

Chapter-III

Levy and Collection of Tax

7. **Scope of supply**
8. **Tax liability on composite and mixed supplies**
9. **Levy and collection**
10. **Composition levy**
11. **Power to grant exemption from tax**

Statutory Provision

7. **Scope of supply**
 - (1) For the purposes of this Act, the expression “supply” includes—
 - (a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;
 - (b) import of services for a consideration whether or not in the course or furtherance of business;
 - (c) the activities specified in Schedule I, made or agreed to be made without a consideration; and
 - (d) the activities to be treated as supply of goods or supply of services as referred to in Schedule II.
 - (2) Notwithstanding anything contained in sub-section (1), —
 - (a) activities or transactions specified in Schedule III; or
 - (b) such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council, shall be treated neither as a supply of goods nor a supply of services.
 - (3) Subject to the provisions of sub-sections (1) and (2), the Government may, on the recommendations of the Council, specify, by notification, the transactions that are to be treated as—
 - (a) a supply of goods and not as a supply of services; or
 - (b) a supply of services and not as a supply of goods.

8. Tax liability on composite and mixed supplies

The tax liability on a composite or a mixed supply shall be determined in the following manner, namely: —

- (a) a composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply; and
- (b) a mixed supply comprising two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax.

9. Levy and Collection

(1) Subject to the provisions of sub-section (2), there shall be levied a tax called the central goods and services tax on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, on the value determined under section 15 and at such rates, not exceeding twenty per cent., as may be notified by the Government on the recommendations of the Council and collected in such manner as may be prescribed and shall be paid by the taxable person.

(2) The central tax on the supply of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel shall be levied with effect from such date as may be notified by the Government on the recommendations of the Council.

(3) The Government may, on the recommendations of the Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both

(4) The central tax in respect of the supply of taxable goods or services or both by a supplier, who is not registered, to a registered person shall be paid by such person on reverse charge basis as the recipient and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

(5) The Government may, on the recommendations of the Council, by notification, specify categories of services the tax on intra-State supplies of which shall be paid by the electronic commerce operator if such services are supplied through it, and all the provisions of this Act shall apply to such electronic commerce operator as if he is the supplier liable for paying the tax in relation to the supply of such services:

Provided that where an electronic commerce operator does not have a physical presence in the taxable territory, any person representing such electronic commerce operator for any purpose in the taxable territory shall be liable to pay tax:

Provided further that where an electronic commerce operator does not have a physical presence in the taxable territory and also, he does not have a representative in the said territory, such electronic commerce operator shall appoint a person in the taxable territory for the purpose of paying tax and such person shall be liable to pay tax.

9.1 Introduction

- (i) Article 265 of the Constitution of India mandates that no tax shall be levied or collected except by the authority of law. The Charging Section is a must in any taxing statute for levy and collection of tax. Before imposing any tax, it must be shown that the transaction falls within the ambit of the taxable event and that the person on whom the tax is so imposed also gets covered within the scope and ambit of the charging Section by clear words used in the Section. No one can be taxed by implication.
- (ii) Section 9 is the charging provision of the CGST Act. It provides that all intra-State supplies would be liable to CGST. The levy is on supply of all goods or services or both except on the supply of alcoholic liquor for human consumption. Besides, supply of petroleum crude, high speed diesel, motor spirit (petrol), natural gas and aviation turbine fuel are also included in GST. However, the tax will be levied on these goods only with effect from such date as may be notified by the Government after recommendation of the Council. It also provides for the value on which tax shall be paid, the maximum rate of tax that can be levied on such supplies, the manner of collection of tax by the Government and the person who will be liable to pay such tax.
- (iii) Under the GST law, the levy of tax is as follows:
 - (a) In the hands of the supplier - on the supply of goods and / or services (referred to as tax under forward charge mechanism);
 - (b) In the hands of the recipient – on receipt of goods and / or services (referred to as tax under reverse charge mechanism)
- (iv) In the normal course, the tax would be payable by the supplier of goods and / or services. However, in specific cases (as may be notified), the onus of payment of tax is shifted to the recipient of goods and / or services. To impose tax on reverse charge basis, the following conditions would be mandatory:
 - (a) Notification to be issued by the Central Government specifying the categories of supply of goods and / or services.
 - (b) Should be notified only on recommendation of the Council.
- (v) When the goods/ services are supplied by a supplier, who is un-registered person to a receiver, who is registered person, the liability to pay tax on such supplies will be on recipient under reverse charge basis. Thus, a registered person would be required to pay GST on all supplies received by it from un-registered persons. Note: This is applicable to both, goods as well as, services.
- (vi) Additionally, where any supply of services is effected through e-commerce operators (commonly known as services provided by aggregators), the law provides that the Central / State Government may on recommendation of the Council specify (notify) that the e-commerce operator will be liable to discharge the tax on such supplies. It is important to note that, in such supplies, the e-commerce operator is neither the actual supplier of service/s nor does he actually receive the services. The actual supplier of services is a third party who provides such service to the customer through e-commerce operator. Instead of levying tax on such actual supplier, the law has imposed levy on e-

commerce operator. Therefore, this would be an exception to the imposition of tax as specified in para supra. It is important to note that this exception is carved out only in respect of supply of services through an e-commerce operator and will not be applicable / relevant to supply of any goods through an e-commerce operator.

Further, where the e-commerce operator does not have a physical presence in the taxable territory, the representative (being agent / any other person) of the operator (if any) shall be the person liable to pay tax. Where such representative also does not have presence in such territory, the operator should appoint a person specifically for this purpose.

9.2 Analysis

Levy of tax: Every supply will be liable to tax. The nature of tax would depend upon the nature of supply, viz., inter-State supplies will be liable to IGST and intra-State supplies will be liable to CGST and SGST (UTGST).

- (i) Supply should involve goods and / or services – viz., either as wholly goods or wholly services. Even where a supply involves both, goods and services, the law provides that such supplies would be classifiable either as, wholly goods or wholly services. Schedule II of the Act provides for this classification.
- (ii) Where a supply involves multiple (more than one) goods or services, or a combination of goods and services, the treatment of such supplies would be as follows:
 - (a) **If it involves more than one goods and / or services which are naturally bundled together:** These are referred to as composite supply of goods and / or services. It shall be deemed to be a supply of those goods or services, which constitutes the principal supply therein.

Illustration (provided in Section 2(27)): Where goods are packed, and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is the principal supply. **This implies that the supply will be taxed wholly as supply of goods.**

Other examples: If a contract is entered for (i) supply of certain goods and erection and installation of the same thereto or (ii) supply of certain goods along with installation and warranty thereto, it is important to note that these are naturally bundled and therefore would qualify as 'composite supply'. Accordingly, it would qualify as supply of the goods therein, which is essentially the principal supply in the contract. Thus, the value attributable to erection and installation or installation and warranty thereto will also be taxable as if they are supply of the goods therein.

- (b) **If it involves supply of more than one goods and / or services which are not naturally bundled together:** These are referred to as mixed supply of goods and / or services. It shall be deemed to be a supply of that goods or services therein, which are liable to tax at the highest rate of GST.

A supply of more than one goods and / or services as a bundle will be reckoned as 'mixed supply' if: (i) such goods and / or services are supplied together for a single price

(ii) they are not naturally bundled together and (iii) it does not qualify as composite supply.

Illustration (provided in Section 2(66)): A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drink and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately. **This implies that the supply will be taxed wholly as supply of those goods which are liable to the highest rate of GST.**

Other examples: If a tooth paste (say for instance it is liable to GST at 12%) is bundled along with a tooth brush (say for instance it is liable to GST at 18%) and is sold as a single unit for a single price, it would be reckoned as a mixed supply. This would therefore be liable to GST at 18% (higher of 12% or 18% applicable to each of the goods therein).

While there are no infallible tests for such determination, the following guiding principles could be adopted to determine whether a supply would be a composite supply or a mixed supply. However, every supply should be independently analysed.

Description	Composite Supply	Mixed Supply
Naturally bundled	Yes	No
Supplied together	Yes	Yes
Can be supplied separately	No	Yes
One is predominant supply for recipient	Yes	No
Other supply is not 'aim in itself' of recipient	Yes	No
Each supply priced separately	No	No
All supplies are goods	Yes	Yes
All supplies are services	Yes	Yes
One supply is goods and other supply is services	Yes	Yes

(iii) Supply will be an intra-State supply if the location of the supplier and the place of supply are within the same State and the transaction will be an inter-State supply if the location of the supplier and the place of supply are in different States: To be determined under Section 10 to 13 of the IGST Law. (Refer Section 7 & 8 of the IGST Law to understand the meaning of inter-state supply and intra-State supply).

Tax shall be payable by a 'taxable person': The tax shall be payable by a 'taxable person' i.e. person/ separate establishments of persons registered or liable to be registered under sections 22 and 24 of the CGST Act. *Please refer to the discussion under Section 25 for a thorough understanding of this.*

Tax payable: Every intra-State supply will attract CGST as well as SGST, as follows:

- (a) Imposition of CGST by the Government of India,
- (b) Imposition of SGST by the respective State or (UTGST by Central Government through Administrator in case of specified Union Territories and other territories as defined)

Rate and value of tax: The rate of tax will be as specified in the notification that would be issued in this regard, subject to a maximum of 20%. The rates would be determined based on the recommendation of the Council and the rate of tax so notified will apply on the value of supplies as determined under Section 15. In order to determine the applicable tax, rate determination has to be made in the following manner:

- (a) Identify HSN of the product or service and applicable rate of Tax as per rate notification
- (b) Once classification is arrived at, look for as to whether such product falls into any specific exemption or not
- (c) One also need to look for special transactions like zero rated supplies (exports and Supply to SEZ)
- (d) If (b) and (c) are not available, tax at determined rate shall be arrived by multiplying value with such rate.

Classification of Goods or Services: In order to apply a particular rate of tax, a taxable person need to determine the classification of his supply as to whether supply constitute a supply of goods or services. Once the same is determined, further classification in terms of HSN in case of goods and SAC in terms of service is to be made by the assessee so as to arrive at the rate of tax at which he is required to pay tax. At the outset, it is important to note that HSN for goods are contained in Chapters from 1 to 98 and HSN for Services are contained in Chapter 99. Since Classification of Goods is older and is based on knowledge gathered from precedents on HSN classification, we shall discuss the steps for classification of goods. The steps for determination of proper classification is as under:

1. It is important to note that classification of each product supplied has to be made separately if supply of such product is independent. This shall include all by products, scraps etc.
2. Identify the description and nature of the goods being supplied. One must confirm that the product is also similarly or more specifically covered in the Customs Tariff and HSN 2017. The Section Notes and Chapter Notes to the Schedule to be read.
3. If there is ambiguity, first reference shall be made to the Rules for interpretation of the Customs Tariff.
 - (a) As per the Rules, first step to be applied is to find the trade understanding of the terms used in the Schedule, if the meaning or description of goods is not clear.
 - (b) If the trade understanding is not available, the next step is to refer to the technical or scientific meaning of the term. If the tariff headings have technical or scientific meanings, then that has to be ascertained first before the test of trade understanding.

- (c) If none of the above are available reference may be had to the dictionary meaning or ISI specifications. Evidence may be gathered on end use or predominant use.
4. In case of the unfinished or incomplete goods, if the unfinished product bears the essential characteristics of the finished product, its classification shall be same as that of finished product.
 5. If the classification is not ascertained as per above point, one has to look for the nature of product which is more specific.
 6. If the classification is still not determinable, one has to look for the ingredient which gives the article its essential characteristics.
 7. If still ambiguity persist, one shall resort to trade understanding of the product and in absence of such trade understanding, we shall refer to the technical or scientific meaning. However if the tariff headings have technical or scientific meanings, then that has to be ascertained first before the test of trade understanding. If none of the above is available, reference may be made to the dictionary meaning or ISI specifications.

