7-2018, w.e.f. 27-7-2018, read as under:

"14	Heading 9963	Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having [value of supply] of a unit of accommodation below [or equal to] one thousand rupees per day or equivalent.	Nil	Nil"
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		embarking from or terminating in an airport located in the state of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, or Tripura or at Bagdogra located in West Bengal;] (b) non-airconditioned contract carriage other than radio taxi, for transportation of passengers, excluding tourism, conducted tour, charter or hire; or (c) stage carriage other than air-conditioned stage carriage: ¹³² [Provided that nothing contained in items (b) and (c) above shall apply to services supplied through an electronic commerce operator, and notified under sub-section (5) of Section 9 of the Central Goods and Services Tax Act, 2017 (12 of 2017)]		
16	Heading 9964	Services provided to the Central Government, by way of transport of passengers with or without accompanied belongings, by air, embarking from or terminating at a regional connectivity scheme airport, against consideration in the form of	Nil	Nil

¹³¹ Substituted by Notification No. 4/2022 -Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution clause (a), read as under:

"(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;"

¹³² Inserted by Notification No. 16/2021-Central Tax (Rate), dated 18-11-2021, w.e.f. 1-1-2022.

List of Exempted Services

		viability gap funding: Provided that nothing contained in this entry shall apply on or after the expiry of a period of ¹³³ [three years] from the date of commencement of operations of the regional connectivity scheme airport as notified by the Ministry of Civil Aviation.		
17	Heading 9964	Service of transportation of passengers, with or without accompanied belongings, by— (a) railways in a class other than— (i) first class; or (ii) an air-conditioned coach; (b) metro, monorail or tramway; (c) inland waterways; (d) public transport, other than predominantly for tourism purpose, in a vessel between places located in India; and (e) metered cabs or auto rickshaws (including e-rickshaws): ¹³⁴ [Provided that nothing contained in items (e) above shall apply to services supplied through an electronic commerce operator, and notified under sub-section (5) of Section 9 of the Central Goods and Services Tax Act, 2017 (12 of 2017)]	Nil	Nil
18	Heading 9965	Services by way of transportation of	Nil	Nil

¹³³ Substituted for "one year" by Notification No. 2/2018-Central Tax (Rate), dated 25-1-2018, w.e.f. 25-1-2018.

¹³⁴ Inserted by Notification No. 16/2021-Central Tax (Rate), dated 18-11-2021, w.e.f. 1-1-2022.

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		goods— (a) by road except the services of— (i) a goods transportation agency; (ii) a courier agency; (b) by inland waterways.		
19	Heading 9965	Services by way of transportation of goods by an aircraft from a place outside India upto the customs station of clearance in India.	Nil	Nil
¹³⁵ [19A.	Heading 9965	Services by way of transportation of goods by an aircraft from customs station of clearance in India to a place outside India	Nil	Nothing contained in this serial number shall apply after the 30 th day of September, ¹³⁶ [2022].
19B	Heading 9965	Services by way of transportation of goods by a vessel from customs station of clearance in India to a place outside India	Nil	Nothing contained in this serial number shall apply after the 30 th day of September, ¹³⁷ [2022].]
¹³⁸ [19C	9965	¹³⁹ [Satellite launch services.]	Nil	Nil]
20	Heading 9965	Services by way of transportation by rail or a vessel from one place in India to another of the following goods—	Nil	Nil

¹³⁵ Inserted by Notification No. 2/2018-Central Tax (Rate), dated 25-1-2018, w.e.f. 25-1-2018.

¹³⁶ Substituted for "2021" by Notification No. 7/2021-Central Tax (Rate), dated 30-9-2021, w.e.f. 1-10-2021. Earlier "2020" was amended by Notification No. 21/2019-Central Tax (Rate), dated 30-9-2019, w.e.f. 1-10-2019, "2019" was amended by Notification No. 4/2020- Central Tax (Rate), Dated 30-9-2020, w.e.f. 1-10-2020, "2018" was amended by Notification No. 14/2018-Central Tax (Rate), dated 26-7-2018, w.e.f. 27-7-2018.

¹³⁷ Substituted for "2021" by Notification No. 7/2021-Central Tax (Rate), dated 30-9-2021, w.e.f. 1-10-2021. Earlier "2020" was amended by Notification No. 21/2019-Central Tax (Rate), dated 30-9-2019, w.e.f. 1-10-2019, "2019" was amended by Notification No. 4/2020- Central Tax (Rate), Dated 30-9-2020, w.e.f. 1-10-2020, "2018" was amended by Notification No. 14/2018-Central Tax (Rate), dated 26-7-2018, w.e.f. 27-7-2018.

¹³⁸ Inserted by Notification No. 5/2020-Central Tax (Rate), dated 16-10-2020, w.e.f. 16-10-2020.

¹³⁹ Substituted for "Satellite launch services supplied by Indian Space Research Organisation, Antrix Corporation Limited or New Space India Limited" by Notification No. 7/2023-Central Tax (Rate), dated 26-7-2023, w.e.f. 27-7-2023.

List of Exempted Services

		(a) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; (b) defence or military equipments; (c) newspaper or magazines registered with the Registrar of Newspapers; (d) ¹⁴⁰[***] (e) agricultural produce; (f) milk, salt and food grain including flours, pulses and rice; and (g) organic manure.		
21	Heading 9965 or Heading 9967	Services provided by a goods transport agency, by way of transport in a goods carriage of— (a) agricultural produce; (b)&(c)¹⁴¹[***] (d) milk, salt and food grain including flour, pulses and rice; (e) organic manure; (f) newspaper or magazines registered with the Registrar of Newspapers;	Nil	Nil

¹⁴⁰ Omitted by Notification No. 4/2022 -Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its omission clause (d), read as under:

"(d) railway equipments or materials;"

¹⁴¹ Omitted by Notification No. 4/2022 -Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to their omission clauses (b) & (c) read as under:

"(b) goods, where consideration charged for the transportation of goods on a consignment transported in a single carriage does not exceed one thousand five hundred rupees;

(c) goods, where consideration charged for transportation of all such goods for a single consignee does not exceed rupees seven hundred and fifty;"

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		(g) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; or (h) defence or military equipments.		
¹⁴² [21A]	Heading 9965 or Heading 9967	Services provided by a goods transport agency to an unregistered person, including an unregistered casual taxable person, other than the following recipients, namely: — (a) any factory registered under or governed by the Factories Act, 1948 (63 of 1948); or (b) any Society registered under the Societies Registration Act, 1860 (21 of 1860) or under any other law for the time being in force in any part of India; or (c) any Co-operative Society established by or under any law for the time being in force; or (d) any body corporate established, by or under any law for the time being in force; or (e) any partnership firm whether registered or not under any law including association of persons; (f) any casual taxable person registered under the Central Goods and Services Tax Act or the Integrated Goods and	Nil	Nil]

¹⁴² Inserted by Notification No. 32/2017-Central Tax (Rate), dated 13-10-2017, w.e.f. 13-10-2017

List of Exempted Services

		Services Tax Act or the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act.		
¹⁴³ [21B]	Heading 9965 or Heading 9967	Services provided by a goods transport agency, by way of transport of goods in a goods carriage, to, — (a) a department or Establishment of the Central Government or State Government or Union territory; or (b) local authority; or (c) Governmental agencies, which has taken registration under the Central Goods and Services Tax Act, 2017 (12 of 2017) only for the purpose of deducting tax under section 51 and not for making a taxable supply of goods or services.	Nil	Nil]
22	Heading 9966 or Heading 9973	Services by way of giving on hire— (a) to a state transport undertaking, a motor vehicle meant to carry more than twelve passengers; ¹⁴⁴ [(aa) to a local authority, an Electrically operated vehicle meant to carry more than twelve passengers; or Explanation. —For the purposes of this entry, "Electrically operated vehicle" means vehicle falling under Chapter 87 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) which is run solely	Nil	Nil

¹⁴³ Inserted by Notification No. 28/2018-Central Tax (Rate), dated 31-12-2018, w.e.f. 1-1-2019.¹⁴⁴ Inserted by Notification No. 13/2019-Central Tax (Rate), dated 31-7-2019, w.e.f. 1-8-2019.

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		on electrical energy derived from an external source or from one or more electrical batteries fitted to such road vehicle.] (b) to a goods transport agency, a means of transportation of goods; or ¹⁴⁵ [(c) motor vehicle for transport of students, faculty and staff, to a person providing services of transportation of students, faculty and staff to an educational institution providing services by way of pre-school education and education upto higher secondary school or equivalent.]		
23	Heading 9967	Service by way of access to a road or a bridge on payment of toll charges.	Nil	Nil
23A	¹⁴⁶ [***]			
24	Heading 9967 or Heading 9985	Services by way of loading, unloading, packing, storage or warehousing of rice.	Nil	Nil
¹⁴⁷ [24A]	Heading 9967 or Heading 9985	Services by way of warehousing of minor forest produce.	Nil	Nil]
¹⁴⁸ [24B]	Heading 9967 or Heading 9985	¹⁴⁹ [Services by way of storage or warehousing of cereals, pulses, fruits and vegetables.]	Nil	Nil]

¹⁴⁵ Inserted by Notification No. 2/2018-Central Tax (Rate), dated 25-1-2018, w.e.f. 25-1-2018.

