

EXEMPTION

Illustration 1

State the difference between *General* and *Special* Exemption

Solution**Illustration 2**

State the difference between *Absolute* and *Conditional* Exemption

Solution

Illustration 3

What do you mean by Mandatory Exemption

Solution**Illustration 4**

Well - Being Hospital has received the following amounts in the month of June, 20XX in lieu of various services rendered by it in the same month. You are required to determine its taxable value for June, 20XX from the details furnished below:

Sr. No.	Particulars	Rs. In Lakhs
1	Service provided by cord blood bank unit of the nursing home by way of preservation of stem cells	24
2	Hair transplant services	100
3	Naturopathy treatments. Such treatment is a recognized system of medicine in terms of section 2(h) of the Clinical Establishments Act, 2010	80
4	Plastic surgery to restore anatomy of a child affected due to an accident	30
5	Pranic healing treatments. Such treatment is not a recognized system of medicine in terms of section 2(h) of the Clinical Establishments Act, 2010	120
6	Mortuary services	10

Well - Being Hospital does not have its own ambulances so it avails ambulance services from

Life Savers, an ambulance service provider, to transport critically ill patients from various locations to the Hospital. Examine whether Life Savers would be charging any GST from Well Being Hospital on the services provided by them.

Note: All the amounts given above are exclusive of GST. The point of taxation for the services rendered by Well - Being Hospital in the month of June, 20XX fall in the month of June itself.

Solution

Illustration 5

Bahujan Hitay trust registered under section 12AA of Income Tax Act, provides hostel accommodation facility to students and charges Rs.750 on a per day basis. Determine whether such services of accommodation is covered under the ambit of charitable activity and also its taxability in GST act?

Solution

Illustration 6

The Shirdi Sai Baba Trust is a religious trust under Section 12AA of the Income Tax Act 1961. The trust has a number of rooms, community halls and shops which it gives out on rent.

Calculate the value of taxable service taking into consideration the relevant notification.

For the month of June 2019 it furnishes the following details:

Sr. No.	Particulars	Rs.
1	Renting of Rooms a. 2 rooms were rented for Rs.900 each per day b. 5 rooms were rented for Rs.1,000 each per day	1,800 5,500
2	Renting of Community Halls a. 3 community Halls for performance of wedding ceremonies for Rs.25,000 per day	75,000
	b. 1 community hall for performance of various religious ceremonies for Rs.8,000 per day	8,000
3	The trust has 5 shops located just across the temple which it has rented to individuals for running their business. These are retails mainly involved in selling goods required for performing various religious ceremonies Each has been rented for Rs.15,000 per month	75,000
4	Meditation Hall provided on rent for Rs.100 / day	3,000

Solution

Illustration 7

M/s Patil & Associates is a partnership firm engaged in providing legal services pertaining to corporate affairs, legal consultancy and representational services. During the financial year it has provided the following services:

- a. Represented a company appeal matter for M/s Shah & Shah pvt. Ltd. being an unregistered person under GST as falls below threshold limit for registration.
- b. Assisted Adv. Dhiraj for a legal matter relating to a criminal case of his client.
- c. Legal consultancy services for a land related matter to its client Mr. Balal dev. Provided legal advice to the State government for an official matter.

Solution

Illustration 8

Seed Formers Association" is engaged in providing services relating to agriculture. It furnishes the following details with respect to the activities undertaken by them in month of May, 20XX.

Sr. No.	Particulars	Rs.
1.	Cultivation of ornament flowers	42,000
2.	Packing of tomato ketchup	54,000
3.	Warehousing of potato chips	1,65,000
4.	Sale of tea on commission basis	68,000
5.	Packaging of pulses in retail packs	45,000
6.	Training of farmers on use of scientific tools and agro machinery	10,000
7.	Leasing of vacant land to a stud farm (rearing of horses)	1,63,000
8.	Grading of wheat according to its quality	42,000
9.	Testing of samples from plants for pest detection	1,21,000
10.	Rearing of silk worms	83,500

Compute the value of taxable service of „Seed Farmer Association" for the month of May, 20XX. Assume that the point of taxation in respect of all the activities mentioned above falls in the month of May, 20XX itself.