It is important to note that in following cases of supply of services same rate of central tax as on supply of like goods involving transfer of title in goods would be applicable:

SI No.	Chapter, Section or Heading	Description of Service	Rate (per cent.) of Central Tax	Rate (per cent.) of Integrated Tax
15	Heading 9971 (Financial and related services)	(ii) Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.	Same rate of central tax as on supply of like goods involving transfer of title in goods	Same rate of central tax as on supply of like goods involving transfer of title in goods
		(iii) Any transfer of right in goods or of undivided share in goods without the transfer of title thereof.	Same rate of central tax as on supply of like goods involving transfer of title in goods	Same rate of central tax as on supply of like goods involving transfer of title in goods

17	Heading 9973 (Leasing or rental services, with or without operator)	(iii) Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.	Same rate of central tax as on supply of like goods involving transfer of title in goods	Same rate of central tax as on supply of like goods involving transfer of title in goods
		(iv) Any transfer of right in goods or of undivided share in goods without the transfer of title thereof.	Same rate of central tax as on supply of like goods involving transfer of title in goods	Same rate of central tax as on supply of like goods involving transfer of title in goods
		(vi) Leasing or rental services, with or without operator, other than (i), (ii), (iii), (iv) and (v) above.	Same rate of central tax as applicable on supply of like goods involving transfer of title in goods	Same rate of central tax as applicable on supply of like goods involving transfer of title in goods

Supply:

(a) **Generic meaning of 'supply':** Supply includes all forms of supply (goods and / or services) and includes agreeing to supply when they are for a consideration and in the course or furtherance of business (as defined under Section 7 of the Act). It specifically includes:

- (i) Sale
- (ii) Transfer
- (iii) Barter
- (iv) Exchange
- (v) License

- (vi) Rental
- (vii) Lease
- (viii) Disposal

The word 'supply' is all-encompassing, subject to exceptions carved out in the relevant provisions.

E.g.:

Supplies mentioned in Schedule III of the Act

Such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as Public Authorities, as may be notified by Government on recommendation of the Council.

The law has provided an inclusive meaning to the word 'supply' which implies that the specific transactions which are listed in the said section are only illustrative.

Supply should be by a person engaged in business: It is essential that such supplies should be by the supplier who is engaged in business. ('Business' as defined in Section 2(17) of the Act). However, in case of import of services for a consideration, even if such services are imported otherwise than in the course or furtherance of business, it would be deemed to be a supply.

The word 'supply' should be understood as follows:

- It should involve delivery of goods and / or services to another person;
- The supply will be treated as wholly one supply – goods, or services, based on Schedule II and the provisions pertaining to composite supply and mixed supply;
- It should involve quid-pro-quo – viz., there should be something in return which the person supplying will obtain from the recipient (except in cases of matters specified in Schedule I where it is deemed to be a supply, even if it is made without consideration). It is not important that what is received in return is 'money'; it can be money's worth;
- Transfer of property in goods from the supplier to recipient is not necessary;

Under this clause, it is essential that all the above forms of transactions including the extended and generic meaning given to 'supply' should be made for a 'consideration'. Only exception for this will be cases specified in Schedule I. Absence of consideration (as defined in Section 2(31)) will take away the character of 'supply' under this clause.

- (b) **Supply should be in the course or furtherance of business:** For a transaction to qualify as 'supply', it is essential that the same is 'in the course or furtherance of business'. This implies that any supply of goods and / or services by a business entity would be liable to tax, so long as it is in the course or furtherance of business. Supplies which are not in the course of business (or in furtherance of business) will not qualify as 'supply' for the levy of tax, except in case of import of service for consideration, where

the service is a supply whether or not it is made in the course or furtherance of business.

Drawing similarities from the erstwhile State level VAT laws, it follows that the said transaction should be with a commercial motive, whether or not there is a profit motive in it or its frequency / regularity. E.g.: sale of goods in an exhibition, participation in a trade fair, warranty supplies, supply of free samples to induce customers to purchase other goods, sale of used assets, etc. would be in the course of business.

- (c) **Import of service will be taxable in the hands of the recipient (importer):** The word 'supply' includes import of a service, made for a consideration (as defined in Section 2(31)) and whether or not in the course or furtherance of business. This implies that import of services even for personal consumption would qualify as 'supply' and therefore would be liable to tax. This would not be subject to the threshold limit as tax is expected to be payable on reverse charge basis, and the threshold limits do not apply in case of supplies attracting tax on reverse charge basis.

Note: Import of services is included within the meaning of 'supply' under the CGST / SGST Acts. However, it would be liable to IGST since it would not be an intra-State supply. In fact, Section 2(21) of IGST Act has adopted the meaning of 'supply' from CGST/SGST Act.

- (d) **Transactions without consideration:** The law provides that in certain cases, even though there is no consideration, the same would be treated as 'supply'. Such cases are listed in Schedule I.

- (i) Permanent transfer of business assets where input tax credit has been availed: The word 'transfer' in this clause suggests that there should be another person who would receive the business assets at the other end.

The use of the words 'permanent transfer' implies that the goods should be transferred without any intention or requirement of having to receive the goods back. However, even in these types of transactions, it is essential that there is delivery of the business assets.

E.g.: Goods sent on job work or goods sent for testing or goods sent for certification would not qualify as 'supply' under this clause since there is no permanence in transfer.

Typically, donation of business assets or scrapping or disposal in any other manner (other than as a sale – i.e., for a consideration) would qualify as 'supply' under this clause, where input tax credit has been claimed on the same.

The law requires that such transactions should be treated as supply only when any input tax has been availed on the business assets. For instance, in case of cars purchased by the company for use by directors would not qualify for input tax credit and such input tax credit would therefore, not have been claimed. Say, after a few years, the same car is transferred to such director on a free of cost

basis - this would not be treated as a supply for Schedule I as no input tax credit was availed on such car.

- (ii) Supply of goods and / or services between related person, or between distinct persons as specified in Section 25(4) or 25(5), when made in the course or furtherance of business: Any supply of goods and / or services in the course of business or furtherance of business by a taxable person to a related person (as defined by way of explanation below Section 15(5)), or by one taxable person to another taxable person (as provided in Section 25 of the Act), when made without consideration, would qualify as 'supply'.

E.g.; Free supplies to related persons, stock transfers to a unit outside the State/ a different business vertical, etc. will be reckoned as supplies.

- (iii) Supply of goods by a principal to his agent, where the agent undertakes to supply such goods on behalf of the principal: E.g. A company is located in the suburbs and employs an agent in the city to undertake sales on behalf of the company. Goods transferred by the company to the premises of the agent in the city would qualify as a 'supply'.
- (iv) Supply of goods by an agent to his principal, where the agent undertakes to receive such goods on behalf of the principal: E.g. A company is located in the suburbs and employs an agent in the small town nearby to undertake purchases on behalf of the company. Goods procured and transferred by the agent to the company would qualify as a 'supply'.
- (v) Import of services by a taxable person from a related person, or from any of his other establishments outside India, in the course or furtherance of business: Importation of services as covered by the definition does not include importation without consideration. Therefore, this clause is inserted to rope in such services that are received from related persons / their establishments outside India. E.g.: ABC Inc. is incorporated in the US by A Ltd in India, for its operations in the US. A Ltd. together with B Ltd. in India, holds C Ltd. Where services are imported by B Ltd from ABC Inc. in the US without consideration, the import will be deemed to be a supply for Schedule I.

- (e) **Certain supplies will be neither a supply of goods, nor a supply of services:** The law lists down matters which shall not be considered as 'supply' for GST. This list includes:

- (a) Activities/ transactions in Schedule III:
 - (i) Services by an employee to an employer in the course or in relation to his employment;
 - (ii) Services by any Court or Tribunal established under any law for the time being in force;
 - (iii) Functions performed by MPs, MLAs, etc.; the duties performed by a person who holds any post in pursuance of the provisions of the Constitution in

that capacity; the duties performed by specified persons in a body established by the Central State Government or local authority, not deemed as an employee;

- (iv) Sale of land and Sale of Building (except sale of under-construction premises where the part or full consideration is received before issuance of completion certificate or before its first occupation, whichever is earlier.;
 - (v) Actionable claims, other than lottery, betting and gambling and
 - (vi) Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
- (b) An employer and employee are treated as “related persons” and hence any supply of goods or services by employer to employee without consideration would be considered as supply as per schedule I. However, gifts not exceeding Rs. 50,000 in value in a financial year by an employer to employee shall not be treated as supply of goods or services or both.

- (f) **To be notified:** The Government may notify such activities or other transactions which have neither be treated as supply of goods nor supply of services. Such notification would be made on recommendation of GST council. The government has notified the following us/ 7(2):

Services by way of any activity in relation to a function entrusted to Panchayat under Article 243G of the Constitution (*Inserted vide Notification No. 14/2017- Central Tax (Rate) dated 28.06.2017*)

Further, the inter-state movement of goods like movement of various modes of conveyance, between distinct persons as specified in Section 25(4) of the Central Goods and Service Tax, 2017, including trains, buses, trucks, tankers, trailers, vessels, containers & aircrafts, carrying goods or passengers or both, or for repairs and maintenance (except in cases where such movement is for further supply of the same conveyance) (*Clarified vide Circular No. 1/1/2017-IGST dated 07.07.2017*).

- (g) The government may on recommendation of GST Council specify any transaction which is:
- i) A supply of goods and not a supply of service
 - ii) A supply of service and not a supply of goods

In summary, supply can be understood as follows:

Section 3 - Meaning and scope of supply			
Section 7(1)(a)	Section 7(1)(b)	Section 7(1)(c)	Other matters – Section 8
All forms of supply of goods and/ or services,	Import of service, • for a consideration	Supplies specified* To be treated as supplies made	<ul style="list-style-type: none"> • Composite Supply • Mixed Supply

<ul style="list-style-type: none"> • for a consideration • in the course or • furtherance of business • such as: • sale, • transfer, • barter, • exchange, • license, • rental, • lease or • disposal 	<ul style="list-style-type: none"> • whether or not • in the course or furtherance of business 	<p>without consideration</p> <p>*Schedule I:</p> <ol style="list-style-type: none"> 1. Permanent transfer/ disposal of business assets for which ITC availed on such assets 2. Supplies between related persons/ distinct persons (as specified in section 25) in the course or furtherance of business 3. Supply of goods by principal (or agent) to agent (or principal) 4. Import of service from a related person in the course or furtherance of business. 	<p>a</p>
---	--	--	-----------------

Reverse charge mechanism: Normally, the supplier of goods and / or services will be liable to discharge tax on the supplies effected. However, the Central or State Governments upon recommendation of the GST Council are empowered to specify by notification the categories of supplies in respect of which the recipient of goods and / or services will be liable to discharge the tax.

All other provisions of this Act will apply to the recipient of such goods and / or services, as if the recipient is the supplier of such goods and / or services – viz., for the limited purpose of such transactions, the recipient would be deemed to be the ‘supplier’.

Similarly, when any registered taxable persons receive any supply from unregistered person, he shall be required to pay tax on such inward supplies under reverse charge mechanism. *Ex: Mr A is not registered in GST as his aggregate turnover of taxable supplies is below threshold limit. Mr. B purchased goods from Mr. A. In such case, Mr. A would be required to pay tax*

under reverse charge on value of such goods. It therefore appears that, threshold exemption for not-obtaining registration given under section 22(1) is only an administrative relief given to small business entities and it would not render the supplies made by them exempt.

It's also important to note that, a taxable person who is eligible for payment of tax under composition scheme under section 10 of CGST/SGST Act, is also under obligation to pay tax under normal rates in respect of supply of goods/service received by him from unregistered persons, failing which benefit of composition scheme would not be applicable to him.