¹⁴⁶ Omitted by Notification No. 15/2022-Central Tax (Rate), dated 30-12-2022, w.e.f. 1-1-2023. Prior to its omission, Sl. No. 23A as inserted by Notification No. 32/2017-Central Tax (Rate), dated 13-10-2017, w.e.f. 13-10-2017, read as under:

23A	Heading 9967	Service by way of access to a road or a bridge on payment of annuity.	Nil	Nil]"
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¹⁴⁷ Inserted by Notification No. 14/2018-Central Tax (Rate), dated 26-7-2018, w.e.f. 27-7-2018.

¹⁴⁸ Inserted by Notification No. 21/2019-Central Tax (Rate), dated 30-9-2019, w.e.f. 1-10-2019.

¹⁴⁹ Substituted by Notification No. 4/2022 -Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution, entry read as under:

List of Exempted Services

¹⁵⁰ [24C]	Chapter 9968	Services by the Department of Posts by way of post card, inland letter, book post and ordinary post (envelopes weighing less than 10 grams).	Nil	Nil]
25	Heading 9969	Transmission or distribution of electricity by an electricity transmission or distribution utility.	Nil	Nil
¹⁵¹ [25A]	Heading 9969 or Heading 9986	Supply of services by way of providing metering equipment on rent, testing for meters/transformers/capacitors etc., releasing electricity connection, shifting of meters/service lines, issuing duplicate bills etc., which are incidental or ancillary to the supply of ¹⁵² [transmission or distribution] of electricity provided by electricity ¹⁵³ [transmission or distribution] utilities to their consumers.	Nil	Nil]
26	¹⁵⁴ [***]			
27	Heading 9971	Services by way of— (a) extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount	Nil	Nil

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

¹⁵⁰ Inserted by Notification No. 4/2022 -Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022.

¹⁵¹ Inserted by Notification No. 8/2024 -Central Tax (Rate), dated 08-10-2024, w.e.f. 10-10-2024.

¹⁵² Substituted by Notification No. 6/2025 -Central Tax (Rate), dated 16-1-2025, w.e.f. 16-1-2025. Prior to its substitution, entry read as; "transmission and distribution"

¹⁵³ Substituted by Notification No. 6/2025 -Central Tax (Rate), dated 16-1-2025, w.e.f. 16-1-2025. Prior to its substitution, entry read as; "transmission and distribution"

¹⁵⁴ Omitted by Notification No. 4/2022 -Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its omission Sl. No. 26, read as under:

26	Heading 9971	Services by the Reserve Bank of India.	Nil	Nil
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		(other than interest involved in credit card services); (b) inter se sale or purchase of foreign currency amongst banks or authorised dealers of foreign exchange or amongst banks and such dealers.		
¹⁵⁵ [27A]	Heading 9971	Services provided by a banking company to Basic Saving Bank Deposit (BSBD) account holders under Pradhan Mantri Jan Dhan Yojana (PMJDY).	Nil	Nil]
28	Heading 9971 or Heading 9991	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 (23 of 2013).	Nil	Nil
29	Heading 9971 or Heading 9991	Services of life insurance business provided or agreed to be provided by the Army, Naval and Air Force Group Insurance Funds to members of the Army, Navy and Air Force, respectively, under the Group Insurance Schemes of the Central Government.	Nil	Nil
¹⁵⁶ [29A]	Heading 9971 or Heading 9991	Services of life insurance provided or agreed to be provided by the Naval Group Insurance Fund to the personnel of Coast Guard under the Group Insurance Schemes of the Central Government.	Nil	Nil]

¹⁵⁵ Inserted by Notification No. 28/2018-Central Tax (Rate), dated 31-12-2018, w.e.f. 1-1-2019.

¹⁵⁶ Inserted by Notification No. 2/2018-Central Tax (Rate), dated 25-1-2018, w.e.f. 25-1-2018.

List of Exempted Services

¹⁵⁷ [29B]	Heading 9971 or Heading 9991	Services of life insurance provided or agreed to be provided by the Central Armed Police Forces (under Ministry of Home Affairs) Group Insurance Funds to their members under the Group Insurance Schemes of the concerned Central Armed Police Force.	Nil	Nil]
30	Heading 9971 or Heading 9991	Services by the Employees' State Insurance Corporation to persons governed under the Employees' State Insurance Act, 1948 (34 of 1948).	Nil	Nil
31	Heading 9971	Services provided by the Employees Provident Fund Organisation to the persons governed under the Employees Provident Funds and the Miscellaneous Provisions Act, 1952 (19 of 1952).	Nil	Nil
¹⁵⁸ [31A]	Heading 9971 or Heading 9991	Services by Coal Mines Provident Fund Organisation to persons governed by the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948 (46 of 1948).	Nil	Nil
31B	Heading 9971 or Heading 9991	Services by National Pension System (NPS) Trust to its members against consideration in the form of administrative fee	Nil	Nil]
32 &	¹⁵⁹ [***]			

¹⁵⁷ Inserted by Notification No. 21/2019-Central Tax (Rate), dated 30-9-2019, w.e.f. 1-10-2019.

¹⁵⁸ Inserted by Notification No. 14/2018-Central Tax (Rate), dated 26-7-2018, w.e.f. 27-7-2018.

¹⁵⁹ Omitted by Notification No. 4/2022 -Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to their omission Sl. Nos. 32 & 33, read as under:

"32	Heading 9971	Services provided by the Insurance Regulatory and Development Authority of India to insurers under the Insurance Regulatory and Development Authority of India Act, 1999 (41 of 1999).	Nil	Nil
"33	Heading 9971	Services provided by the Securities and Exchange Board of India set up under the Securities and Exchange Board of India Act, 1992 (15 of 1992) by way of protecting the interests of investors in securities and to promote the development of, and to regulate, the securities market.	Nil	Nil

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33				
34	Heading 9971	Services by an acquiring bank, to any person in relation to settlement of an amount upto two thousand rupees in a single transaction transacted through credit card, debit card, charge card or other payment card service. <i>Explanation.</i> — For the purposes of this entry, "acquiring bank" means any banking company, financial institution including non-banking financial company or any other person, who makes the payment to any person who accepts such card.	Nil	Nil
¹⁶⁰ [34A]	Heading 9971	Services supplied by Central Government, State Government, Union territory to their undertakings or Public Sector Undertakings (PSUs) by way of guaranteeing the loans taken by such undertakings or PSUs from the ¹⁶¹ [banking companies and] financial institutions.	Nil	Nil]
35	Heading 9971 or Heading 9991	Services of general insurance business provided under following schemes - (a) Hut Insurance Scheme; (b) Cattle Insurance under Swarna-jayanti Gram Swarozgar Yojana (earlier known as Integrated Rural Development Programme); (c) Scheme for Insurance of Tribals; (d) Janata Personal Accident	Nil	Nil

¹⁶⁰ Inserted by Notification No. 14/2018-Central Tax (Rate), dated 26-7-2018, w.e.f. 27-7-2018.

¹⁶¹ Inserted by Notification No. 28/2018-Central Tax (Rate), dated 31-12-2018, w.e.f. 1-1-2019.

List of Exempted Services

		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) ¹⁶² [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) ¹⁶³ [Pradhan Mantri Fasal BimaYojana (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 Bima Yojana; (q) Niramaya Health Insurance Scheme implemented by the Trust constituted under the		
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¹⁶² Substituted for "Weather Based Crop Insurance Scheme or the Modified National Agricultural Insurance Scheme" by Notification No. 21/2017-Central Tax (Rate), dated 22-8-2017.

¹⁶³ Substituted for "National Agricultural Insurance Scheme (Rashtriya Krishi Bima Yojana)" by Notification No. 21/2017-Central Tax (Rate), dated 22-8-2017.

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		provisions of the National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999); ¹⁶⁴ [(r) Bangla Shasya Bima.]		
36	Heading 9971 or Heading 9991	Services of life insurance business provided under following schemes- (a) Janashree Bima Yojana; (b) Aam Aadmi Bima Yojana; (c) Life micro-insurance product as approved by the Insurance Regulatory and Development Authority, having maximum amount of cover of ¹⁶⁵ [two lakhs] rupees; (d) Varishtha Pension Bima Yojana; (e) Pradhan Mantri Jeevan Jyoti Bima Yojana; (f) Pradhan Mantri Jan Dhan Yojana; (g) Pradhan Mantri Vaya Vandan Yojana.	Nil	Nil
¹⁶⁶ [36A]	Heading 9971 or Heading 9991	Services by way of reinsurance of the insurance schemes specified in serial number 35 or 36 ¹⁶⁷ [or 40].	Nil	Nil]
¹⁶⁸ [36B]	Heading 9971 or Heading	Services of insurance provided by the Motor Vehicle Accident Fund,	Nil	Nil]

¹⁶⁴ Inserted by Notification No. 21/2019-Central Tax (Rate), dated 30-9-2019, w.e.f. 1-10-2019.¹⁶⁵ Substituted for "fifty thousand" by Notification No. 2/2018-Central Tax (Rate), dated 25-1-2018, w.e.f. 25-1-2018.¹⁶⁶ Inserted by Notification No. 2/2018-Central Tax (Rate), dated 25-1-2018, w.e.f. 25-1-2018.¹⁶⁷ Inserted by Notification No. 14/2018-Central Tax (Rate), dated 26-7-2018, w.e.f. 27-7-2018.¹⁶⁸ Inserted by Notification No. 06/2025-Central Tax (Rate), dated 16-1-2025, w.e.f. 16-1-2025.