Solution

Illustration 9

Jain Agro Handlers" furnishes the following details with respect to the services provided by them in the month of June, 20XX:

Sr No	Particulars	Rs.
1.	Supply of farm labour	58,000
2.	Warehousing of Biscuit	1,65,000
3.	Sale of rice on commission basis	68,000
4.	Training of farmers on use of new pesticides and fertilizers developed through Scientific research	10,000
5.	Renting of vacant land and other services to a stud farm (rearing of horses)	1,31,500
6.	Testing undertaken for soil of a farm	1,21,500
7.	Leasing of vacant land to a poultry farm	83,500

Compute the value of taxable services of „Jain Agro Handlers" for the month of June, 20XX. Assume that point of taxation in respect of all the activities mentioned above falls in the month of June, 20XX itself. GST has been charged separately, wherever applicable.

Solution

Illustration 10

Determine whether the following are liable to GST or not

- a. O mini is a radio taxi operator. Value of services provided is Rs.1,00,000.
- b. Value of services provided by a company running air - conditioned buses for point to point travel is Rs.5,00,000. The buses do not stop to pick or drop the passengers during the journey.
- c. Value of services provided by a company running non air - conditioned buses for point to point travel is Rs.1,00,000. The buses do not stop to pick or drop the passengers during the journey.

Solution

Illustration 11

Calculate value of taxable supply from the following information

Particulars	Rs.
Transportation of passengers in metered cab	25
Transportation of passengers by inland waterways	35
Transportation of passengers by a non AC stage carriage	15
Transportation of passengers in a vessel for tourism purpose	40
Transportation by aerial tramway	10
Transportation of passengers by air terminating in Mizoram and Meghalaya	12
Passengers travelling by air from Assam to Kolkatta and Kolkatta to Mumbai (under separate tickets (Assam Kolkatta 5 lakhs and Kolkatta Mumbai 9 lakhs)	14

Solution

Illustration 12

XYZ line is engaged in providing service of transport of goods by aircraft and vessels. It collected the following sums (exclusive of taxes, if any) towards the service

1.	Air freight relating to goods imported into India	Rs.16 lakhs
2.	Freight relating to domestic transport of goods in India by Air	Rs.42 lakhs
3.	Air freight charged from M/s XYZ Ltd., for transport of goods from its Dubai branch to Sydney branch	Rs.23 lakhs
4.	Vessels Freight relating to goods imported in to India	Rs.10 lakhs

Compute value of taxable supply

Solution

Illustration 13

M/s Commercial Goods Services, a Goods Transport Agency, furnishes the following information in respect of services provided for the year ending March 31, 2019. Determine the Value of Taxable Services.

Sr. No.	Particulars	Rs.
1.	Services provided to M/s XYZ Co. Ltd. (A GST registered person)	30,00,000
2.	Freight for transport of food grains and pulses	1,50,000
3.	GTA service to an unregistered person(not falling in notified category)	6,00,000
4.	Composite service which include packing / unpacking, loading, unloading in the course of transportation by road	2,00,000

Solution

Illustration 14

Calculate the value of taxable service of „X“ Transport Company engaged in the business of transport of goods by road. Give reasons for taxability or exemption of each item. No freight is received from any of the specified category of consignor / consignee. Suitable assumptions may be made wherever required.