Exemption has also been granted from payment of GST on reverse charge basis in respect of intra state supplies of goods and/ or services received by a registered person from any unregistered supplier to the extent of aggregate value of Rs. 5000/- per day from all or any of such suppliers. (Inserted vide *Notification No. 8/2017-Central Tax (Rate) dated 28.06.2017*)

Central Government on the recommendation of the GST Council has notified goods in respect of whose intra state supplies, central tax shall be paid by the recipient of such goods under reverse charge. These goods are cashew nuts, Bidi Wrapper leaves & tobacco leaves supplied by the agriculturist, silk yarn supplied by manufacturer of silk yarn from raw silk or silk worm cocoons for supply of silk yarn and supply of lottery by State Government, Union Territory or any local authority to lottery distributor or selling agent. (*Notification No. 04/2017- Central Tax (Rate) dated 28.06.2017*)

Central Government on the recommendation of the Council has notified the category of supply of services on which GST shall be paid by the recipient on reverse charge basis (*Notification No. 13/2017- Central Tax (Rate) dated 28.06.2017*)

Sl. No.	Category of Supply of Services	Supplier of service	Recipient of Service
(1)	(2)	(3)	(4)
1	Supply of Services by a goods transport agency (GTA) who has not paid central tax @ 6% in respect of transportation of goods by road to- (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; or	Goods Transport Agency (GTA)	(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; or (d) any person registered under the Central Goods and Services Tax Act or the Integrated Goods and

	<p>(d) any 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; or</p> <p>(e) anybody corporate established, by or under any law; or</p> <p>(f) any partnership firm whether registered or not under any law including association of persons; or</p> <p>(g) any casual taxable person.</p>		<p>Services Tax Act or the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act; or</p> <p>(e) anybody corporate established, by or under any law; or</p> <p>(f) any partnership firm whether registered or not under any law including association of persons; or</p> <p>(g) any casual taxable person; located in the taxable territory.</p>
2	<p>Services supplied by an individual advocate Including A senior advocate by way of representational services before any court, tribunal or authority, directly or indirectly, to any business entity located in the taxable territory, including where contract for provision of such service has been entered through another advocate or a firm of advocates, or by a firm of advocates, by way of legal services, to a business entity.</p>	<p>An individual Advocate including a Senior advocate or firm of advocates.</p>	<p>Any business entity located in the taxable territory.</p>
3	<p>Services supplied by An arbitral tribunal to a business entity.</p>	<p>An arbitral tribunal.</p>	<p>Any business entity located in the taxable territory.</p>
4	<p>Services provided by way of sponsorship to anybody corporate or partnership firm.</p>	<p>Any person</p>	<p>Any body corporate or partnership firm located in the taxable territory.</p>
5	<p>Services supplied by the Central Government, State Government, Union territory or local authority to a business entity excluding, -</p> <p>(1) renting of immovable property,</p>	<p>Central Government State Government Union</p>	<p>Any business entity located in the taxable territory.</p>

	and (2) services specified below- (i) services by the Department of posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than Central Government, State Government or Union territory or local authority; (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.	territory or local authority	
6	Services supplied by a director of a company or a body corporate to the said company or the body corporate.	A director of a company or a body corporate	The company or a body corporate located in the taxable territory.
7	Services supplied by an insurance agent to any person carrying on insurance business.	An Insurance agent	Any person carrying on insurance business, located in the taxable territory.
8	Services supplied by a recovery agent to a banking company or a financial institution or a non-banking financial company.	A recovery agent	A banking company or a financial institution or a non-banking financial company, located in the taxable territory.
9	Supply of services by an author, music composer, photographer, artist or the like by way of transfer or permitting the use or enjoyment of a copyright covered under clause (a) of sub-section (1) of section 13 of the Copyright Act, 1957 relating to	Author or music composer, photographer, artist, or the like	Publisher, music company, producer or the like, located in the taxable territory.

	original literary, dramatic, musical or artistic works to a publisher, Music company, producer or the like.		
--	---	--	--

Applicability in respect of e-commerce operators: Refer discussion under para 9.1 (vi) of the CGST Act for an understanding of the applicability of this provision for e-commerce operators.

- (i) In so far as e-commerce operators are concerned, care must be exercised to determine the nature of business of such operators. Essentially, there are four models of e-commerce business:
- (ii) Market-place – the question of supply by the e-commerce operator does not arise. For this reason, they are liable for TCS under section 52.
- (iii) Fulfillment center – here States have been contesting that this model is one involving ‘buy-sell’ and accordingly liable to GST. The test here is to establish the fact that the supply is by supplier directly to the end customer and not ‘through’ the e-commerce operator.
- (iv) Hybrid (of above 2) – all though not widely prevalent, this is a case where both buy-sell as well as market-place models are employed. It is important for such business to clearly demarcate the two lines-of-business or choose to merge into either of the two so that the respective incidence of tax follows.
- (v) Agency – this is employed by few business involving supply of industrial inputs. The *modus operandi* is that the principal logs-in to the portal and routes the supplies to the end customer. The agreements are so framed that the e-commerce operator becomes responsible for the delivery and collection of payment. This renders the e-commerce Operator to constitute an agency involving handling of the inventory themselves. Such arrangements may be reviewed to ensure the inference of agency . And where such transactions inter se come within the operation of entry 3 of Schedule I of the CGST Act states that transactions between Principal and Agent are treated be a supply and liable to tax. This consequence may be borne in mind even by e-commerce businesses.

Central Government vide *Notification No. 17/2017-Central Tax (Rate) dated 28.06.2017* has notified following category of services, tax on intra state supplies of which shall be paid by e-commerce operator:-

- (i) Services by way of transportation of passengers by radio taxi, motorcab, maxicab & motor cycle;
- (ii) services by way of providing accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes, except where person supplying such service is liable to be registered under Section 22(1) of the CGST Act.

9.3 Comparative review

Under the erstwhile tax laws, Central Excise is levied on 'manufacture of goods', VAT / CST is levied on 'sale of goods' and service tax is charged on 'service provided or agreed to be provided'. Unlike such different incidences, under the GST law, it is 'supply' which would be the taxable event. Under the erstwhile law, e.g.: while stock transfers are liable to Central Excise (if they are removed from the factory), it would not be liable to VAT / CST on production of necessary forms – however, under the GST law, it would be taxable as a 'supply' if such supplies are between distinct persons under section 25(4) or 25(5). Further, free supplies would be liable to excise duty, while under the VAT laws, free supplies would require reversal of input tax credit; under the GST law, the treatment would be similar to the erstwhile VAT laws, where the supplies are made without any consideration (monetary/ otherwise). However, where the free supplies are made between distinct persons or between related persons then such supplies may be regarded as supply under schedule I, para 2.

In the erstwhile law, there are multiple transactions which apparently qualify as both 'sale of goods' as well as 'provision of services'. E.g.: license of software, providing a right to use a brand name, etc. To avoid this situation, GST law clarifies as to whether a transaction would qualify as a 'supply of goods' or as 'supply of services' by introducing a deeming fiction. A transaction composite contracts would either qualify as goods or as services, under the GST law (Schedule II of the Act, concept of composite supply and mixed supply).

The payment of VAT in the hands of the purchaser (registered dealer) on purchase of goods from an unregistered dealer and the circumstances where the Service Tax is payable under the reverse charge mechanism in respect of say, advocate services, import of services, sponsorship services etc. are comparable to the 'reverse charge mechanism' prescribed herein. However, the concept of partial reverse charge/ joint charge is not continuing in the GST regime, viz., every supply will be liable either to forward charge or full reverse charge. Further, under erstwhile law, the concept of reverse charge only exists in relation to services. The GST law, however, permits the supply of goods also to be subjected to reverse charge.

9.4 Related provisions

Section	Description
Section 7 read with Schedule I, II and III	Definition of 'supply'
Section 2(17)	Definition of 'business'
Section 2(107) read with 25 (4) & (5)	Meaning of 'taxable person' and distinct persons
Section 2(31)	Meaning of consideration
Section 2(30) read with Section 2(90)	Meaning of composite supply to be read with Principal supply
Section 2(74)	Meaning of mixed supply
Section 49	Payment of tax

Section	Description
Section 8	Meaning of intra-State supplies
Section 5	Levy and collection of IGST

9.5 FAQ

Q1. Is the reverse charge mechanism applicable only to services?

Ans. No, reverse charge applies to supplies of both goods and services.

Q2. What will be the implications in case of purchase of goods from unregistered dealers?

Ans. The receiver of goods would be liable to pay tax under reverse charge.

Q3. In respect of exchange of goods, namely gold watch for restaurant services, will the transaction be taxable as two different supplies or will it taxable only in the hands of the main supplier?

Ans. Yes, the transaction of exchange is specifically included in the scope of “supply” under Section 7. Thus, exchange could be taxable both ways. Provided the person exchanging gold watch is in the business of selling watches (A different view can also be possible. It depends on the facts of the case).

Q4. Whether money is included in service?

Ans. No, money is not included in definition of service.

Q5. What are examples of ‘disposals’ as used in ‘supply’?

Ans. “Disposals” could include donation in kinds or supplies in a manner other than sale.

Q6. Will a not-for-profit entity be liable to tax on any supplies effected by it – e.g.: supply of assets received as donation?

Ans. Yes, it would be liable to tax on value as may be determined under Section 15, for said sale of donated assets.

9.6 MCQ

Q1. As per Section 9, which of the following would attract levy of CGST?

- (a) Inter-state supplies
- (b) Intra-state supplies
- (c) Any of the above
- (d) None of the above

Ans. (b) Intra-state supplies

Q2. Which of the following forms of supply are included in Schedule I?

- (a) Permanent transfer of business assets on which input tax credit has been claimed
- (b) Agency transactions
- (c) Barter

Ans. (a) Permanent transfer of business assets on which input tax credit has been claimed

Q3. Who can notify a transaction to be supply of 'goods' or 'services'?

- (a) Board
- (b) Central Government
- (c) GST Council
- (d) None of the above

Ans. (b) Central Government

Statutory Provision

10. Composition levy

- (1) Notwithstanding anything to the contrary contained in this Act but subject to the provisions of sub-sections (3) and (4) of section 9, a registered person, whose aggregate turnover in the preceding financial year did not exceed fifty lakh rupees, may opt to pay, in lieu of the tax payable by him, an amount calculated at such rate as may be prescribed, but not exceeding, —
- (a) one per cent. of the turnover in State or turnover in Union territory in case of a manufacturer,
 - (b) two and a half per cent. of the turnover in State or turnover in Union territory in case of persons engaged in making supplies referred to in clause (b) of paragraph 6 of Schedule II, and
 - (c) half per cent. of the turnover in State or turnover in Union territory in case of other suppliers, subject to such conditions and restrictions as may be prescribed:
subject to such conditions and restrictions as may be prescribed:
Provided that the Government may, by notification, increase the said limit of fifty lakh rupees to such higher amount, not exceeding one crore rupees, as may be recommended by the Council.
- (2) The registered person shall be eligible to opt under sub-section (1), if: —
- (a) he is not engaged in the supply of services other than supplies referred to in clause (b) of paragraph 6 of Schedule II;
 - (b) he is not engaged in making any supply of goods which are not leviable to tax under this Act;
 - (c) he is not engaged in making any inter-State outward supplies of goods;
 - (d) he is not engaged in making any supply of goods through an electronic commerce operator who is required to collect tax at source under section 52; and
 - (e) he is not a manufacturer of such goods as may be notified by the Government on the recommendations of the Council:

Provided that where more than one registered persons are having the same Permanent Account Number (issued under the Income-tax Act, 1961), the registered person shall not be eligible to opt for the scheme under sub-section (1) unless all such registered persons opt to pay tax under that sub-section.