List of Exempted Services

	9991	constituted under section 164B of the Motor Vehicles Act, 1988 (59 of 1988), against contributions made by insurers out of the premiums collected for third party insurance of motor vehicles.		
37	Heading 9971 or Heading 9991	Services by way of collection of contribution under the Atal Pension Yojana.	Nil	Nil
38	Heading 9971 or Heading 9991	Services by way of collection of contribution under any pension scheme of the State Governments.	Nil	Nil
39	Heading 9971 or Heading 9985	Services by the following persons in respective capacities - (a) business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch; (b) any person as an intermediary to a business facilitator or a business correspondent with respect to services mentioned in entry (a); or (c) business facilitator or a business correspondent to an insurance company in a rural area.	Nil	Nil
¹⁶⁹ [39A]	Heading 9971	Services by an intermediary of financial services located in a multi services SEZ with International Financial Services Centre (IFSC) status to a customer located outside India for international financial	Nil	Nil]

¹⁶⁹ Inserted by Notification No. 2/2018-Central Tax (Rate), dated 25-1-2018, w.e.f. 25-1-2018.

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		services in currencies other than Indian rupees (INR). <i>Explanation.</i> —For the purposes of this entry, the intermediary of financial services in IFSC is a person, — (i) who is permitted or recognised as such by the Government of India or any Regulator appointed for regulation of IFSC; or (ii) who is treated as a person resident outside India under the Foreign Exchange Management (International Financial Services Centre) Regulations, 2015; or (iii) who is registered under the Insurance Regulatory and Development Authority of India (International Financial Service Centre) Guidelines, 2015 as IFSC Insurance Office; or (iv) who is permitted as such by Securities and Exchange Board of India (SEBI) under the Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015.		
40	Heading 9971 or Heading 9991	Services provided to the Central Government, State Government, Union territory under any insurance scheme for which total premium is paid by the Central Government,	Nil	Nil

List of Exempted Services

		State Government, Union territory.		
41	Heading 9972	¹⁷⁰ [Upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable in respect of service by way of granting of long term lease of thirty years, or more of industrial plots or plots for development of infrastructure for financial business, provided by the State Government Industrial Development Corporations or Undertakings or by any other entity having ¹⁷¹ [20] per cent or more ownership of Central Government, State Government, Union territory to the industrial units or the developers in any industrial or financial business area.] ¹⁷² [Explanation. —For the purpose of this exemption, the Central Government, State Government or Union territory shall have ¹⁷³ [20] per cent or more ownership in the entity directly or through an entity which is wholly owned by the Central Government, State Government or Union territory.]	Nil	¹⁷⁴ [Provided that the leased plots shall be used for the purpose for which they are allotted, that is, for industrial or financial activity in an industrial or financial business area: Provided further that the State Government concerned shall monitor and enforce the above condition as per the order issued by the State Government in this regard: Provided also that in case of any violation or subsequent change of land use, due to any reason whatsoever, the original lessor, original lessee as well as any subsequent lessee or buyer or owner shall be jointly and severally liable to pay such amount of

¹⁷⁰ Substituted for "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 (thirty years, or more) lease of industrial plots, provided by the State Government Industrial Development Corporations or Undertakings to industrial units." by Notification No. 32/2017-Central Tax (Rate), dated 13-10-2017, w.e.f. 13-10-2017.

¹⁷¹ Substituted for "50" by Notification No. 28/2019-Central Tax (Rate), dated 31-12-2019, w.e.f. 1-1-2020.

¹⁷² Inserted by Notification No. 23/2018-Central Tax (Rate), dated 20-9-2018, w.e.f. 20-9-2018.

¹⁷³ Substituted for "50" by Notification No. 28/2019-Central Tax (Rate), dated 31-12-2019, w.e.f. 1-1-2020.

¹⁷⁴ Substituted for "Nil" by Notification No. 28/2019-Central Tax (Rate), dated 31-12-2019, w.e.f. 1-1-2020.

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				central tax, as would have been payable on the upfront amount charged for the long term lease of the plots but for the exemption contained herein, along with the applicable interest and penalty: Provided also that the lease agreement entered into by the original lessor with the original lessee or subsequent lessee, or sub-lessee, as well as any subsequent lease or sale agreements, for lease or sale of such plots to subsequent lessees or buyers or owners shall incorporate in the terms and conditions, the fact that the central tax was exempted on the long term lease of the plots by the original lessor to the original lessee subject to above condition and that the parties to the said agreements undertake to comply with the same.]
¹⁷⁵ [41A]	Heading 9972	Service by way of transfer of	Nil	Provided that the

¹⁷⁵ Inserted by Notification No. 4/2019-Central Tax (Rate), dated 29-3-2019, w.e.f. 1-4-2019.

List of Exempted Services

		development rights (herein refer TDR) or Floor Space Index (FSI) (including additional FSI) on or after 1st April, 2019 for construction of residential apartments by a promoter in a project, intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier. The amount of GST exemption available for construction of residential apartments in the project under this notification shall be calculated as under: [GST payable on TDR or FSI (including additional FSI) or both for construction of the project] × (carpet area of the residential apartments in the project ÷ Total carpet area of the residential and commercial apartments in the project)	promoter shall be liable to pay tax at the applicable rate, on reverse charge basis, on such proportion of value of development rights, or FSI (including additional FSI), or both, as is attributable to the residential apartments, which remain un-booked on the date of issuance of completion certificate, or first occupation of the project, as the case may be, in the following manner— [GST payable on TDR or FSI (including additional FSI) or both for construction of the residential apartments in the project but for the exemption contained herein] × (carpet area of the residential apartments in the project which remain un- booked on the date of issuance of completion certificate or first occupation ÷ Total carpet area of the residential apartments in the project):
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				Provided further that tax payable in terms of the first proviso hereinabove shall not exceed 0.5 per cent of the value in case of affordable residential apartments and 2.5 per cent of the value in case of residential apartments other than affordable residential apartments remaining unbooked on the date of issuance of completion certificate or first occupation. The liability to pay central tax on the said portion of the development rights or FSI, or both, calculated as above, shall arise on the date of completion or first occupation of the project, as the case may be, whichever is earlier.
41B	Heading 9972	Upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable in respect of service by way of granting of long term lease of thirty years, or more, on or after 1-4-2019, for construction of residential apartments by a promoter in a project, intended for sale to a buyer, wholly or partly, except where the entire consideration has been	Nil	Provided that the promoter shall be liable to pay tax at the applicable rate, on reverse charge basis, on such proportion of upfront amount (called as premium, salami, cost, price, development charges or by any other name)

List of Exempted Services

		received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier. The amount of GST exemption available for construction of residential apartments in the project under this notification shall be calculated as under: [GST payable on upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable for long term lease of land for construction of the project] × (carpet area of the residential apartments in the project ÷ Total carpet area of the residential and commercial apartments in the project).	paid for long term lease of land, as is attributable to the residential apartments, which remain un- booked on the date of issuance of completion certificate, or first occupation of the project, as the case may be, in the following manner— [GST payable on upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable for long term lease of land for construction of the residential apartments in the project but for the exemption contained herein] × (carpet area of the residential apartments in the project which remain un- booked on the date of issuance of completion certificate or first occupation ÷ Total carpet area of the residential apartments in the project); Provided further that the tax payable in terms of the first
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				proviso shall not exceed 0.5 per cent of the value in case of affordable residential apartments and 2.5 per cent of the value in case of residential apartments other than affordable residential apartments remaining un-booked on the date of issuance of completion certificate or first occupation. The liability to pay central tax on the said proportion of upfront amount (called as premium, salami, cost, price, development charges or by any other name) paid for long term lease of land, calculated as above, shall arise on the date of issue of completion certificate or first occupation of the project, as the case may be.]
42	Heading 9973 or Heading 9991	Services provided by the Central Government, State Government, Union territory or local authority by way of allowing a business entity to operate as a telecom service provider or use radio frequency spectrum during the period prior to the 1 st April, 2016, on payment of licence fee or spectrum user	Nil	Nil

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		charges, as the case may be.		
43	¹⁷⁶ [***]			
44	Heading 9981	Services provided by an incubatee up to a total turnover of fifty lakh rupees in a financial year subject to the following conditions, namely:- (a) the total turnover had not exceeded fifty lakh rupees during the preceding financial year; and (b) a period of three years has not elapsed from the date of entering into an agreement as an incubatee.	Nil	Nil
¹⁷⁷ [44A]	Heading 9981	Research and development services against consideration received in the form of grants supplied by – (a) a Government Entity; or (b) a research association, university, college or other institution, notified under clauses (ii) or (iii) of sub-section (1) of section 35 of the Income Tax Act, 1961.	Nil	Provided that the research association, university, college or other institution, notified under clauses (ii) or (iii) of sub-section (1) of section 35 of the Income Tax Act, 1961 is so notified at the time of supply of the research and development service.]
45	Heading 9982 or Heading 9991	Services provided by- (a) an arbitral tribunal to - (i) any person other than a business entity; (ii) a business entity with an	Nil	Nil

¹⁷⁶ Omitted by Notification No. 7/2021-Central Tax (Rate), dated 30-9-2021, w.e.f. 1-10-2021. Prior to its omission S.No. 43, read as under:

"43	Heading 9973	Services of leasing of assets (rolling stock assets including wagons, coaches, locos) by the Indian Railways Finance Corporation to Indian Railways.	Nil	Nil"
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¹⁷⁷ Inserted by Notification No. 8/2024 -Central Tax (Rate), dated 08-10-2024, w.e.f. 10-10-2024.