Sr. No.	Particulars	Rs.
1.	Total freight charges received by „X“ during the year	13,50,000
2.	Freight charges received for transporting fruits	1,25,000
3.	Freight collected for transporting small consignment for persons who paid less than Rs.750 for each consignment	75,000
4.	Freight collected for transporting goods in small vehicles for persons who paid less than Rs.1,500 per trip	1,50,000

Solution

Illustration 15

Determine whether GST is leviable in respect of transportation services provided by Om Shree transport Agency in each of the following independent cases:

Customer	Nature of service provided	Amount charged
X	Transportation of salt and food grains	17,50,000
Y (Registered)	Transport of books on a consignment transported in a single goods carriage	1,50,000
M/s XYZ Ltd.	Transport of color TV sets to M/s XYZ Ltd. a registered entity	3,55,000
2 (unregistered)	Transport of auto spares	1,25,000

Note: Om Shree transport agency registered person under GST law. Opted to pay CGST @ 6% and SGST @ 6%.

Solution

Illustration 16

XYZ Ltd. has hotel which he runs in Manali, for which he charges the following tariffs and gives the following details. Calculate the GST liability

Room type	Declared tariff	Discount offered	No. of room days	Booking room days
A	1,500	300	10*30= 300 (It basically means that 10 such rooms are in the hotel of which occupancy on an Average was 70%)	25
B	900	200	20*30= 600 (it basically means that 20 such rooms are in the hotel of which occupancy on an Average was 70%)	120

Solution

Illustration 17

Mega Star Hotels Pvt. Ltd. provides the following information relating to their services for the month of September, 2019:

The hotel has 45 rooms in all, out of which 30 rooms were Deluxe Rooms with a declared tariff of Rs.1,200 per day. The other 15 rooms were Semi Deluxe Rooms with a declared tariff of Rs.800 per day. The hotel has the practice of offering 25% discount on Deluxe Rooms. The occupancy ratio of the rooms on an average was 80%.

Receipts for serving food from air - conditioned restaurant Rs.6,00,000.

Gross receipt for serving food from non air - conditioned restaurant clearly demarcated and separately named Rs.4,00,000.

Compute the value of taxable services and provide explanations wherever required.

Solution

Illustration 18

Compute value of taxable supplies and GST from following sums received by M/s SKC Ltd. (exclusive of GST)

1. Holding a dance programme, entry tickets whereof were sold for Rs.250 per person Rs.30 lacs.
2. Admission to Planetarium; Rs.4 lakh, entry ticket whereof is Rs.350 per person
3. Holding on cricket match between India and South Africa organized by BCCI, entry tickets whereof were sold for Rs.550 per person; Rs.610 lakhs
4. Holding an Indian Premier League (IPL) Match between Pune warriors and Royal Challengers entry ticket whereof were sold for Rs.250 per person; Rs.80 lakhs
5. Holding an award function, entry tickets whereof were sold for Rs.200 per person; Rs.40 lakhs.
6. Admission to Music concert of A.R.Rehman entry ticket were sold for Rs.850 per person
7. Running a video parlour showing cinematographic films (ticket is Rs.600 per person); Rs.15 lakhs.
8. Acting as an events manager for organization of an entertainment event Rs.8 lakhs
9. Receipt from running a circus Rs.15 lakhs.
10. Ballet, with ticket prices of Rs.300 per person; Rs. 25 lakhs.
11. Showing cinematographic films (ticket is 700 per person) Rs.15 lakhs
12. Gambling Services and Casinos : Bet Value Rs.150 lakhs, Earnings Rs.5 lakhs

Solution

Illustration 19

Drew Bank Ltd. furnishes the following information relating to services provided during the month of December, 20XX. Compute the value of taxable service and GST payable.

	Particulars	Rs.
1.	Amount of commission received for debt collection service	10,00,000
2.	Discount earned on bills discounted	6,00,000
3.	Dealing in sale and purchase of forward contract	20,00,000
4.	Charges received on credit card and debit card facilities extended	3,80,000
5.	Penal interest recovered from the customers for the delay in repayment of loan	12,00,000
6.	Commission received for service rendered to Government for tax collection	6,00,000
7.	Interest earned on reverse repo transaction	2,00,000
8.	Interest on credit card	50,000

Solution

Illustration 20

A recognized educational institution is providing bus services to its students for which separate charges are recovered. Is the school liable to pay GST? State with reasons.