- (3) The option availed of by a registered person under sub-section (1) shall lapse with effect from the day on which his aggregate turnover during a financial year exceeds the limit specified under sub-section (1).
- (4) A taxable person to whom the provisions of sub-section (1) apply shall not collect any tax from the recipient on supplies made by him nor shall he be entitled to any credit of input tax.
- (5) If the proper officer has reasons to believe that a taxable person has paid tax under sub-section (1) despite not being eligible, such person shall, in addition to any tax that may be payable by him under any other provisions of this Act, be liable to a penalty and the provisions of section 73 or section 74 shall, *mutatis mutandis*, apply for determination of tax and penalty.

Relevant Rules relating to Composition levy as provided in CGST Rules, 2017

Rule 3 - Intimation for composition levy

- (1) Any person who has been granted registration on a provisional basis under clause (b) of sub-rule (1) of rule 24 and who opts to pay tax under section 10, shall electronically file an intimation in FORM GST CMP-01, duly signed or verified through electronic verification code, on the common portal, either directly or through a Facilitation Centre notified by the Commissioner, prior to the 1st July 2017, but not later than thirty days after 1st July 2017 or such further period as may be extended by the Commissioner in this behalf.

Provided that where the intimation in FORM GST CMP-01 is filed after 1st July 2017, the registered person shall not collect any tax from 1st July 2017 but shall issue bill of supply for supplies made after said date.

- (2) Any person who applies for registration under sub rule (1) of rule 8 may give an option to pay tax under Section 10 in Part B of **FORM GST-01** which shall be considered as an intimation to pay tax under the said section.
- (3) Any registered person who opts to pay tax under section 10 electronically file an intimation in **FORM GST CMP-02** duly signed or verified through electronic verification code, on the common portals, either directly or through a Facilitation Centre notified by the Commissioner, prior to the commencement of the financial year for which the option to pay tax under the aforesaid section is exercised and shall furnish the statement in **FORM GST ITC-03** in accordance with the provisions of sub-rule (4) of rule 44 within a period of sixty days from the commencement of the relevant financial year.
- (4) Any person who files an intimation under sub rule (1) to pay tax under section 10 shall furnish the details of stock, including the inward supply of goods received from

unregistered persons, held by him on the day preceding the date from which he opts to pay tax under the said section, electronically, in **FORM GST CMP-03**, on the common portal, either directly or through a Facilitation Centre notified by the commissioner, within a period of sixty days from the date on which the option for composition levy is exercised or within such further period as may be extended by the commissioner in this behalf.

- (5) Any intimation under sub rule (1) or sub rule (3) in respect of any place of business in any state or Union territory shall be deemed to be an intimation in respect of all other places of business registered on the same Permanent Account Number.

Rule 4- Effective date for Composition levy:

- (1) The option to pay tax under section 10 shall be effective from the beginning of the Financial year, where the intimation is filed under sub rule (3) of rule 3 and the appointed day where the intimation is filed under sub rule (1) of the said rule.
- (2) The intimation under sub rule (2) of rule 3, shall be considered only after the grant of registration to the applicant and his option to pay tax under section 10 shall be effective from the date fixed under sub-rule (2) or (3) of rule 10.

Rule 5- Conditions and restrictions for composition levy:

- (1) The person exercising the option to pay tax under section 10 shall comply with the following conditions, namely
- a) He is neither a casual taxable person nor a non-resident taxable person;
 - b) The goods held in stock by him on 1st July 2017 have not been purchased in the courses of inter-state trade or commerce or imported from a place outside India or received from his branch situated the State or from his agent or principal outside the State, where the option is exercised under sub-rule (1) of rule 3;
 - c) The goods held in stock by him have not been purchased from an unregistered supplier and where purchased, he pays the tax under sub-section (4) of section 9;
 - d) He shall pay tax under sub-section (3) or sub-section (4) of section 9 on inward supply of goods or services or both;
 - e) He was not engaged in the manufacture of goods as notified under clause (E) of sub-section (2) of section 10, during the preceding financial year;
 - f) He shall mention the words 'Composition taxable person, not eligible to collect tax on supplies' at the top of the bill of supply issued by him; and
 - g) He shall mention the words "Composition taxable person" on every notice or signboard displayed at a prominent place at his principal place of business and at every additional place or places of business.
- (2) The registered person paying tax under section 10 may not file a fresh intimation every year and he may continue to pay tax under the said section subject to the provisions of the Act and these rules.

Rule 6- Validity of Composition levy:

- (1) The option exercised by a registered person to pay tax under section 10 shall remain valid so long as he satisfies all the conditions mentioned in the said section and under these rules.
- (2) The person referred to in sub-rule (1) shall be liable to pay tax under sub-section (1) of section 9 from the day he ceases to satisfy any of the conditions mentioned in section 10 or the provisions of this chapter and shall issue tax invoice for every taxable supply made thereafter and he shall also file an intimation for withdrawal from the scheme in FORM **GST CMP-04** within seven days of the occurrence of the event.
- (3) The registered person who intends to withdraw from the composition scheme shall, before the date of such withdrawal, file an application in FORM **GTS CMP-04**, duly signed or verified through electronic verification code, electronically on the common portal.
- (4) Where the proper officer has reasons to believe that the registered person was not eligible to pay tax under section 10 or has contravened the provisions of the Act or provisions of this chapter, he may issue a notice to such person in **FORM GST CMP-05** to show cause within fifteen days of the receipt of such notice as to why the option to pay tax under section 10 shall not be denied.
- (5) Upon receipt of the reply to the show cause notice issued under sub-rule (4) from the registered person in FORM **GST CMP-06**, the proper office shall issue an order in FORM **GST CMP-07** within a period of thirty days of the receipt of such reply, either accepting the reply, or denying the option to pay tax under section 10 from the date of the option or from the date of the event concerning such contravention, as the case may be.
- (6) Every person who has furnished an intimation under sub-rule (2) or filed an application for withdrawal under sub rule (3) or a person in respect of whom an order of withdrawal of option has been passed in **FORM GST CMP-07** under sub-rule (5), may electronically furnish at the common portal, either directly or through a Facilitation Centre notified by the Commissioner, a statement in **FORM GST ITC-01** containing details of the stock of inputs and inputs contained in semi-finished or finished goods held in stock by him on the date on which the option is withdrawn or denied, within a period of thirty days from the date from which the option is withdrawn or from the date of the order passed in **FORM GST CMP-07**, as the case may be
- (7) Any intimation or application for withdrawal under sub-rule (2) or (3) or denial of the option to pay tax under section 10 in accordance with sub-rule (5) in respect of any place of business in any State or Union territory, shall be deemed to be an intimation in respect of all other places of business registered on the same Permanent Account Number.

Rule 7: Rate of tax of the composition levy

The category of registered persons, eligible for composition levy under section 10 and the provision of this Chapter, specified in column (2) of the Table below shall pay tax under section 10 at the rate specified in column (3) of the said Table:

SI. No.	Category of registered persons	Rate of tax
1	Manufacturers, other than manufacturers of such goods as may be notified by the Government	one per cent.
2	Suppliers making supplies referred to in clause (b) of paragraph 6 of Schedule II	two and a half per cent.
3	Any other supplier eligible for composition levy under section 10 and the provisions of this Chapter	half per cent.

10.1 Introduction

This provision deals with the composition scheme for payment of tax by eligible taxable persons, subject to certain conditions. The conditions, restrictions, procedures and the documentation are contained in the Chapter II of the Central Goods and Service Tax Rules, 2017 from Rule 3 to Rule 7 (Composition Rules).

10.2 Analysis**Composition scheme is an option:**

Tax payment under this scheme is an option available to the taxable person. This scheme would be available only to certain eligible taxable persons (conditions / criteria discussed). The taxable person should make an application exercising his option to pay tax under this scheme. There are three possibilities in which such option can be exercised:

- (a) Taxable Person migrating from old registration to GST registration: Exercising Option in Form GST CMP 01 prior to appointed date or within 30 days after the appointed date. In this case, the option to pay tax under composition scheme shall be effective from the appointed date. This date has further been extended to 16th August 2017.
- (b) Taxable Person obtaining new registration under GST laws: Such option can be exercised at the time of obtaining registration under section 22 in Part B of Form GST-REG-1. In this case, the option to pay tax under composition scheme shall be effective from the effective date of registration.
- (c) Taxable Person paying tax under normal levy in one financial year and wants to opt for composition scheme in next financial year, under the GST regime – Such option can be exercised by filing intimation in Form GST CMP 02 prior to commencement of the year for which the option to pay tax under composition scheme is exercised. In this case, the option to pay tax under composition scheme shall be effective from the beginning of the financial year. In such case, provisions of section 18(4) shall become applicable and person shall be required to file statement containing details of stock and inward supply of goods received from un-registered persons, held in stock, on the date immediately

preceding the date from which he opts for composition levy, in Form GST CMP 03 within 60 days of the date from which such option is exercised.

Once granted, the eligibility would be valid unless the permission is cancelled or is withdrawn or the person becomes ineligible for the scheme.

Scheme will be applicable for all goods:

Composition scheme may be opted for by taxable persons, in respect of supply of any goods (without any reference to classification or type of goods). The option of the scheme will be qua-taxable person and not qua-class of goods – once opted it will be applicable for all supplies by the taxable person; it must be noted that a taxable person **cannot** opt for payment of taxes under composition scheme, say for supply of one class of goods and opt for regular scheme of payment of taxes for supply of other classes of goods or services.

Suppliers who are engaged in making any supply of goods which are not leviable to tax under CGST/SGST (UTGST) Act are not entitled to avail composition scheme. Hence, suppliers supplying alcoholic liquor for human consumption, petroleum crude, high speed diesel, motor spirit (petrol), natural gas and aviation turbine fuel, or making inter-state outward supply of goods on which tax is levied under IGST Act are apparently not eligible for composition scheme. Besides, supplier engaged in making any supply of goods through an electronic commerce operator who is required to collect tax at source under section 52 is also not eligible for this scheme. The scheme is also not applicable to the manufacturers of notified goods (i.e. goods which are notified by the Government on recommendations of the Council).

As per *Notification No. 08/2017 - Central Tax dated 27.06.2017*, registered person who are engaged in manufacture of ice cream and other edible ice, whether or not containing cocoa (Chapter heading 21050000), pan masala (Chapter heading 21069020), all goods of Chapter 24 i.e. Tobacco and manufactured tobacco substitutes are not eligible to opt for Composition Scheme.

Composition scheme is not available for services:

Suppliers of services are excluded from opting to pay tax under composition scheme, except composite supply, by way of or as a part of any service, 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) which is deemed to be a service under Schedule II, Para 6 (b) (i.e. food/restaurant services).

One School of thought is that if any interest income (particularly in a proprietorship firm) will be deemed to be a supply against service under GST and therefore, any registered person receiving interest income in course of furtherance of business shall be deemed to be supplying services. Thus, such registered person shall not be eligible for opting composition scheme. It is recommended that proper caution should be taken in the business entities and interest on FDRs or interest income from banks should not be there if one wants to avail composition scheme.

Rate of tax:

The rate of tax would be as under:

- (a) 2% (CGST+SGST) of the turnover in the State/UT in case of manufacturers.
- (b) 5% (CGST+SGST) of the turnover in the State/UT in case of food/restaurant services.
- (c) 1% of the turnover in the State/UT in case of other suppliers (like traders / agents)

Eligibility to pay tax under composition scheme:

Only taxable persons whose 'aggregate turnover' (aggregate of turnover in all States) does not exceed Rs. 75 lacs or Rs. 50 lacs, as the case may be in the preceding financial year will be eligible to opt for payment of tax under the composition scheme.

Since the composition scheme is applicable only in respect of persons making intra-state supply, in terms of Section 2(6) of the CGST Act, 2017 'aggregate turnover in a State' means '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 all persons having the same PAN, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess. The permission granted for paying tax under this scheme would stand withdrawn from the day on which this threshold limit is exceeded.