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		aggregate turnover up to ¹⁷⁸ [such amount in the preceding financial year as makes it eligible for exemption from registration under the Central Goods and Services Tax Act, 2017 (12 of 2017)]; or ¹⁷⁹[(iii) the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity;] (b) a partnership firm of advocates or an individual as an advocate other than a senior advocate, by way of legal services to- (i) an advocate or partnership firm of advocates providing legal services; (ii) any person other than a business entity; (iii) a business entity with an aggregate turnover up to ¹⁸⁰ [such amount in the preceding financial year as makes it eligible for exemption from registration under the Central Goods and Services Tax Act, 2017 (12 of 2017)]; or ¹⁸¹[(iv) the Central Government, State Government, Union territory, local authority, Governmental		
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¹⁷⁸ Substituted for "twenty lakh rupees (ten lakh rupees in the case of special category States) in the preceding financial year" by Notification No. 21/2019-Central Tax (Rate), dated 30-9-2019, w.e.f. 1-10-2019.

¹⁷⁹ Inserted by Notification No. 2/2018-Central Tax (Rate), dated 25-1-2018, w.e.f. 25-1-2018

¹⁸⁰ Substituted for "twenty lakh rupees (ten lakh rupees in the case of special category States) in the preceding financial year" by Notification No. 21/2019-Central Tax (Rate), dated 30-9-2019, w.e.f. 1-10-2019.

¹⁸¹ Inserted by Notification No. 2/2018-Central Tax (Rate), dated 25-1-2018, w.e.f. 25-1-2018.

List of Exempted Services

		Authority or Government Entity;] (c) a senior advocate by way of legal services to- (i) any person other than a business entity; (ii) a business entity with an aggregate turnover up to ¹⁸² [such amount in the preceding financial year as makes it eligible for exemption from registration under the Central Goods and Services Tax Act, 2017 (12 of 2017)]; or ¹⁸³[(iii) the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity.]		
46	Heading 9983	Services by a veterinary clinic in relation to health care of animals or birds.	Nil	Nil
47	Heading 9983 or Heading 9991	Services provided by the Central Government, State Government, Union territory or local authority by way of— (a) registration required under any law for the time being in force; (b) testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, including fire license, required under any law for the time being in	Nil	Nil

¹⁸² Substituted for "twenty lakh rupees (ten lakh rupees in the case of special category States) in the preceding financial year" by Notification No. 21/2019-Central Tax (Rate), dated 30-9-2019, w.e.f. 1-10-2019.

¹⁸³ Inserted by Notification No. 2/2018-Central Tax (Rate), dated 25-1-2018, w.e.f. 25-1-2018.

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		force.		
47A	¹⁸⁴ [***]			
48	Heading 9983 or any other Heading of Chapter 99	Taxable services, provided or to be provided, by a Technology Business Incubator or a Science and Technology Entrepreneurship Park recognised by the National Science and Technology Entrepreneurship Development Board of the Department of Science and Technology, Government of India or bio-incubators recognised by the Biotechnology Industry Research Assistance Council, under the Department of Biotechnology, Government of India.	Nil	Nil
49	Heading 9984	Services by way of collecting or providing news by an independent journalist, Press Trust of India or United News of India.	Nil	Nil
50	Heading 9984	Services of public libraries by way of lending of books, publications or any other knowledge-enhancing content or material.	Nil	Nil
51	¹⁸⁵ [***]			
52	Heading 9985	Services by an organiser to any person in respect of a business exhibition held outside India.	Nil	Nil

¹⁸⁴ Omitted by Notification No. 4/2022 -Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its omission Sl. No. 47A as inserted by Notification No. 14/2018-Central Tax (Rate), dated 26-7-2018, w.e.f. 27-7-2018, read as under:

"47A	Heading 9983 or Heading 9991	Services by way of licensing, registration and analysis or testing of food samples supplied by the Food Safety and Standards Authority of India (FSSAI) to Food Business Operators.	Nil	Nil"
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¹⁸⁵ Omitted by Notification No. 4/2022 -Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its omission Sl. No. 51, read as under:

"51	Heading 9984	Services provided by the Goods and Services Tax Network to the Central Government or State Governments or Union territories for implementation of Goods and Services Tax.	Nil	Nil"
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List of Exempted Services

¹⁸⁶ [52A]	Heading 9985	Tour operator service, which is performed partly in India and partly outside India, supplied by a tour operator to a foreign tourist, to the extent of the value of the tour operator service which is performed outside India: Provided that value of the tour operator service performed outside India shall be such proportion of the total consideration charged for the entire tour which is equal to the proportion which the number of days for which the tour is performed outside India has to the total number of days comprising the tour, or 50% of the total consideration charged for the entire tour, whichever is less: Provided further that in making the above calculations, any duration of time equal to or exceeding 12 hours shall be considered as one full day and any duration of time less than 12 hours shall be taken as half a day. Explanation. — "foreign tourist" means a person not normally resident in India, who enters India for a stay of not more than six months for legitimate non-immigrant purposes. Illustrations: A tour operator provides a tour operator service to a foreign tourist as follows: — (a) 3 days in India, 2 days in Nepal; Consideration Charged for the entire tour: Rs. 1, 00,	Nil	Nil]
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¹⁸⁶ Inserted by Notification No. 4/2022 -Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022.

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		000/- Exemption: Rs. 40, 000/- (=Rs.1, 00, 000/- x 2/5) or, Rs. 50, 000/- (= 50% of Rs. 1, 00, 000/-) whichever is less, i.e., Rs. 40, 000/-(i.e., Taxable value: Rs. 60, 000/-); (b) 2 days in India, 3 nights in Nepal; Consideration Charged for the entire tour: Rs. 1, 00, 000/- Exemption: Rs. 60, 000 (=Rs.1, 00, 000/- x 3/5) or, Rs. 50, 000/- (= 50% of Rs. 1, 00, 000/-) whichever is less, i.e., Rs. 50, 000/- (i.e., Taxable value: Rs. 50, 000/-); (c) 2.5 days in India, 3 days in Nepal; Consideration charged for the entire tour: Rs. 1, 00, 000/- Exemption: Rs. 54,545 (=Rs. 1, 00, 000/- x 3/5.5) or, Rs. 50, 000/- (= 50% of Rs. 1, 00, 000/-) whichever is less, i.e., Rs. 50, 000/- (i.e., Taxable value: Rs. 50, 000/-).		
53	Heading 9985	Services by way of sponsorship of sporting events organised - (a) by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, State, zone or Country; (b) by Association of Indian Universities, Inter-University Sports Board, School Games Federation of India, All India	Nil	Nil

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		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.		
53A	¹⁸⁷ [***]			
54	Heading 9986	Services relating to cultivation of plants and rearing of all life forms of animals, except the rearing of horses for food, fibre, fuel, raw material or other similar products or agricultural produce by way of— (a) agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing; (b) supply of farm labour; (c) processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging and such like	Nil	Nil

¹⁸⁷ Omitted by Notification No. 4/2022 -Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its omission Sl. No. 53A as inserted by Notification No. 2/2018-Central Tax (Rate), dated 25-1-2018, w.e.f. 25-1-2018, read as under:

"53A	Heading 9985	Services by way of fumigation in a warehouse of agricultural produce.	Nil	Nil"
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		operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market; (d) renting or leasing of agro machinery or vacant land with or without a structure incidental to its use; (e) loading, unloading, packing, storage or warehousing of agricultural produce; (f) agricultural extension services; (g) services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce; (h) ¹⁸⁸[***]		
55	Heading 9986	Carrying out an intermediate production process as job work in relation to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce.	Nil	Nil
¹⁸⁹ [55A]	Heading 9986	Services by way of artificial insemination of livestock (other than horses).	Nil	Nil]
56	¹⁹⁰ [***]			

¹⁸⁸ Omitted by Notification No. 4/2022 -Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its omission clause (h) as inserted by Notification No. 2/2018-Central Tax (Rate), dated 25-1-2018, w.e.f. 25-1-2018, read as under:

"(h) services by way of fumigation in a warehouse of agricultural produce."

¹⁸⁹ Inserted by Notification No. 14/2018-Central Tax (Rate), dated 26-7-2018, w.e.f. 27-7-2018.

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57	Heading 9988 or any other Heading of Section 8 and Section 9	Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables which do not change or alter the essential characteristics of the said fruits or vegetables.	Nil	Nil
58	Heading 9988 or Heading 9992	Services provided by the National Centre for Cold Chain Development under the Ministry of Agriculture, Cooperation and Farmer's Welfare by way of cold chain knowledge dissemination.	Nil	Nil
59	Heading 9999	Services by a foreign diplomatic mission located in India.	Nil	Nil
60	Heading 9991	Services by a specified organisation in respect of a religious pilgrimage facilitated by ¹⁹¹ ["**"] the Government of India, under bilateral arrangement.	Nil	Nil
61	Heading 9991	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.	Nil	Nil
¹⁹² [61A]	Heading 9991	Services by way of granting National Permit to a goods carriage to operate through-out India / contiguous States.	Nil	Nil]
62	Heading 9991 or Heading 9997	Services provided by the Central Government, State Government, Union territory or local authority by	Nil	Nil

¹⁹⁰ Omitted by Notification No. 4/2022-Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its omission Sl. No. 56, read as under:

"56	Heading 9988	Services by way of slaughtering of animals.	Nil	Nil"
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¹⁹¹ Words "the Ministry of External Affairs," omitted by Notification No. 2/2018-Central Tax (Rate), dated 25-1-2018, w.e.f. 25-1-2018.

¹⁹² Inserted by Notification No. 7/2021-Central Tax (Rate), dated 30-9-2021, w.e.f. 1-10-2021.