Solution

Illustration 21

Fortune Ltd. provides the following information relating to their services for the month for August, 2019

Particulars	Rs.
Gross receipts from	
Running a Boarding School (including receipts for providing residential dwelling services Rs.12,00,000)	28,00,000
Conducting private tuitions	16,00,000
Education services for obtaining a qualification recognized by law of a foreign country	8,00,000
Conducting modular employable skill course, approved by National Council of vocational training	10,00,000
Fees from prospective employers for campus interview	6,00,000
Renting of furnished flats for temporary stay to different persons	6,80,000

State with explanations which amounts are exempt and which are not.

Solution

Illustration 22

A course in a college leads to dual qualification only one of which is recognized by law. Would service provided by the college by way of such education be covered by the exemption notification?

Solution

Illustration 23

Whether the following services are exempt under this head or taxable?

Sr. No.	Particular	Amt. Rs.
1.	Services provided to a recognized sports by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body	12,40,000
2.	Service of a player to a franchisee which is not a recognized sportsbody	6,80,000
3.	Services by a recognized sports body to another recognized sports body	1,20,000
4.	Services by individuals such as selectors, commentators, curators, technical experts	6,90,000
5.	Services of an individual as umpire, referee when provided directly to a recognized sports body	1,20,000

Notes: Amount given above is exclusive of GST.

Solution

Illustration 24

Mr. Nagarjun, a registered supplier of Chennai, has received the following amounts in respect of the activities undertaken by him during the month ended on 30th September, 2017 (May 2018)

Sr. No.	Particular	Amt. Rs.
1.	Amount charged for service provided to recognized sports body as selector of national team	50,000
2.	Commission received as an insurance agent from insurance company	65,000
3.	Amount charged as business correspondence for the services provided to the urban branch of a nationalised bank with respect to saving bank account	15,000
4.	Service to foreign diplomatic mission located in India	28,000
5.	Funeral services	30,000

He received the services from unregistered goods transport agency for his business activities relating to serial numbers (i) to (iii) above and paid freight of Rs.45,000 (his aggregate turnover of previous year was Rs.9,90,000).

Note: All the transactions stated above are intra - State transactions and also are exclusive of GST.

You are required to calculate gross value of taxable supply on which GST is to be paid by Mr. Nagarjun for the month of September, 2017. Working notes should form part of your answer.

Solution

Illustration 25

Department of Posts provided following services to general public during the month ended 30.9.20XX:

Services rendered	Rs. In lakhs
Basic mail services	100
Transfer of money through money orders	500
Rural postal life insurance services	200
Distribution of mutual funds, bonds and pass port applications	500
Issuance of postal orders	300
Collection of telephone and electricity bills	100
Speed post services	500
Express parcel post services	200

Compute the value of taxable services of Department of Posts for the month ended 30.9.20XX.

Notes:

1. Point of Supply for all the aforesaid cases fall during the month ended 30.9.20XX.
2. All the service charges stated above are exclusive of GST, wherever applicable.

Solution

Illustration 26

Compute the value of taxable service in each of the following independent cases

Particulars	Rs.
Services provided by Government to various individuals by way of issuance of driving licence	1,05,000
Services provided by BIRAC approved bio - incubators to incubates	15,00,000
Transportation of passengers by ropeway	5,20,000
Express parcel post services provided by the Hasanchowk Post Office to various individuals * Amount charged does not exceed Rs.5,000 in any of the transactions	8,00,000

Solution

Illustration 27

The Resident Welfare Association (RWA) of Blue Heaven Housing Society in Delhi provides the following information with respect to the various amounts received by it in the month of January, 2019.