The Government, by notification and with recommendation of Council, is empowered to increase this threshold limit up to Rs.1 crore.

Notification No. 08/2017 - Central Tax dated 27.06.2017 has been issued so as to increase the threshold limit for opting composition scheme from **Rs. 50 lacs to Rs. 75 lacs** except when the eligible registered person is in the following States: -

- | | | |
|---|---|---|
| <ul style="list-style-type: none"> a) Arunachal Pradesh, b) Assam, c) Manipur, d) Meghalaya, e) Mizoram, f) Nagaland, g) Sikkim, h) Tripura, i) Himachal Pradesh | } | <p><i>Threshold limit of Rs. 50 lakhs
would be applicable for these
states under Composition</i></p> |
|---|---|---|

The threshold of Rs. 75 lacs & Rs.50 lacs would be applicable to a person having the same PAN and should be understood as follows:

- All taxable persons covered by the same PAN shall be under composition across India. Any intimation of option to avail composition scheme in respect of any place of business in any State or UT shall be deemed to be an intimation in respect of all other places of business registered on the same PAN;

- Goods supplied by the person which are chargeable to tax on reverse charge basis will not be includable in computing the aggregate turnover; such inward supplies will be liable to tax in the hands of the composition dealer, as it will be liable to tax when received by non-composition taxable persons.
- Will include value of supply of goods in all forms (supply of goods simplicitor and mixed and composite supplies which are taxed as supply of goods);
- Will include value of supplies of all business verticals of the same taxable person.

Conditions for opting to pay tax under composition scheme:

- (i) **Restricted from making supply of goods which are not liable to GST:** Certain goods are not liable to GST, e.g. petroleum, alcohol for human consumption, etc. - a person opting for composition scheme shall not be entitled to make any supply of non-GST goods. A plain reading of the proviso to Section 9(1) would imply that the restriction on supplies would be applicable only to sales / dispatches (outwards supplies).
- (ii) **Restricted from effecting inter-State outward supplies:** The taxable person should not affect any inter-State outward supplies. This means that even stock transfers to branches outside the State would not be permitted. However, insofar as it relates to inter-State inward procurements / receipts, there is no restriction.
To explain further, where a taxable person effects inter-State barter transaction (supply) or inter-State warranty contract (supply), he will not be eligible to opt for composition scheme.
- (iii) **Restricted from making supplies through an e-commerce operator:** A person opting for composition scheme is not allowed to affect any supply of goods through an e-commerce portal, unless such portal is owned by the same person.
- (iv) **Restriction on manufacture of notified goods:** The person opting for the scheme should not be a manufacturer of certain goods as are notified in this regard as follows. However, there is no restriction in case the person is engaged in trading of such goods.
 - i) Ice cream and other edible ice, whether or not containing cocoa
 - ii) Pan masala
 - iii) All goods, i.e. Tobacco and manufactured tobacco substitutes
 Similar provision has also been issued under UTGST vide Notification No. 2/2017-Union Territory Tax dt. 27-06-2017.
- (v) **Would be applicable for all transactions under the same PAN:** Composition scheme would become applicable for all the business verticals having separate registrations within the State and all other registrations outside the State which are held by the person with same PAN.

To clarify further, if a taxable person has multiple business verticals and if he has opted for separate registrations for each such vertical, composition scheme would become applicable for all the business verticals and it cannot be applied for select verticals only.

e.g.: If a taxable person has the following businesses separately registered:

- Sale of footwear (Registered in Karnataka)
- Sale of mobiles (Registered in Karnataka)
- Franchisee of McDonalds (Registered in Kerala)

In the above scenario, the composition scheme would be applicable for all the 3 units. Taxable person will not be eligible to opt for composition scheme say for sale of footwear and sale of mobiles and opt to pay taxes under the regular scheme for franchisee of McDonalds.

- (vi) **Shall not collect tax:** Taxable person opting to pay tax under the composition scheme is prohibited from collecting tax on the outward supplies.
- (vii) **Not entitled to input tax credit:** Taxable person opting to pay tax under the composition scheme will not be eligible to claim any input tax credits.

However, if the taxable person becomes ineligible to remain under composition scheme, the taxable person will become entitled to take input tax in respect of inputs held in stock (as inputs, contained in semi-finished or finished goods) on the day immediately preceding the date from which he becomes liable to pay tax under Section 9. (Refer Section 18(1)(c) for the provision. A statement of stock shall be filed in Form GST ITC-1 within 30 days from the date from which the option is withdrawn or the order cancelling the composition option is passed).

- (viii) **Additional conditions under the Rules:** The following additional conditions are prescribed in the CGST Rules related to composition, in order to be eligible for the composition scheme
- Not applicable to persons who are casual taxable persons or non-resident taxable persons.
 - In case of migration of old registration into registration under GST, option to avail composition scheme under GST can be exercised only if the goods held in stock by such taxable person, on the appointed day have not been purchased in the course of inter-state trade or commerce or imported from a place outside India or received from his branch situated outside the State, or from his agent or principal outside the State.

Composition scheme not applicable for tax payable under RCM: It is important to note that for any tax payable under reverse charge mechanism, the option of payment under this scheme will not be available. In other words, a taxable person opting for composition scheme will be required to pay tax on supplies taxable under RCM at regular rates and not the composition rate. Further, such person shall not be eligible to claim Input tax credit of tax so paid under reverse charge mechanism.

Withdrawal of application under composition scheme:

The registered taxable person who intends to withdraw from the composition scheme shall before the date of such withdrawal, file an application in Form GST CMP 04. Where the option of composition scheme is lapsed due to non-compliance of any of the eligibility conditions under Section 10 or rules made thereunder, then taxable person shall file an intimation of withdrawal in the same Form GST CMP 04 within 7 days of the occurrence of event leading to disability under the scheme. An intimation for withdrawal or cancellation of permission in respect of any place of business in a State or UT shall be deemed to be an intimation in respect of all other places of business registered on the same PAN.

Cancellation of permission:

Where the proper officer has reasons to believe that the taxable person was not eligible to the composition scheme, the proper officer may cancel the permission and demand the following:

- Differential tax and interest – viz., tax payable under the other provisions of the Act after deducting the tax paid under composition scheme
- Penalty determined based on the demand provisions under Section 73 or 74.

However, it is essential that a show cause notice is issued and the taxable person is afforded an opportunity of being heard before proceeding with the demand. Such show cause notice shall be issued in Form GST CMP 05. The reply to such notice shall be filed in Form GST CMP 07. On receipt of such reply, the proper officer shall within 30 days of receipt of such reply, either accept the reply or deny the option to pay tax under section 10 from the date of option or from the date of event occurring the contravention of section 10 or rules thereunder, by passing an order in Form GST CMP 07.

Please note:

Exemption under CGST Act	Deemed to exempt under SGST Act
	Deemed to exempt under UTGST Act
Exemption under IGST Act	No auto-application of exemption

10.3 Comparative review

Under the erstwhile tax laws, the scheme of composition is provided for in most State level VAT laws. The conditions prescribed under the GST law for composition scheme is broadly comparable to the conditions / restrictions under the State level VAT laws.

10.4 Related provisions

Section	Description	Remarks
Section 9(3) & (4)	Levy of CGST	This is the other charging Section for levy of tax payable on reverse charge by person receiving goods and/ or services and is not withstanding the regular tax payable under Section 9
Section 2(6)	Meaning of 'aggregate turnover'	Only if the value of aggregate turnover is less than 75/ 50 lacs, composition scheme can be opted for

Section	Description	Remarks
Section 2(112)	Meaning of 'turnover in a State'	The composition rate of tax will be payable on the 'turnover in a State'
Sections 73, 74	Demand provisions	These provisions would determine the quantum of penalty, if any

10.5 FAQ

- Q1. Can the composition tax be lower than 1%?
Ans. No. Composition tax cannot be lower than 1%.
- Q2. Will a taxable person be eligible to opt for composition scheme only for one out of 3 business verticals?
Ans. No. Composition scheme would become applicable for all the business verticals / registrations which are separately held by the person with same PAN.
- Q3. Can composition scheme be availed if the taxable person effects inter-State supplies?
Ans. No. Composition scheme is applicable subject to the condition that the taxable person does not affect inter-state outward supplies.
- Q4. Can the taxable person under composition scheme claim input tax credit?
Ans. No. Taxable person under composition scheme is not eligible to claim input tax credit.
- Q5. Can the customer who buys from a taxable person who is under the composition scheme claim composition tax as input tax credit?
Ans. No. customer who buys goods from taxable person who is under composition scheme is not eligible for composition input tax credit.
- Q6. Can composition tax be collected from customers?
Ans. No. The taxable person under composition scheme is restricted from collecting tax.
- Q7. What is the threshold for opting to pay tax under the composition scheme?
Ans. The threshold for composition scheme is upto 75 Lakhs of aggregate turnover in the preceding financial year and Rs. 50 lakhs for special category states except for Uttarakhand.
- Q8. How to compute 'aggregate turnover' to determine eligibility for composition scheme?
Ans. The methodology to compute aggregate turnover is given in Section 2(6). However, since composition scheme is applicable only to suppliers making intra-state supplies, 'aggregate turnover' means '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 or inter-state supplies of a person having the same PAN (i.e., across India) excluding CGST, IGST, SGST, UGST and cess.
- Q9. What does a person having the same PAN mean?
Ans. "Person having the same PAN" means all the units across India having the same PAN as is issued under the Income Tax Law.

Q10. What are the penal consequences if a taxable person is not eligible for payment of tax under the Composition scheme?

Ans. Taxable person who is not eligible for the said scheme, could be imposed penalty as determined under Section 73 or 74.

Q11. What happens if a taxable person who has opted to pay taxes under the composition scheme crosses the threshold limit of ₹75 lakhs during the year?

Ans. In such case, from the day the taxable person crosses the threshold, the permission granted earlier is deemed to stand withdrawn, and he shall be liable to pay taxes under the regular scheme i.e. section 9 from such day.

Statutory Provision

11. Power to grant exemption from tax

(1) Where the Government is satisfied that it is necessary in the public interest so to do, it may, on the recommendations of the Council, by notification, exempt generally, either absolutely or subject to such conditions as may be specified therein, goods or services or both of any specified description from the whole or any part of the tax leviable thereon with effect from such date as may be specified in such notification.

(2) Where the Government is satisfied that it is necessary in the public interest so to do, it may, on the recommendations of the Council, by special order in each case, under circumstances of an exceptional nature to be stated in such order, exempt from payment of tax any goods or services or both on which tax is leviable.

(3) The Government may, if it considers necessary or expedient so to do for the purpose of clarifying the scope or applicability of any notification issued under sub-section (1) or order issued under sub-section (2), insert an *explanation* in such notification or order, as the case may be, by notification at any time within one year of issue of the notification under sub-section (1) or order under sub-section (2), and every such *explanation* shall have effect as if it had always been the part of the first such notification or order, as the case may be.

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

11.1 Introduction

This provision confers powers on the Central Government to exempt either absolutely or conditionally goods or services or both of any specified description from whole or part of the central tax, on the recommendations of the Council. It also confers power on the Central Government to exempt from payment of tax any goods or services or both, by special order, on recommendation of the Council.

11.2 Analysis

The Central or the State Governments are empowered to grant exemptions from tax, subject to the following conditions:

- (i) Exemption should be in public interest
- (ii) By way of issue of notification
- (iii) On recommendation from the Council
- (iv) Absolute / conditional exemption may be for any goods and / or services
- (v) Exemption by way of special order (and not notification) may be granted by citing the circumstances which are of exceptional nature.

Central Government vide *Notification No. 09/2017-Central Tax (Rate) dated 28.06.2017* has exempted intra-State supplies of goods or services or both received by a deductor under section 51 of the said Act, from any supplier, who is not registered, from the whole of the central tax leviable thereon under sub-section (4) of section 9 of the said Act, subject to the condition that the deductor is not liable to be registered otherwise than under sub-clause (vi) of section 24 of the said Act.