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		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	Heading 9991	Services provided by the Central Government, State Government, Union territory or local authority by way of assignment of right to use natural resources to an individual farmer for cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products.	Nil	Nil
64	Heading 9991 or Heading 9973	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 1 st April, 2016: Provided that the exemption shall apply only to tax payable on one time charge payable, in full upfront or in instalments, for assignment of right to use such natural resource.	Nil	Nil
65	Heading 9991	Services provided by the Central Government, State Government, Union territory by way of deputing officers after office hours or on holidays for inspection or container stuffing or such other duties in relation to import export cargo on payment of Merchant Overtime charges.	Nil	Nil

List of Exempted Services

¹⁹³ [65A]	Heading 9991	Services by way of providing information under the Right to Information Act, 2005 (22 of 2005).	Nil	Nil]
¹⁹⁴ [65B]	Heading 9991 or any other Heading	Services supplied by a State Government to Excess Royalty Collection Contractor (ERCC) by way of assigning the right to collect royalty on behalf of the State Government on the mineral dispatched by the mining lease holders. <i>Explanation.</i> —"Mining lease holder" means a person who has been granted mining lease, quarry lease or license or other mineral concession under the Mines and Minerals (Development and Regulation) Act, 1957 (67 of 1957), the rules made there under or the rules made by a State Government under sub-section (1) of section 15 of the Mines and Minerals (Development and Regulation) Act, 1957.	Nil	Provided that at the end of the contract period, ERCC shall submit an account to the State Government and certify that the amount of goods and services tax deposited by mining lease holders on royalty is more than the goods and services tax exempted on the service provided by State Government to the ERCC of assignment of right to collect royalty and where such amount of goods and services tax paid by mining lease holders is less than the amount of goods and services tax exempted, the exemption shall be restricted to such amount as is equal to the amount of goods and services tax paid by the mining lease holders and the ERCC shall pay the difference between goods and services

¹⁹³ Inserted by Notification No. 2/2018-Central Tax (Rate), dated 25-1-2018, w.e.f. 25-1-2018.

¹⁹⁴ Inserted by Notification No. 14/2018-Central Tax (Rate), dated 26-7-2018, w.e.f. 27-7-2018.

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				tax exempted on the service provided by State Government to the ERCC of assignment of right to collect royalty and goods and services tax paid by the mining lease holders on royalty.]
66	¹⁹⁵ [Heading 9992 or Heading 9963]	Services provided— (a) by an educational institution to its students, faculty and staff; ¹⁹⁶[(aa) by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee;] (b) to an educational institution, by way of, - (i) transportation of students, faculty and staff; (ii) catering, including any mid-day meals scheme sponsored by the Central Government, State Government or Union territory; (iii) security or cleaning or house-keeping services performed in such educational institution; (iv) services relating to	Nil	Nil

¹⁹⁵ Substituted for "Heading 9992" by Notification No. 28/2018-Central Tax (Rate), dated 31-12-2018, w.e.f. 1-1-2019.

¹⁹⁶ Inserted by Notification No. 2/2018-Central Tax (Rate), dated 25-1-2018, w.e.f. 25-1-2018.

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		admission to, or conduct of examination by, such institution; ¹⁹⁷***] ¹⁹⁸ [(v) supply of online educational journals or periodicals:] Provided that nothing contained in ¹⁹⁹[sub-items (i), (ii) and (iii) of item (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: ²⁰⁰ [Provided further that nothing contained in sub-item (v) of item (b) shall apply to an institution providing services by way of, — (i) pre-school education and education up to higher secondary school or equivalent; or (ii) education as a part of an approved vocational education course.]		
²⁰¹ [66A]	Heading 9992	Services of affiliation provided by a Central or State Educational Board or Council or any other similar body, by whatever name called, to a school established, owned or controlled by the Central Government, State Government,	Nil	Nil]

¹⁹⁷ Words "upto higher secondary" omitted by Notification No. 2/2018-Central Tax (Rate), dated 25-1-2018, w.e.f. 25-1-2018.

¹⁹⁸ Inserted by Notification No. 2/2018-Central Tax (Rate), dated 25-1-2018, w.e.f. 25-1-2018.

¹⁹⁹ Substituted for "entry (b)" by Notification No. 2/2018-Central Tax (Rate), dated 25-1-2018, w.e.f. 25-1-2018.

²⁰⁰ Inserted by Notification No. 2/2018-Central Tax (Rate), dated 25-1-2018, w.e.f. 25-1-2018.

²⁰¹ Inserted by Notification No. 8/2024 -Central Tax (Rate), dated 08-10-2024, w.e.f. 10-10-2024.

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		Union Territory, local authority, Governmental authority or Government entity.		
67	²⁰² [***]			
68	Heading 9992 or Heading 9996	Services provided to a recognised sports body by- (a) an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organised by a recognized sports body; (b) another recognised sports body.	Nil	Nil
²⁰³ [69]	Heading 9983	Any services provided by –	Nil	Nil

²⁰² Omitted by Notification No. 28/2018-Central Tax (Rate), dated 31-12-2018, w.e.f. 1-1-2019. Prior to its omission, Sl. No. 67 read as under:

"67	Heading 9992	Services provided by the Indian Institutes of Management, as per the guidelines of the Central Government, to their students, by way of the following educational programmes, except Executive Development Programme: - (a) two-year full time Post Graduate Programmes in Management for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test (CAT) conducted by the Indian Institute of Management; (b) fellow programme in Management; (c) five-year integrated programme in Management.	Nil	Nil"
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²⁰³ Substituted by Notification No. 8/2024-Central Tax (Rate), dated 08-10-2024, w.e.f. 10-10-2024. Prior to its substitution, entry 69 read as under:-

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	or Heading 9991 or Heading 9992	(a) the National Skill Development Corporation set up by the Government of India; (b) the National Council for Vocational Education and Training; (c) an Awarding Body recognized by the National Council for Vocational Education and Training; (d) an Assessment Agency recognized by the National		
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69	Heading 9992 or Heading 9983 or Heading 999	Any services provided by, _ (a) the National Skill Development Corporation set up by the Government of India; (b) a Sector Skill Council approved by the National Skill Development Corporation; (c) an assessment agency approved by the Sector Skill Council or the National Skill Development Corporation; (d) a training partner approved by the National Skill Development Corporation or the Sector Skill Council, in relation to- (i) the National Skill Development Programme implemented by the National Skill Development Corporation; or (ii) a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or (iii) any other Scheme implemented by the National Skill Development Corporation.	Nil	Nil
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		Council for Vocational Education and Training; (e) a Training Body accredited with an Awarding Body that is recognized by the National Council for Vocational Education and Training, in relation to- (i) the National Skill Development Programme or any other scheme implemented by the National Skill Development Corporation; or (ii) a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or (iii) any National Skill Qualification Framework aligned qualification or skill in respect of which the National Council for Vocational Education and Training has approved a qualification package ²⁰⁴ [(f) a training partner approved by the National Skill Development Corporation,]		
70	Heading 9983 or Heading 9985 or Heading 9992	Services of assessing bodies empanelled centrally by the Directorate General of Training, Ministry of Skill Development and Entrepreneurship by way of assessments under the Skill Development Initiative Scheme.	Nil	Nil
71	Heading 9992	Services provided by training providers (Project implementation agencies) under Deen Dayal	Nil	Nil

²⁰⁴ Inserted by Notification No. 6/2025-Central Tax (Rate), dated 16-01-2025, w.e.f. 16-01-2025.

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		Upadhyaya Grameen Kaushalya Yojana implemented by the Ministry of Rural Development, Government of India by way of offering skill or vocational training courses certified by the ²⁰⁵ [National Council for Vocational Education and Training]		
72	Heading 9992	Services provided to the Central Government, State Government, Union territory administration under any training programme for which ²⁰⁶ [75% or more of the] total expenditure is borne by the Central Government, State Government, Union territory administration.	Nil	Nil
73	²⁰⁷ [***]			
74	Heading 9993	Services by way of— (a) health care services by a clinical establishment, an authorised medical practitioner or para-medics: ²⁰⁸ [Provided that nothing in this entry shall apply to the services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU)]	Nil	Nil

²⁰⁵ Substituted for " National Council for Vocational Training." by Notification No. 8/2024-Central Tax (Rate), dated 08-10-2024, w.e.f. 10-10-2024.

²⁰⁶ Inserted by Notification No. 7/2021-Central Tax (Rate), dated 30-9-2021, w.e.f. 1-10-2021.

²⁰⁷ Omitted by Notification No. 4/2022 -Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its omission Sl. No. 73, read as under:

"73	Heading 9993	Services provided by the cord blood banks by way of preservation of stem cells or any other service in relation to such preservation.	Nil	Nil"
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²⁰⁸ Inserted by Notification No. 4/2022 -Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022.

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		having room charges exceeding Rs. 5000 per day to a person receiving health care services.] (b) services provided by way of transportation of a patient in an ambulance, other than those specified in (a) above.		
²⁰⁹ [74A]	Heading 9993	Services provided by rehabilitation professionals recognised under the Rehabilitation Council of India Act, 1992 (34 of 1992) by way of rehabilitation, therapy or counselling and such other activity as covered by the said Act at medical establishments, educational institutions, rehabilitation centers established by Central Government, State Government or Union territory or an entity registered under section 12AA ²¹⁰ [or 12AB] of the Income-tax Act, 1961 (43 of 1961).	Nil	Nil]
75	²¹¹ [***]			
76	Heading 9994	Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets.	Nil	Nil
77	Heading 9995	Service by an unincorporated body or a non-profit entity registered under any law for the time being in force, to its own members by way of	Nil	Nil

²⁰⁹ Inserted by Notification No. 28/2018-Central Tax (Rate), dated 31-12-2018, w.e.f. 1-1-2019.