Sr. No.	Particular	Amt. Rs.
1.	Monthly subscription collected from member families (Rs.7,500 each from 100 families)	5,50,000
2.	Electricity charges levied by State Electricity Board on the members of RWA (The same was collected from members and remitted to the Board on behalf of members)	3,50,000
3.	Electricity charges levied by State Electricity Board on the RWA in respect of electricity consumed for common use of lifts and lights in common area. (Bill was raised in the name of RWA. RWA collected the said charges by apportioning them equally among 100 families and then, remitted the same to the Board)	4,00,000
4.	Proceeds from sale of entry tickets to a cultural programme conducted the RWA in the park of Blue Heaven Housing Society	40,000
5.	Proceeds from sale of space for advertisement in Members directory (from members 1,00,000 and from non members Rs.2,00,000)	3,00,000

Compute the value of taxable service of RWA of Blue Heaven Housing society for the month of January, 2019.

Solution

Illustration 28

Hotel Beach Glory has provided the following information for the month of October, 2019

Sr. No.	Particular	Amt. Rs.
1.	Serving of food in a restaurant with air - conditioned facility	3,00,000
2.	Renting of rooms (Declared Tariff Rs.2,500 per room per day and discount of 5% was offered)	1,20,000
3.	Catering services provided to a CBSE affiliated Higher Secondary School	60,000
4.	Outdoor catering services provided to a Coaching Institute preparing students for engineering examinations	1,50,000

You are required to compute the value of taxable service and GST and GST liability of Hotel Beach Glory for the month of October, 2019.

Note: All the above amounts are exclusive of GST.

Solution

Illustration 29

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

- a. External asset management services reserves in relation to foreign exchange received by Reserve Bank of India from overseas financial institutions.
- b. Service provided by an Indian tour operator to Mr. B, a Japanese National, for a tour conduct in Europe.
- c. Services provided to a Higher secondary school affiliated to CBSE Board by an IT company in relation to development of software to be used for enhancing the quality of classroom teaching.

Solution

Illustration 30

Answer with respect to applicability of GST in the following cases during the month of June, 2019

- a. Transport facility provided by a school to its students through a fleet of buses and cabs owned by the School.
 - b. Transport facility provided by a school to its students through a private Bus / cab operator.
 - c. Service provided by a private transport operator to a school in relation to transportation of students to and from a school.
 - d. Service provided in relation to repair or maintenance of aircraft owned by a State Government.
 - e. Exhibiting movies on television channels.
 - f. Transport of foodstuff, agricultural produce, chemical fertilizers and newspaper registered with the Registrar of Newspaper by a goods transport agency in a goods carriage.
 - g. Transportation of petroleum and petroleum products and household effects by railways.
- Transportation of postal mails or mail bags by a vessel.

Solution

Illustration 31

State whether the following services are covered in exemption list of services under GST Act:

- a. Service, by the Department of Post by way of speed post, express parcel post, life insurance and agency services provided to general public.
- b. Services provided by way of supply of farm labour relating to agriculture.
- c. Services by way of renting of residential dwelling for use as residence.
- d. Services of funeral, burial, crematorium or mortuary and transportation of the deceased.
- e. Services by way of education as a part of an approved vocational education course to students
- f. Service of transportation of passengers with or without accompanied belongings, by Railways in an air conditioned coach.
- g. Services by way of transportation of goods by road by a goods transportation agency.
- h. Selling of space or time slots for advertisement broadcast by FM Radio.

Solution

Illustration 32

A Ltd., becomes the successful bidder. The spectrum is assigned to A Ltd., for a total consideration of Rs.1,000 crores in the month of June 2015. Government permitted to pay as one time charge payable, in full upfront or in instalments as the case may be. A Ltd. chooses to make in instalments over a period of 5 years. Instalment due fallen on or after 1st July 2017 is leviable to GST? Whether your answer is different if periodic payment required to be made by the assignee.

Solution

Illustration 33

Mr. X being a contractor undertaken construction work of an individual residential unit otherwise than as part of a residential complex. You are required to answer:

- a. Whether Mr. X is liable to pay GST where he undertaken pure labour contract?
- b. Whether Mr. X is liable to pay GST where he undertaken both labour and material contract?
- c. Mr. X gives contract to a sub - contractor. Can sub - contractor also get exemption if it is pure labour contract?

Solution