Further, Central Government vide *Notification No. 10/2017-Central Tax (Rate) dated 28.06.2017* has exempted intra-State supplies of second hand goods received by a registered person, dealing in buying and selling of second hand goods and who pays the central tax on the value of outward supply of such second hand goods as determined under sub-rule (5) of rule 32 of the Central Goods and Services tax Rules, 2017, from any supplier, who is not registered, from the whole of the central tax leviable thereon under sub-section (4) of section 9 of the Central Good and Services Tax Act, 2017

- (vi) The registered person supplying the goods or services or both shall not collect the tax more than the effective rate as exempted by the Government.

With specific reference to the fourth condition indicated above, it is important to note that the exemption would be in respect of goods or services or both, and not specifically for any classes of persons. E.g.: An absolute exemption could be granted in respect of supply of water. A conditional exemption could be supply of goods to canteen stores department.

From the explanation provided, there is one school of thought wherein it is opined / understood that in case of conditional exemptions, there is an option available to the taxable person to pay the tax (by which way, there would be no requirement for input tax credit reversals). However, an absolute exemption is required to be followed mandatorily. The other view is that neither of the exemptions are optional but are mandatory when the conditions relating to the exemption are satisfied.

In terms of sub-Section (2), the Government may issue a special order on a case-to-case basis exempting from payment of tax. The circumstances of exceptional nature would also have to be specified in the special order.

To provide more clarity to explain the exemption notification or the special order, it is provided that the Government may issue an "Explanation" at any time within a period of 1 year from the date of notification or special order. The effect of this "Explanation" would be retrospective, viz., from the effective date of the relevant notification or special order.

Effective date of the notification or special order:

The effective date of the notification or the special order would be date which is so mentioned in the notification or special order. However, if no date is mentioned therein, it would be:

- Date of its issue for publication in the official gazette;
- Date on which it is made available on the official website of the Government Department

Illustrations for Absolute Exemptions:

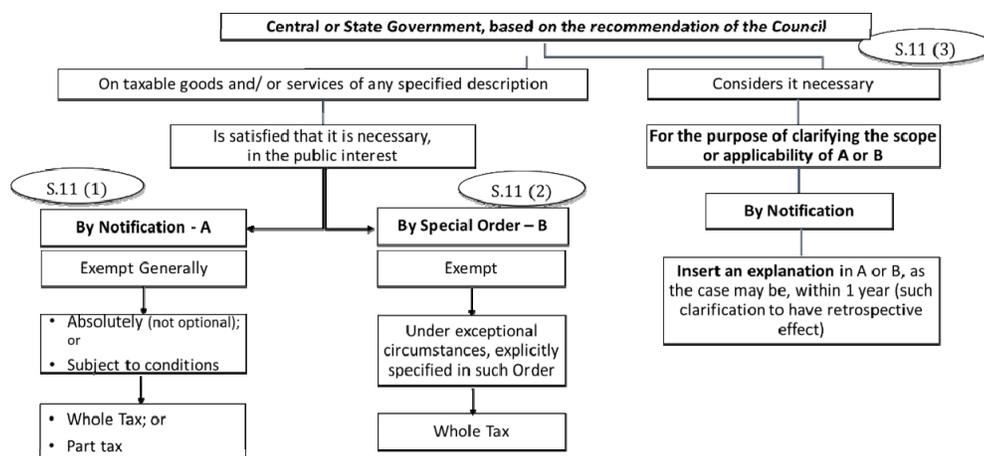
1. The Central Government has exempted the tax payable under the CGST / UTGST / IGST Acts by any taxable person on supply of "salt" with effect from 01.07.2017.
2. Transmission or distribution of electricity by an electricity transmission or distribution utility.

Illustrations for Conditional Exemptions:

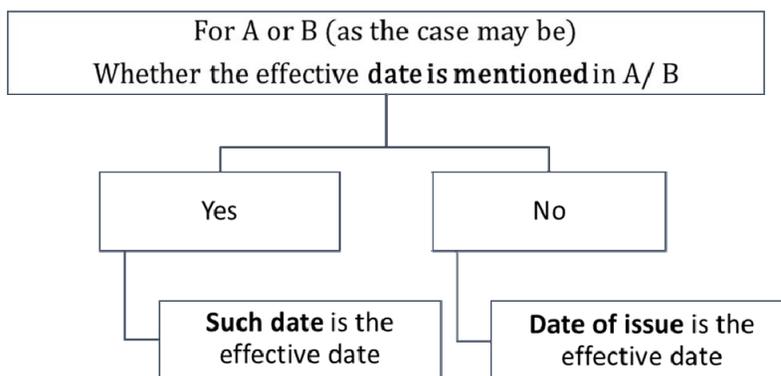
1. The Central Government has exempted the tax payable under the CGST/ UTGST/ IGST Acts by any taxable person on supply of "Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation less than Rs. 1000/- per day".

The analysis of above provision in a pictorial form is summarised as follows:

Power to grant exemptions: Sec. 11



For the purpose Section 11, the effective date or date of issue of the Notification or Order, is determined as under:



Notification No.	Particulars	Comments
02/2017 - Central Tax (Rate) dated 28.06.2017	Exempted supplies of around 149 items of goods in terms of Section 11(1) of the CGST Act, 2017. Ex. Electricity, Salt, fresh fruits, plastic bangles, passenger baggage etc.	Parallel notification under IGST also. Notification no. is also same
Notification No. 03/2017- Central Tax (Rate) dated 28.06.2017	Goods specified in the List annexed required in connection with various kinds of petroleum operations undertaken are given concessional rate i.e. at the rate of 2.5% under CGST i.e. 5% IGST.	Parallel notification under IGST also. Notification no. is also same.
Notification No. 07/2017- Central Tax (Rate) dated 28.06.2017	Exemption to supplies by CSD to Unit Run Canteens and supplies by CSD / Unit Run Canteens to authorised customers	Parallel notification under IGST also. Notification No. is also same.
Notification No. 08/2017- Central Tax (Rate) dated 28.06.2017	Exemption granted from levy of CGST under RCM on supplies received from unregistered persons. (if value of supplies does not exceed Rs. 5000 from any or all the suppliers in a day)	No such exemption under IGST.
Notification No. 09/2017- Central Tax (Rate) dated 28.06.2017	Exemption granted to supplies to a TDS deductor by a unregistered supplier	This exemption notification is not available under IGST (Rate).
Notification No. 10/2017 - Central Tax	Exemption to Supplies of second hand goods received by registered person dealing in buying & selling of second hand goods from	This exemption notification is not available under IGST

(Rate) dated 28.06.2017	unregistered person provided the dealer pays central tax on supply of such second-hand goods as per Valuation Rules	(Rate).
Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017	Exemption to supply of 81 services under CGST Act. More or less, all the exemptions were available earlier also in service tax law	This Notification No. 9/2017-IGST (Rate) dated 28.06.2017. Under IGST Exemption to supply 84 services.

Sec. 11 – Illustration I

Notification issued u/s 11(1): Conditional, partial exemption

- Intra state supplies of goods or services or both by a registered person from an unregistered person is exempted from payment of tax under reverse charge provided the aggregate value of such supplies received by a registered person from all or any of the suppliers does not exceed Rs. 5000/- in a day.

Notification No. 08/2017-Central Tax (Rate) dated 28.06.2017

Sec. 11 – Illustration II

Notification issued u/s 11(1): Absolute exemption

Exemption to following taxable services from tax leviable thereon:

- Services by way of renting of residential dwelling for use as residence.
- Services by Reserve Bank of India.
- Services by a veterinary clinic in relation to health care of animals or birds.
- This notification has come into force on the 1st day of July 2017

Notification No. 12/2017 - Central Tax (Rate) dt.28.06.2017

11.3 Exemptions to Goods

Exemption has been given to Intra State Supplies of certain goods vide Notification No. 02/2017-Central Tax (Rate), dt. 28-06-2017 as rectified vide Corrigendum dated July 12, 2017 and July 27, 2017 and Inter State Supplies of Goods vide 02/2017-Integrated Tax (Rate), dt. 28-06-2017 as rectified vide Corrigendum dated July 12, 2017 and July 27, 2017. Exemption under UTGST Act to Intra State Supplies has been given vide Notification No. 02/2017-Union Territory Tax (Rate), dt. 28-06-2017 as rectified vide Corrigendum dated July 12, 2017 and July 27, 2017. Respective States have also issued their exemption Notifications to notify exempted goods. The list of Exempted goods is appended as Annexure I to this Chapter:

11.4 Exemptions to Services

Exemption has been given to Intra State Supplies of certain Services vide Notification No. 12/2017-Central Tax (Rate), dt. 28-06-2017 and Inter State Supplies of Goods vide 09/2017-Integrated Tax (Rate), dt. 28-06-2017. Exemption under UTGST Act to Intra State Supplies

has been given vide Notification No. 12/2017-Union Territory Tax (Rate), dt. 28-06-2017. Respective States have also issued their exemption Notifications to notify exempted services. The list of Exempted Services is appended as Annexure II to this Chapter

11.5 Comparative review

The provisions relating to exemption are broadly similar to the exemption provisions under the erstwhile tax regime. There are no significant differences.

11.6 FAQ

Q1. When exemption from whole of tax leviable on goods and/or services has been granted unconditionally, can taxable person pay tax?

Ans. No, the taxable person providing goods and/or services shall not pay the tax on such goods and/or services in respect of those supplies which are notified for absolute exemptions.

Q2. Under what circumstances can a special order be issued?

Ans. The Government may in public interest, issue a special order on recommendation of GST council, to exempt from payment of tax, any goods and/or services on which tax is leviable. The circumstances of exceptional nature would also have to be specified in the special order.

11.7 MCQ

Q1. Which of the following can be issued by Central Government/ State Government to exempt goods and/or services on which tax is leviable in exceptional cases?

- (a) Exemption Notification
- (b) Special order
- (c) Other notifications
- (d) None of the above

Ans. (b) Special Order

Annexure- I**List of Exempted Goods**

S. No.	Tariff	Description of Goods
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 Gallus domesticus, 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.
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]
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]

S. No.	Tariff	Description of Goods
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
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
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.
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.
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	Curd; Lassi; Butter milk
27.	0406	Chena or paneer, other than put up in unit containers and bearing a registered brand name;
28.	0407	Birds' eggs, in shell, fresh, preserved or cooked
29.	0409	Natural honey, other than put up in unit container and bearing a registered brand name
30.	0501	Human hair, unworked, whether or not washed or scoured; waste of human hair
31.	0506	All goods i.e. 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.e. 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

S. No.	Tariff	Description of Goods
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.
43.	0709	Other vegetables, fresh or chilled.
44.	0712	Dried vegetables, whole, cut, sliced, broken or in powder, but not further prepared.
45.	0713	Dried leguminous vegetables, shelled, whether or not skinned or split [other than put up in unit container and bearing a registered brand name] ¹
46.	0714	Manioc, arrowroot, salep, Jerusalem artichokes, sweet potatoes and similar roots and tubers with high starch or inulin content, fresh or chilled; sago pith.
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	Other nuts, Other nuts, fresh such as Almonds, Hazelnuts or filberts (<i>Corylus spp.</i>), walnuts, Chestnuts (<i>Castanea spp.</i>), Pistachios, Macadamia nuts, Kola nuts (<i>Cola spp.</i>), Areca 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,

¹ Rectified vide Corrigendum dated July 12, 2017

S. No.	Tariff	Description of Goods
		including pomelos, Lemons (Citrus limon, Citrus limonum) and limes (Citrus aurantifolia, Citrus latifolia), fresh.
53.	0806	Grapes, fresh
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.
58.	0814	Peel of citrus fruit or melons (including watermelons), fresh.
59.	7,9 or 10 ²	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 [other than those put up in unit container and bearing a registered brand name]
66.	1002	Rye [other than those put up in unit container and bearing a registered brand name]
67.	1003	Barley [other than those put up in unit container and bearing a registered brand name]
68.	1004	Oats [other than those put up in unit container and bearing a registered brand name]
69.	1005	Maize (corn) [other than those put up in unit container and bearing a registered brand name]

² Rectified vide Corrigendum dated July 27, 2017

S. No.	Tariff	Description of Goods
70.	1006	Rice [other than those put up in unit container and bearing a registered brand name]
71.	1007	Grain sorghum [other than those put up in unit container and bearing a registered brand name]
72.	1008	Buckwheat, millet and canary seed; other cereals such as Jawar, Bajra, Ragji [other than those put up in unit container and bearing a registered brand name]
73.	1101	Wheat or meslin flour [other than those put up in unit container and bearing a registered brand name].
74.	1102	Cereal flours other than of wheat or meslin, [maize (corn) flour, Rye flour, etc.] [other than those put up in unit container and bearing a registered brand name]
75.	1103	Cereal groats, meal and pellets [other than those put up in unit container and bearing a registered brand name]
76.	1104	Cereal grains hulled
77.	1105	Flour, of potatoes [other than those put up in unit container and bearing a registered brand name]
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 tubers of heading 0714 or of the products of Chapter 8 i.e. of tamarind, of singoda, mango flour, etc. [other than those put up in unit container and bearing a registered brand name]
79.	12	All goods of seed quality
80.	1201	Soya beans, 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.