²¹⁰ Inserted by Notification No. 7/2021-Central Tax (Rate), dated 30-9-2021, w.e.f. 1-10-2021.

²¹¹ Omitted by Notification No. 4/2022 -Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its omission Sl. No. 75, read as under:

"75	Heading 9994	Services provided by operators of the common bio-medical waste treatment facility to a clinical establishment by way of treatment or disposal of bio-medical waste or the processes incidental thereto.	Nil	Nil"
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		reimbursement of charges or share of contribution - (a) as a trade union; (b) for the provision of carrying out any activity which is exempt from the levy of Goods and Service Tax; or (c) up to an amount of ²¹² [seven thousand five hundred] rupees per month per member for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex.		
²¹³ [77A]	Heading 9995	Services provided by an unincorporated body, or a non-profit entity registered under any law for the time being in force, engaged in,- (i) activities relating to the welfare of industrial or agricultural labour or farmers; or (ii) promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment, to its own members against consideration in the form of membership fee upto an amount of one thousand rupees (Rs. 1000) per	Nil	Nil]

²¹² Substituted for "five thousand" by Notification No. 2/2018-Central Tax (Rate), dated 25-1-2018, w.e.f. 25-1-2018.

²¹³ Inserted by Notification No. 14/2018-Central Tax (Rate), dated 26-7-2018, w.e.f. 27-7-2018.

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		member per year.		
78	Heading 9996	Services by an artist by way of a performance in folk or classical art forms of— (a) music, or (b) dance, or (c) theatre, if the consideration charged for such performance is not more than one lakh and fifty thousand rupees: Provided that the exemption shall not apply to service provided by such artist as a brand ambassador.	Nil	Nil
79	Heading 9996	Services by way of admission to a museum, national park, wildlife sanctuary, tiger reserve or zoo.	Nil	Nil
²¹⁴ [79A.	Heading 9996	Services by way of admission to a protected monument so declared under the Ancient Monuments and Archaeological Sites and Remains Act, 1958 (24 of 1958) or any of the State Acts, for the time being in force	Nil	Nil]
80	Heading 9996	²¹⁵ [Services by way of training or coaching in— (a) recreational activities relating to arts or culture, by an individual, or	Nil	Nil

²¹⁴ Inserted by Notification No. 47/2017-Central Tax (Rate), dated 14-11-2017, w.e.f. 15-11-2017.

²¹⁵ Substituted by Notification No. 4/2022 -Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022. Prior to its substitution, entry as amended by Notification No. 7/2021-Central Tax (Rate), dated 30-9-2021, w.e.f. 1-10-2021, read as under:

"Services by way of training or coaching in recreational activities relating to—

(a)	arts or culture, or
(b)	sports by charitable entities registered under section 12AA or 12AB of the Income-tax Act."

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		(b) sports by charitable entities registered under section 12AA or 12AB of the Income-tax Act.]		
81	Heading 9996	²¹⁶ [Services by way of right to admission to— (a) circus, dance, or theatrical performance including drama or ballet; (b) award function, concert, pageant, musical performance or any sporting event other than a recognised sporting event; (c) recognised sporting event; (d) planetarium, where the consideration for right to admission to the events or places as referred to in item (a), (b), (c) or (d) above is not more than Rs. 500 per person.]	Nil	Nil
²¹⁷ [82]	Heading 9996	Services by way of right to admission to the events organised under FIFA U-17 World Cup 2017.	Nil	Nil]
²¹⁸ [82A]	Heading 9996	Services by way of right to admission to the events organised under FIFA U-17 Women's World Cup 2020 ²¹⁹ [[whenever rescheduled]].	Nil	Nil]

²¹⁶ Substituted by Notification No. 2/2018-Central Tax (Rate), dated 25-1-2018, w.e.f. 25-1-2018. Prior to its substitution, entry in column 3 read as under

"Services by way of right to admission to—

- (a) circus, dance, or theatrical performance including drama or ballet;
- (b) award function, concert, pageant, musical performance or any sporting event other than a recognised sporting event;
- (c) recognised sporting event, where the consideration for admission is not more than Rs. 250 per person as referred to in (a), (b) and (c) above."

²¹⁷ Inserted by Notification No. 25/2017-Central Tax (Rate), dated 21-9-2017.

²¹⁸ Inserted by Notification No. 21/2019-Central Tax (Rate), dated 30-9-2019, w.e.f. 1-10-2019.

²¹⁹ Inserted by Notification No. 4/2022 -Central Tax (Rate), dated 13-7-2022, w.e.f. 18-7-2022.

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²²⁰ [82B]	Heading 9996	Services by way of right to admission to the events organised under AFC Women's Asia Cup 2022	Nil	Nil]
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²²¹[1A. Value of supply of service by way of transfer of development rights or FSI by a person to the promoter against consideration in the form of residential or commercial apartments shall be deemed to be equal to the value of similar apartments charged by the promoter from the independent buyers nearest to the date on which such development rights or FSI is transferred to the promoter.

1B. Value of portion of residential or commercial apartments remaining unbooked on the date of issuance of completion certificate or first occupation, as the case may be, shall be deemed to be equal to the value of similar apartments charged by the promoter nearest to the date of issuance of completion certificate or first occupation, as the case may be.]

2. Definitions. — For the purposes of this notification, unless the context otherwise requires,—

- (a) "advertisement" means any form of presentation for promotion of, or bringing awareness about, any event, idea, immovable property, person, service, goods or actionable claim through newspaper, television, radio or any other means but does not include any presentation made in person;
- (b) "advocate" has the same meaning as assigned to it in clause (a) of sub-section (1) of section 2 of the Advocates Act, 1961 (25 of 1961);
- (c) "agricultural extension" means application of scientific research and knowledge to agricultural practices through former education or training;
- (d) "agricultural produce" means any produce out of cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products, on which either no further processing is done or such processing is done as is usually done by a cultivator or producer which does not alter its essential characteristics but makes it marketable for primary market;
- (e) "Agricultural Produce Marketing Committee or Board" means any committee or board constituted under a state law for the time being in force for the purpose of regulating the marketing of agricultural produce;
- (f) "aircraft" has the same meaning as assigned to it in clause (1) of section 2 of the Aircraft Act, 1934 (22 of 1934);
- (g) "airport" has the same meaning as assigned to it in clause (b) of section 2 of the Airports Authority of India Act, 1994 (55 of 1994);
- (h) "Approved vocational education course" means, —

²²⁰ Inserted by Notification No. 7/2021-Central Tax (Rate), dated 30-9-2021, w.e.f. 1-10-2021.

²²¹ Inserted by Notification No. 4/2019-Central Tax (Rate), dated 29-3-2019, w.e.f. 1-4-2019.

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- (i) a course run by an industrial training institute, or an industrial training centre affiliated to the ²²²[National Council for Vocational Education and Training] or State Council for Vocational Training offering courses in designated trades notified under the Apprentices Act, 1961 (52 of 1961); or
- (ii) a Modular Employable Skill Course, approved by the ²²³[National Council for Vocational Education and Training], run by a person registered with the Directorate General of Training, Ministry of Skill Development and Entrepreneurship;
- (i) "arbitral tribunal" has the same meaning as assigned to it in clause (d) of section 2 of the Arbitration and Conciliation Act, 1996 (26 of 1996);
- (j) "authorised dealer of foreign exchange" shall have the same meaning assigned to "Authorised person" in clause (c) of section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999);
- (k) "authorised medical practitioner" means a medical practitioner registered with any of the councils of the recognised system of medicines established or recognised by law in India and includes a medical professional having the requisite qualification to practice in any recognised system of medicines in India as per any law for the time being in force;
- (l) "banking company" has the same meaning as assigned to it in clause (a) of section 45A of the Reserve Bank of India Act, 1934 (2 of 1934);
- (m) "brand ambassador" means a person engaged for promotion or marketing of a brand of goods, service, property or actionable claim, event or endorsement of name, including a trade name, logo or house mark of any person;
- (n) "business entity" means any person carrying out business;
- (o) "business facilitator or business correspondent" means an intermediary appointed under the business facilitator model or the business correspondent model by a banking company or an insurance company under the guidelines issued by the Reserve Bank of India;
- (p) "Central Electricity Authority" means the authority constituted under section 3 of the Electricity (Supply) Act, 1948 (54 of 1948);
- (q) "Central Transmission Utility" shall have the same meaning as assigned to it in clause (10) of section 2 of the Electricity Act, 2003 (36 of 2003);
- (r) "charitable activities" means activities relating to—
 - (i) public health by way of,—

²²² Substituted for " National Council for Vocational Training." by Notification No. 8/2024-Central Tax (Rate), dated 08-10-2024, w.e.f. 10-10-2024.

²²³ Substituted for " National Council for Vocational Training." by Notification No. 8/2024-Central Tax (Rate), dated 08-10-2024, w.e.f. 10-10-2024.