S. No.	Tariff	Description of Goods
86.	1209	Seeds, fruit and spores, of a kind used for sowing.
87.	1210	Hop cones, fresh.
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 sugar cane, 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
93.	1404 90 40	Betel leaves
94.	1701 or 1702	Jaggery of all types including Cane Jaggery (gur) and Palmyra Jaggery
95.	1904	Puffed rice, commonly known as Muri, flattened or beaten rice, commonly known as Chira, parched rice, commonly known as khoi, parched paddy or rice coated with sugar or gur, commonly known as Murki
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
98.	2106	Prasadam supplied by religious places like temples, mosques, churches, gurudwaras, dargahs, etc.
99.	2201	Water [other than aerated, mineral, purified, distilled, medicinal, ionic, battery, de-mineralized and water sold in sealed container]
100.	2201	Non-alcoholic Toddy, Neera including date and palm neera
101.	2202 90 90	Tender coconut water other than put up in unit container and bearing a registered brand name

S. No.	Tariff	Description of Goods
102.	2301 ³ , 2302, 2304, 2305, 2306, 2308, 2309	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
103.	2501	Salt, all types
104.	2716 00 00	Electrical energy
105.	2835	Dicalcium phosphate (DCP) of animal feed grade conforming to IS specification No.5470: 2002
106.	3002	Human Blood and its components
107.	3006	All types of contraceptives
108.	3101	All goods and organic manure [other than put up in unit containers and bearing a registered brand name]
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
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
117.	48 / 4907	Rupee notes when sold to the Reserve Bank of India
118.	4907	Cheques, loose or in book form
119.	4901	Printed books, including Braille books

³ 2301 inserted vide Corrigendum dated July 27, 2017

S. No.	Tariff	Description of Goods
120.	4902	Newspapers, journals and periodicals, whether or not illustrated or containing advertising material
121.	4903	Children's picture, drawing or colouring books
122.	4905	Maps and hydrographic or similar charts of all kinds, including atlases, wall maps, topographical plans and globes, printed
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
131.	5303	Jute fibres, raw or processed but not spun
132.	5305	Coconut, coir fibre
133.	63	Indian National Flag
134.	6703	Human hair, dressed, thinned, bleached or otherwise worked
135.	6912 00 40	Earthen pot and clay lamps
136.	7018	Glass bangles (except those made from precious metals)
137.	8201	Agricultural implements manually operated or animal driven i.e. 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.
138.	8445	Amber charkha
139.	8446	Handloom [weaving machinery]
140.	8802 60 00	Spacecraft (including satellites) and suborbital and spacecraft launch vehicles
141.	8803	Parts of goods of heading 8801

S. No.	Tariff	Description of Goods
142.	9021	Hearing aids
143.	92	Indigenous handmade musical instruments
144.	9603	Muddhas made of sarkanda and phool bahari jhadoo
145.	9609	Slate pencils and chalk sticks
146.	9610 00 00	Slates
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) Vibhuti sold by religious institutions, (vi) Unbranded honey ⁴ (vii) Wick for diya. (viii) Roli (ix) Kalava (Raksha sutra) (x) Chandan tika
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.

⁴ Phrase [Proposed GST Nil] deleted vide Corrigendum dated July 12, 2017.

Annexure- II

List of Exempted Services

S. No.	Description of Services	Remarks
1	Services by an entity registered under section 12AA of the Income-tax Act, 1961 (43 of 1961) by way of charitable activities.	This exemption is same as S.No.6 of Notification No. 25/2012-ST dated 20.06.2012.
2	Services by way of transfer of a going concern, as a whole or an independent part thereof.	This exemption is same as S.No.37 of Notification No. 25/2012-ST dated 20.06.2012.
3	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 or a Governmental 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.	This exemption is same as S.No.25 of Notification No. 25/2012-ST dated 20.06.2012. The entry earlier was restricted to services by way of water supply, public health, sanitation conservancy, solid waste management or slum improvement and up-gradation;
4	Services by Central Government, State Government, Union territory, local authority or governmental authority by way of any activity in relation to any function entrusted to a municipality under article 243 W of the Constitution.	This exemption is same as S.No.39 of Notification No. 25/2012-ST dated 20.06.2012.
5	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.	This exemption is same as S.No.60 of Notification No. 25/2012-ST dated 20.06.2012.
6	Services by the Central Government, State Government, Union territory or local authority excluding the following services— (a) services by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than the Central Government, State Government, Union territory; (b) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an	The said service was there in Negative list

	<p>airport;</p> <p>(c) transport of goods or passengers; or</p> <p>(d) any service, other than services covered under entries (a) to (c) above, provided to business entities.</p>	
7	<p>Services provided by the Central Government, State Government, Union territory or local authority to a business entity with an aggregate turnover of up to twenty lakh rupees (ten lakh rupees in case of a special category state) in the preceding financial year.</p> <p>Explanation.- For the purposes of this entry, it is hereby clarified that the provisions of this entry shall not be applicable to-</p> <p>(a) services-</p> <p>(i) by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than the Central Government, State Government, Union territory;</p> <p>(ii) in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;</p> <p>(iii) of transport of goods or passengers; and</p> <p>(b) services by way of renting of immovable property.</p>	<p>This exemption is same as S.No.48 of Notification No. 25/2012-ST dated 20.06.2012.</p>
8	<p>Services provided by the Central Government, State Government, Union territory or local authority to another Central Government, State Government, Union territory or local authority:</p> <p>Provided that nothing contained in this entry shall apply to services-</p> <p>(i) by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than the Central Government, State Government, Union territory;</p> <p>(ii) in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;</p> <p>(iii) of transport of goods or passengers.</p>	<p>Nil</p>
9	<p>Services provided by Central Government, State</p>	<p>This exemption is same as</p>

	<p>Government, Union territory or a local authority where the consideration for such services does not exceed five thousand rupees:</p> <p>Provided that nothing contained in this entry shall apply to -</p> <p>(i) services by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than the Central Government, State Government, Union territory;</p> <p>(ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;</p> <p>(iii) transport of goods or passengers:</p> <p>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.</p>	S.No.56 of Notification No. 25/2012-ST dated 20.06.2012.
10	Services provided by way of pure labour contracts of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of a civil structure or any other original works pertaining to the beneficiary-led individual house construction or enhancement under the Housing for All (Urban) Mission or Pradhan Mantri Awas Yojana.	This exemption is same as S.No.12 of Notification No. 25/2012-ST dated 20.06.2012.
11	Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex.	This exemption is same as S.No.13 of Notification No. 25/2012-ST dated 20.06.2012.
12	Services by way of renting of residential dwelling for use as residence.	This exemption was earlier in Negative List
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	This exemption is same as S.No.5 of Notification No. 25/2012-ST dated 20.06.2012. However, monetary limit has

	<p>entity registered as a charitable or religious trust under section 12AA of the Income-tax Act, 1961 (here- inafter 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 said Income-tax Act:</p> <p>Provided that nothing contained in entry (b) of this exemption shall apply to, -</p> <p>(i) renting of rooms where charges are one thousand rupees or more per day;</p> <p>(ii) renting of premises, community halls, kalyanmandapam or open area, and the like where charges are ten thousand rupees or more per day;</p> <p>(iii) renting of shops or other spaces for business or commerce where charges are ten thousand rupees or more per month.</p>	<p>been introduced to restrict the exemption to institutions which are charging for their facilities over such limits</p>
14	<p>Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation below one thousand rupees per day or equivalent.</p>	<p>This exemption is same as S.No.18 of Notification No. 25/2012-ST dated 20.06.2012.</p>
15	<p>Transport of passengers, with or without accompanied belongings, by –</p> <p>(a) air, embarking from or terminating in an airport located in the state of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, or Tripura or at Bagdogra located in West Ben- gal;</p> <p>(b) non-airconditioned contract carriage other than radio taxi, for transportation of passengers, excluding tourism, conducted tour, charter or hire; or</p> <p>(c) stage carriage other than air-conditioned stage carriage.</p>	<p>This exemption is same as S.No.23 of Notification No. 25/2012-ST dated 20.06.2012.</p>
16	<p>Services provided to the Central Government, by way of transport of passengers with or without accompanied belongings, by air, embarking from or terminating at a regional connectivity scheme</p>	<p>This exemption is same provided in S.No. 23A of Notification No. 25/2012-ST dated 20.06.2012.</p>

	<p>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 one year from the date of commencement of operations of the regional connectivity scheme airport as notified by the Ministry of Civil Aviation.</p>	
17	<p>Service of transportation of passengers, with or without accompanied belongings, by— (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).</p>	This exemption was earlier in Negative List
18	<p>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.</p>	This exemption was earlier in Section 66D of Finance Act, 1994
19	<p>Services by way of transportation of goods by an aircraft from a place outside India upto the customs station of clearance in India.</p>	This exemption is same provided in S.no. 53 of Notification No. 25/2012-ST dated 20.06.2012.
20	<p>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 mishap; (b) defence or military equipments; (c) newspaper or magazines registered with the Registrar of Newspapers; (d) railway equipments or materials; (e) agricultural produce; (f) milk, salt and food grain including flours, pulses and rice; and (g) organic manure.</p>	This exemption is same provided in S.no. 20 of Notification No. 25/2012-ST dated 20.06.2012.