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- (A) care or counselling 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;
 - (s) "clinical establishment" means a hospital, nursing home, clinic, sanatorium or any other institution by, whatever name called, that offers services or facilities requiring diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India, or a place established as an independent entity or a part of an establishment to carry out diagnostic or investigative services of diseases;
 - (t) "contract carriage" has the same meaning as assigned to it in clause (7) of section 2 of the Motor Vehicles Act, 1988 (59 of 1988);
 - (u) "courier agency" means any person engaged in the door-to-door transportation of time-sensitive documents, goods or articles utilising the services of a person, either directly or indirectly, to carry or accompany such documents, goods or articles;
 - (v) "Customs station" shall have the same meaning as assigned to it in clause (13) of section 2 of the Customs Act, 1962 (52 of 1962);
- ²²⁴[***]
- (x) "distributor or selling agent" means an individual or a firm or a body corporate or other legal entity under law so appointed by the Organising State through an

²²⁴ Omitted by Notification No. 06/2025-Central Tax (Rate), dated 16-1-2025, w.e.f. 01-4-2025. Prior to its omission, (w) "declared tariff" includes charges for all amenities provided in the unit of accommodation (given on rent for stay) like furniture, air-conditioner, refrigerators or any other amenities, but without excluding any discount offered on the published charges for such unit;"]

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- agreement to market and sell lotteries on behalf of the Organising State;
- (y) "educational institution" means an institution providing services by way of,—
- (i) pre-school education and education up to higher secondary school or equivalent;
 - (ii) education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force;
 - (iii) education as a part of an approved vocational education course;
- (z) "electricity transmission or distribution utility" means the Central Electricity Authority; a State Electricity Board; the Central Transmission Utility or a State Transmission Utility notified under the Electricity Act, 2003 (36 of 2003); or a distribution or transmission licensee under the said Act, or any other entity entrusted with such function by the Central Government or, as the case may be, the State Government;
- (za) "e-rickshaw" means a special purpose battery powered vehicle of power not exceeding 4000 watts, having three wheels for carrying goods or passengers, as the case may be, for hire or reward, manufactured, constructed or adapted, equipped and maintained in accordance with such specifications, as may be prescribed in this behalf;
- ²²⁵[(zaa) "financial institution" has the same meaning as assigned to it in clause (c) of section 45-I of the Reserve Bank of India Act, 1934 (2 of 1934).]
- (zb) "general insurance business" has the same meaning as assigned to it in clause (g) of section 3 of the General Insurance Business (Nationalisation) Act, 1972 (57 of 1972);
- (zc) "general public" means the body of people at large sufficiently defined by some common quality of public or impersonal nature;
- (zd) "goods carriage" has the same meaning as assigned to it in clause (14) of section 2 of the Motor Vehicles Act, 1988 (59 of 1988);
- (ze) "goods transport agency" means any person who provides service in relation to transport of goods by road and issues consignment note, by whatever name called;
- ²²⁶[(zf) "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

²²⁵ Inserted by Notification No. 28/2018-Central Tax (Rate), dated 31-12-2018, w.e.f. 1-1-2019.

²²⁶ Clauses (zf) and (zfa) substituted for clause (zf) by Notification No. 32/2017-Central Tax (Rate), dated 13-10-2017, w.e.f. 13-10-2017. Prior to its substitution, clause (zf) read as under :

(zf)	"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 (13 of 2017);'
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- (ii) established by any Government,
 - with 90 per cent or more participation by way of equity or control, to carry out any function entrusted to a Municipality under article 243W of the Constitution or to a Panchayat under article 243G of the Constitution;
- (zfa) "Government Entity" means an authority or a board or any other body including a society, trust, corporation,
 - (i) set up by an Act of Parliament or State Legislature; or
 - (ii) established by any Government,
 - with 90 per cent or more participation by way of equity or control, to carry out a function entrusted by the Central Government, State Government, Union Territory or a local authority;]
- (zg) "health care services" means any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India and includes services by way of transportation of the patient to and from a clinical establishment, but does not include hair transplant or cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma;
- (zh) "incubatee" means an entrepreneur located within the premises of a Technology Business Incubator or Science and Technology Entrepreneurship Park recognised by the National Science and Technology Entrepreneurship Development Board (NSTEDB) of the Department of Science and Technology, Government of India and who has entered into an agreement with the Technology Business Incubator or the Science and Technology Entrepreneurship Park to enable himself to develop and produce hi-tech and innovative products;
- (zi) "Inland waterway" means national waterways as defined in clause (h) of section 2 of the Inland Waterways Authority of India Act, 1985 (82 of 1985) or other waterway on any inland water, as defined in clause (b) of section 2 of the Inland Vessels Act, 1917 (1 of 1917);
- (zj) "Insurance company" means a company carrying on life insurance business or general insurance business;
- ²²⁷[(zja) "insurer" has the same meaning as assigned to it in sub-section (9) of section 2 of the Insurance Act, 1938 (4 of 1938).]
- (zk) "interest" means interest payable in any manner in respect of any moneys borrowed or debt incurred (including a deposit, claim or other similar right or obligation) but

²²⁷ Inserted by Notification No. 06/2025-Central Tax (Rate), dated 16-01-2025, w.e.f. 16-01-2025.

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does not include any service fee or other charge in respect of the moneys borrowed or debt incurred or in respect of any credit facility which has not been utilised;

- (zl) "intermediary" has the same meaning as assigned to it in sub-section (13) of section 2 of the Integrated Goods and Services Tax Act, 2017;
- (zm) "Legal service" means any service provided in relation to advice, consultancy or assistance in any branch of law, in any manner and includes representational services before any court, tribunal or authority;
- (zn) "Life insurance business" has the same meaning as assigned to it in clause (11) of section 2 of the Insurance Act, 1938 (4 of 1938);
- (zo) "Life micro-insurance product" shall have the same meaning as assigned to it in clause (e) of regulation 2 of the Insurance Regulatory and Development Authority (Micro-insurance) Regulations, 2005;
- (zp) "metered cab" means any contract carriage on which an automatic device, of the type and make approved under the relevant rules by the State Transport Authority, is fitted which indicates reading of the fare chargeable at any moment and that is charged accordingly under the conditions of its permit issued under the Motor Vehicles Act, 1988 (59 of 1988) and the rules made thereunder (but does not include radio taxi);
- (zq) "National Park" has the same meaning as assigned to it in clause (21) of section 2 of the Wild Life (Protection) Act, 1972 (53 of 1972);
- (zr) "Online information and database access or retrieval services" shall have the same meaning as assigned to it in clause (17) of section 2 of the Integrated Goods and Services Tax Act, 2017(13 of 2017);
- (zs) "Original works" means- all new constructions;
 - (i) all types of additions and alterations to abandoned or damaged structures on land that are required to make them workable;
 - (ii) erection, commissioning or installation of plant, machinery or equipment or structures, whether pre-fabricated or otherwise;
- (zt) "Print media" means, —
 - (i) 'book' as defined in sub-section (1) of section 1 of the Press and Registration of Books Act, 1867 (25 of 1867), but does not include business directories, yellow pages and trade catalogues which are primarily meant for commercial purposes;
 - (ii) 'newspaper' as defined in sub-section (1) of section 1 of the Press and Registration of Books Act, 1867 (25 of 1867);

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- (zu) "port" has the same meaning as assigned to it in clause (g) of section 2 of the Major Port Trusts Act, 1963 (38 of 1963) or in clause (4) of section 3 of the Indian Ports Act, 1908 (15 of 1908);
- (zv) "Radio taxi" means a taxi including a radio cab, by whatever name called, which is in two-way radio communication with a central control office and is enabled for tracking using the Global Positioning System or General Packet Radio Service;
- (zw) "Recognised sporting event" means any sporting event, —
 - (i) organised by a recognised sports body where the participating team or individual represent any district, State, zone or country;
 - (ii) organised—
 - (A) by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, State or zone;
 - (B) by Association of Indian Universities, Inter-University Sports Board, School 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;
- (zx) "Recognised sports body" means—
 - (i) the Indian Olympic Association;
 - (ii) Sports Authority of India;
 - (iii) a national sports federation recognised by the Ministry of Sports and Youth Affairs of the Central Government, and its affiliate federations;
 - (iv) national sports promotion organisations recognised by the Ministry of Sports and Youth Affairs of the Central Government;
 - (v) the International Olympic Association or a federation recognised by the International Olympic Association; or
 - (vi) a federation or a body which regulates a sport at international level and its affiliated federations or bodies regulating a sport in India;
- (zy) "Religious place" means a place which is primarily meant for conduct of prayers or worship pertaining to a religion, meditation, or spirituality;
- (zz) "Renting in relation to immovable property" means allowing, permitting or granting access, entry, occupation, use or any such facility, wholly or partly, in an immovable property, with or without the transfer of possession or control of the said immovable

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property and includes letting, leasing, licensing or other similar arrangements in respect of immovable property;

- (zza) "Reserve Bank of India" means the bank established under section 3 of the Reserve Bank of India Act, 1934 (2 of 1934);
- (zzb) "Residential complex" means any complex comprising of a building or buildings, having more than one single residential unit;
- (zzc) "Rural area" means the area comprised in a village as defined in land revenue records, excluding—
 the area under any municipal committee, municipal corporation, town area committee, cantonment board or notified area committee; or any area that may be notified as an urban area by the Central Government or a State Government;
- (zzd) "Senior advocate" has the same meaning as assigned to it in section 16 of the Advocates Act, 1961 (25 of 1961);
- (zze) "Single residential unit" means a self-contained residential unit which is designed for use, wholly or principally, for residential purposes for one family;
- (zzf) "Special category States" shall mean the States as specified in sub-clause (g) of clause (4) of article 279A of the Constitution;
- (zzg) "Specified organisation" shall mean, —
 - (i) Kumaon Mandal Vikas Nigam Limited, a Government of Uttarakhand Undertaking; or
 - (ii) Committee' or 'State Committee' as defined in section 2 of the Haj Committee Act, 2002 (35 of 2002);
- (zzh) "Stage carriage" shall have the same meaning as assigned to it in clause (40) of section 2 of the Motor Vehicles Act, 1988 (59 of 1988);
- (zzi) "State Electricity Board" means the Board constituted under section 5 of the Electricity (Supply) Act, 1948 (54 of 1948);
- (zzj) "State Transmission Utility" shall have the same meaning as assigned to it in clause (67) of section 2 of the Electricity Act, 2003 (36 of 2003);
- (zzk) "State transport undertaking" has the same meaning as assigned to it in clause (42) of section 2 of the Motor Vehicles Act, 1988 (59 of 1988);
- (zzl) "Tiger reserve" has the same meaning as assigned to it in clause (e) of section 38K of the Wild Life (Protection) Act, 1972 (53 of 1972);
- (zzm) "Tour operator" means any person engaged in the business of planning, scheduling, organizing, arranging tours (which may include arrangements for accommodation,

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sightseeing or other similar services) by any mode of transport, and includes any person engaged in the business of operating tours;

- (zzn) "Trade union" has the same meaning as assigned to it in clause (h) of section 2 of the Trade Unions Act, 1926 (16 of 1926);
- (zzo) "vessel" has the same meaning as assigned to it in clause (z) of section 2 of the Major Port Trusts Act, 1963 (38 of 1963);
- (zzp) "Wildlife sanctuary" means a sanctuary as defined in the clause (26) of section 2 of the Wild Life (Protection) Act, 1972 (53 of 1972);
- (zzq) "zoo" has the same meaning as assigned to it in the clause (39) of section 2 of the Wild Life (Protection) Act, 1972 (53 of 1972).

3. Explanation. —For the purposes of this notification, —

- (i) Reference to "Chapter", "Section" or "Heading", wherever they occur, unless the context otherwise requires, shall mean respectively as "Chapter", "Section" and "Heading" in the scheme of classification of services.
- (ii) Chapter, Section, Heading, Group, or Service Code mentioned in Column (2) of the Table are only indicative.
- ²²⁸[(iii) A "Limited Liability Partnership" formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (6 of 2009) shall also be considered as a partnership firm or a firm.]
- ²²⁹[(iv) For removal of doubts, it is clarified that the Central and State Educational Boards shall be treated as Educational Institution for the limited purpose of providing services by way of conduct of examination to the students.]
- ²³⁰[(iva) For removal of doubts, it is clarified that any authority, board or body set up by the Central Government or State Government including National Testing Agency for conduct of entrance examination for admission to educational institutions shall be treated as educational institution for the limited purpose of providing services by way of conduct of entrance examination for admission to educational institutions.]
- ²³¹[(v) The term "apartment" shall have the same meaning as assigned to it in clause (e) of section 2 of the Real Estate (Regulation and Development) Act, 2016 (16 of 2016).
- (vi) The term "affordable residential apartment" shall have the same meaning as assigned to it in the Notification No. 11/2017-Central Tax (Rate), published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), dated 28th June,

²²⁸ Inserted by Notification No. 21/2017-Central Tax (Rate), dated 22-8-2017.

²²⁹ Inserted by Notification No. 14/2018-Central Tax (Rate), dated 26-7-2018, w.e.f. 27-7-2018.

²³⁰ Inserted by Notification No. 1/2023-Central Tax (Rate), dated 28-2-2023, w.e.f. 1-3-2023.

²³¹ Clauses (v) to (xiii) Inserted by Notification No. 4/2019-Central Tax (Rate), dated 29-3-2019, w.e.f. 1-4-2019.

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2017 *vide* GSR number 690(E), dated 28th June, 2017, as amended.

- (vii) The term "promoter" shall have the same meaning as assigned to it in clause (zk) of section 2 of the Real Estate (Regulation and Development) Act, 2016 (16 of 2016).
 - (viii) The term "project" shall mean a Real Estate Project or a Residential Real Estate Project.
 - (ix) The term "Real Estate Project (REP)" shall have the same meaning as assigned to it in clause (zn) of section 2 of the Real Estate (Regulation and Development) Act, 2016 (16 of 2016).
 - (x) The term "Residential Real Estate Project (RREP)" shall mean a REP in which the carpet area of the commercial apartments is not more than 15 per cent of the total carpet area of all the apartments in the REP;
 - (xi) The term "carpet area" shall have the same meaning as assigned to it in clause (k) of section 2 of the Real Estate (Regulation and Development) Act, 2016 (16 of 2016).
 - (xii) "An apartment booked on or before the date of issuance of completion certificate or first occupation of the project" shall mean an apartment which meets all the following three conditions, namely, —
 - (a) part of supply of construction of the apartment service has time of supply on or before the said date;
 - (b) consideration equal to at least one instalment has been credited to the bank account of the registered person on or before the said date; and
 - (c) an allotment letter or sale agreement or any other similar document evidencing booking of the apartment has been issued on or before the said date.
 - (xiii) "Floor space index (FSI)" shall mean the ratio of a building's total floor area (gross floor area) to the size of the piece of land upon which it is built.]
4. This notification shall come into force on the 1st day of July 2017.

3. List of Activities under Schedule III [See Section 7]

ACTIVITIES OR TRANSACTIONS WHICH SHALL BE TREATED NEITHER AS A SUPPLY OF GOODS NOR A SUPPLY OF SERVICES

1. Services by an employee to the employer in the course of or in relation to his employment.
2. Services by any court or Tribunal established under any law for the time being in force.
3. (a) the functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities;
(b) the duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or
(c) the duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this clause.
4. Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
5. Sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building.
6. Actionable claims, other than ²³²[specified actionable claims].
7. ²³³²³⁴ [Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India.
8. (a) Supply of warehoused goods to any person before clearance for home consumption;
²³⁵[(aa) Supply of goods warehoused in a Special Economic Zone or in a Free Trade Warehousing Zone to any person before clearance for exports or to the Domestic Tariff Area]
(b) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption.]]

²³²Substituted vide *The Central Goods and Services Tax (Amendment) Act, 2023* dated 18-08-2023 notified through Notification No. 48/2023-CT dated 29-09-2023 w.e.f. 01-10-2023 before it was read as, "lottery, betting and gambling"

²³³Effective retrospectively from 01.07.2017 vide *The Finance Act, 2023* dated 31-03-2023, notified through Notification No. 28/2023 – CT dated 31-07-2023, w.e.f. 01.10.2023. It is also clarified that no refund shall be made of all the tax which has been collected, but which would not have been so collected, had paragraph 7 and 8 of schedule III and explanation 2 thereof, been in force at all material times.

²³⁴Inserted vide *Central Goods and Services Tax (Amendment) Act, 2018*, notified through Notification No. 02/2019-CT dated 29-01-2019 w.e.f. 01-02-2019

²³⁵Inserted vide *The Finance Act, 2025* w.r.e.f. 01-07-2017. To come into force from a date to be notified

List of Activities under Schedule III

9. ²³⁶[Activity of apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer to the insured in coinsurance agreements, subject to the condition that the lead insurer pays the central tax, the State tax, the Union territory tax and the integrated tax on the entire amount of premium paid by the insured.]
10. Services by insurer to the reinsurer for which ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer, subject to the condition that the central tax, the State tax, the Union territory tax and the integrated tax is paid by the reinsurer on the gross reinsurance premium payable by the insurer to the reinsurer, inclusive of the said ceding commission or the reinsurance commission.]

Explanation ²³⁷[1] - For the purposes of paragraph 2, the term "Court" includes District Court, High Court and Supreme Court.

²³⁸[*Explanation* 2.– For the purposes of ²³⁹[clause (a) of] paragraph 8, the expression "warehoused goods" shall have the same meaning as assigned to it in the Customs Act, 1962 (50 of 1962).]

²⁴⁰[*Explanation* 3.- For the purposes of clause (aa) of paragraph 8, the expressions "Special Economic Zone", "Free Trade Warehousing Zone" and "Domestic Tariff Area" shall have the same meanings respectively as assigned to them in section 2 of the Special Economic Zones Act, 2005.]

²³⁶ Inserted vide *The Finance (No. 2) Act, 2024*, notified through Notification No. 17/2024-CT dated 27-09-2024 w.e.f. 01-11-2024.

²³⁷ Re-numbered vide sec 32 of *The CGST (Amendment) Act, 2018* (No. 31 of 2018), notified through Notification No. 02/2019 – CT dated 29-01-2019, w.e.f. 01-02-2019.

²³⁸ Inserted vide sec 32 of *The CCGST (Amendment) Act, 2018*, notified through Notification No.02/2019 – CT dated 29-01-2019, w.e.f. 01-02-2019. Effective retrospectively w.e.f. 01-07-2017 vide *The Finance Act, 2023* dated 31-03-2023, notified through Notification No. 28/2023 – CT dated 31-07-2023, w.e.f. 01-10-2023.

²³⁹ Inserted vide *The Finance Act, 2025*, w.r.e.f. 01.07.2017. To come into force from a date to be notified.

²⁴⁰ Inserted vide *The Finance Act, 2025*, w.r.e.f. 01.07.2017. To come into force from a date to be notified.

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GST & Indirect Taxes Committee
The Institute of Chartered Accountants of India
ICAI Bhawan, A - 29, Sector - 62, Noida - 201 309
Phone : 0120 - 3045954
E-mail : gst@icai.in
Website : <https://icai.org/>, <https://idtc.icai.org/>