21	<p>Services provided by a goods transport agency, by way of transport in a goods carriage of -</p> <p>(a) agricultural produce;</p> <p>(b) goods, where consideration charged for the transportation of goods on a consignment transported in a single carriage does not exceed one thousand five hundred rupees;</p> <p>(c) goods, where consideration charged for transportation of all such goods for a single consignee does not exceed rupees seven hundred and fifty;</p> <p>(d) milk, salt and food grain including flour, pulses and rice;</p> <p>(e) organic manure;</p> <p>(f) newspaper or magazines registered with the Registrar of Newspapers;</p> <p>(g) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; or</p> <p>(h) defence or military equipments.</p>	<p>This exemption is same provided in S.no. 21 of Notification No. 25/2012-ST dated 20.06.2012.</p>
22	<p>Services by way of giving on hire –</p> <p>(a) to a state transport undertaking, a motor vehicle meant to carry more than twelve passengers; or</p> <p>(b) to a goods transport agency, a means of transportation of goods.</p>	<p>This exemption is same provided in S.no. 22 of Notification No. 25/2012-ST dated 20.06.2012.</p>
23	<p>Service by way of access to a road or a bridge on payment of toll charges.</p>	<p>This exemption was earlier in Section 66D of Finance Act, 1994</p>
24	<p>Services by way of loading, unloading, packing, storage or warehousing of rice.</p>	<p>This exemption is same provided in S.no. 22 of Notification No. 25/2012-ST dated 20.06.2012. Benefit to rice however, is not found in new exemption.</p>
25	<p>Transmission or distribution of electricity by an electricity transmission or distribution utility.</p>	<p>This exemption was earlier in Section 66D of Finance Act, 1994</p>
26	<p>Services by the Reserve Bank of India.</p>	<p>This exemption was earlier in Section 66D of Finance Act, 1994</p>

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) inter se sale or purchase of foreign currency amongst banks or authorised dealers of foreign exchange or amongst banks and such dealers.	This exemption was earlier in Section 66D of Finance Act, 1994
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).	This exemption is same provided in S.no. 26C of Notification No. 25/2012-ST dated 20.06.2012. Benefit to rice however, is not found in new exemption.
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.	This exemption is same provided in S.no. 26D of Notification No. 25/2012-ST dated 20.06.2012. Benefit to rice however, is not found in new exemption.
30	Services by the Employees' State Insurance Corporation to persons governed under the Employees' State Insurance Act, 1948 (34 of 1948).	This exemption is same provided in S.no. 36 of Notification No. 25/2012-ST dated 20.06.2012. Benefit to rice however, is not found in new exemption.
31	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).	This exemption is same provided in S.no. 49 of Notification No. 25/2012-ST dated 20.06.2012. Benefit to rice however, is not found in new exemption.
32	Services provided by the Insurance Regulatory and the Development Authority of India to insurers under the Insurance Regulatory and the Development Authority of India Act, 1999 (41 of 1999).	This exemption is same provided in S.no. 50 of Notification No. 25/2012-ST dated 20.06.2012. Benefit to rice however, is not found in new exemption.
33	Services provided by the Securities and Exchange Board of India set up under the Securities and	This exemption is same provided in S.no. 51 of

	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.	Notification No. 25/2012-ST dated 20.06.2012. Benefit to rice however, is not found in new exemption.
34	<p>Services by an acquiring bank, to any person in relation to settlement of an amount upto two thousand rupees in a single transaction transacted through credit card, debit card, charge card or other payment card service.</p> <p>Explanation.— For the purposes of this entry, “acquiring bank” means any banking company, financial institution including non-banking financial company or any other person, who makes the payment to any person who accepts such card.</p>	This exemption is same provided in S.no. 64 of Notification No. 25/2012-ST dated 20.06.2012. Benefit to rice however, is not found in new exemption.
35	<p>Services of general insurance business provided under following schemes –</p> <p>(a) Hut Insurance Scheme;</p> <p>(b) Cattle Insurance under Swarnajaynti Gram Swarozgar Yojna (earlier known as Integrated Rural Development Programme);</p> <p>(c) Scheme for Insurance of Tribals;</p> <p>(d) Janata Personal Accident Policy and Gramin Accident Policy;</p> <p>(e) Group Personal Accident Policy for Self-Employed Women;</p> <p>(f) Agricultural Pumpset and Failed Well Insurance;</p> <p>(g) premia collected on export credit insurance;</p> <p>(h) Weather Based Crop Insurance Scheme or the Modified National Agricultural Insurance Scheme, approved by the Government of India and implemented by the Ministry of Agriculture;</p> <p>(i) Jan Arogya Bima Policy;</p> <p>(j) National Agricultural Insurance Scheme (Rashtriya Krishi Bima Yojana);</p> <p>(k) Pilot Scheme on Seed Crop Insurance;</p> <p>(l) Central Sector Scheme on Cattle Insurance;</p> <p>(m) Universal Health Insurance Scheme;</p> <p>(n) Rashtriya Swasthya Bima Yojana;</p>	This exemption is same provided in S.no. 26 of Notification No. 25/2012-ST dated 20.06.2012. Benefit to rice however, is not found in new exemption.

	(o) Coconut Palm Insurance Scheme; (p) Pradhan Mantri Suraksha BimaYojna; (q) Niramaya Health Insurance Scheme implemented by the Trust constituted under the provisions of the National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999).	
36	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 fifty thousand rupees; (d) Varishtha Pension BimaYojana; (e) Pradhan Mantri Jeevan JyotiBimaYojana; (f) Pradhan Mantri Jan DhanYogana; (g) Pradhan Mantri Vaya Vandan Yojana.	This exemption is same provided in S.no. 26A of Notification No. 25/2012-ST dated 20.06.2012. Benefit to rice however, is not found in new exemption.
37	Services by way of collection of contribution under the Atal Pension Yojana.	This exemption is same provided in S.no. 26B of Notification No. 25/2012-ST dated 20.06.2012. Benefit to rice however, is not found in new exemption.
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.	This exemption is same provided in S.no. 29 of Notification No. 25/2012-ST dated 20.06.2012. Benefit to rice however, is not found in new exemption. However, the exemption is restricted and is no longer available to sub broker and selling agents of SIM Cards
40	Services provided to the Central Government, State Government, Union territory under any insurance	New Exemption

	scheme for which total premium is paid by the Central Government, State Government, Union territory.	
41	One time upfront amount (called as premium, salami, cost, price, development charges or by any other name) leviable in respect of the service, by way of granting long term (thirty years, or more) lease of industrial plots, provided by the State Government Industrial Development Corporations or Undertakings to industrial units.	This exemption is same provided in Notification No. 41/2016-ST dated 22.9.2016
42	Services provided by the Central Government, State Government, Union territory or local authority by way of allowing a business entity to operate as a telecom service provider or use radio frequency spectrum during the period prior to the 1st April, 2016, on payment of licence fee or spectrum user charges, as the case may be.	This exemption is same provided in S.no. 62 of Notification No. 25/2012-ST dated 20.06.2012.
43	Services of leasing of assets (rolling stock assets including wagons, coaches, locos) by the Indian Railways Finance Corporation to Indian Railways.	Already exempted
44	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.	This exemption is same provided in S.no. 27 of Notification No. 25/2012-ST dated 20.06.2012.
45	Services provided by- (a) an arbitral tribunal to – (i) any person other than a business entity; or (ii) a business entity with an aggregate turnover up to twenty lakh rupees (ten lakh rupees in the case of special category states) in the preceding financial year; (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;	This exemption is same as S.No.6 of Notification No. 25/2012-ST dated 20.06.2012

	(ii) any person other than a business entity; or (iii) a business entity with an aggregate turnover up to twenty lakh rupees (ten lakh rupees in the case of special category states) in the preceding financial year; (c) a senior advocate by way of legal services to- (i) any person other than a business entity; or (ii) a business entity with an aggregate turnover up to twenty lakh rupees (ten lakh rupees in the case of special category states) in the preceding financial year.	
46	Services by a veterinary clinic in relation to health care of animals or birds.	Similar to Exemption vide S.no. 3 of notification no. 25/2012 dated 20.06.2012
47	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.	This exemption is same provided in S.no. 58 of Notification No. 25/2012-ST dated 20.06.2012.
48	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.	This exemption is same provided in Notification No. 32/2012-ST dated 20.06.2012.
49	Services by way of collecting or providing news by an independent journalist, Press Trust of India or United News of India.	This exemption is same provided in S.No. 17 of Notification No. 25/2012-ST dated 20.06.2012
50	Services of public libraries by way of lending of books, publications or any other knowledge-	This exemption is same provided in S.No. 35 of

	enhancing content or material.	Notification No. 32/2012-ST dated 20.06.2012
51	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.	New Exemption
52	Services by an organiser to any person in respect of a business exhibition held outside India.	This exemption is same provided in S.No. 31 of Notification No. 32/2012-ST dated 20.06.2012
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 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.	This exemption is same provided in S.No. 11 of Notification No. 32/2012-ST dated 20.06.2012
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	This exemption was earlier part of Section 66D of Finance Act, 1994

	<p>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;</p> <p>(d) renting or leasing of agro machinery or vacant land with or without a structure incidental to its use;</p> <p>(e) loading, unloading, packing, storage or warehousing of agricultural produce;</p> <p>(f) agricultural extension services;</p> <p>(g) services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce.</p>	
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.	This exemption is same provided in S.No. 30(a) of Notification No. 32/2012-ST dated 20.06.2012
56	Services by way of slaughtering of animals.	This exemption is same provided in S.No. 33 of Notification No. 32/2012-ST dated 20.06.2012. However, this exemption was restricted to bovine animals.
57	Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables which do not change or alter the essential characteristics of the said fruits or vegetables.	This exemption is same provided in S.No. 44 of Notification No. 32/2012-ST dated 20.06.2012
58	Services provided by the National Centre for Cold Chain Development under the Ministry of Agriculture, Cooperation and Farmer's Welfare by way of cold chain knowledge dissemination.	This exemption is same provided in S.No. 52 of Notification No. 32/2012-ST dated 20.06.2012
59	Services by a foreign diplomatic mission located in India.	This exemption was earlier part of Section 66D of Finance Act, 1994
60	Services by a specified organisation in respect of a religious pilgrimage facilitated by the Ministry of External Affairs, the Government of India, under bilateral arrangement.	This exemption is same as exemption given under S.No. 5A of Notification No. 25/2012-ST dated 20.6.2012

61	Services provided by the Central Government, State Government, Union territory or local authority by way of issuance of passport, visa, driving licence, birth certificate or death certificate.	This exemption is same as exemption given under S.No. 55 of Notification No. 25/2012-ST dated 20.6.2012
62	Services provided by the Central Government, State Government, Union territory or local authority by way of tolerating non-performance of a contract for which consideration in the form of fines or liquidated damages is payable to the Central Government, State Government, Union territory or local authority under such contract.	This exemption is same as exemption given under S.No. 57 of Notification No. 25/2012-ST dated 20.6.2012
63	Services provided by the Central Government, State Government, Union territory or local authority by way of assignment of right to use natural resources to an individual farmer for cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products.	This exemption is same as exemption given under S.No. 59 of Notification No. 25/2012-ST dated 20.6.2012
64	Services provided by the Central Government, State Government, Union territory or local authority by way of assignment of right to use any natural resource where such right to use was assigned by the Central Government, State Government, Union territory or local authority before the 1st April 2016: 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.	This exemption is same as exemption given under S.No. 61 of Notification No. 25/2012-ST dated 20.6.2012
65	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.	This exemption is same as exemption given under S.No. 63 of Notification No. 25/2012-ST dated 20.6.2012
66	Services provided - (a) by an educational institution to its students, faculty and staff; (b) to an educational institution, by way of, - (i) transportation of students, faculty and staff; (ii) catering, including any mid-day meals scheme	This exemption is same as exemption given under S.No. 9 of Notification No. 25/2012-ST dated 20.6.2012. However, the scope of such services has been limited when provided to educational

	<p>sponsored by the Central Government, State Government or Union territory;</p> <p>(iii) security or cleaning or house-keeping services performed in such educational institution;</p> <p>(iv) services relating to admission to, or conduct of examination by, such institution; upto higher secondary:</p> <p>Provided that nothing contained in entry (b) shall apply to an educational institution other than an institution providing services by way of pre-school education and education up to higher secondary school or equivalent.</p>	<p>institutions providing services by way of pre-school education and education up to higher secondary school or equivalent</p>
67	<p>Services provided by the Indian Institutes of Management, as per the guidelines of the Central Government, to their students, by way of the following educational programmes, except Executive Development Programme:</p> <p>(a) 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;</p> <p>(b) fellow programme in Management;</p> <p>(c) five year integrated programme in Management.</p>	<p>This exemption is same as exemption given under S.No. 9B of Notification No. 25/2012-ST dated 20.6.2012.</p>
68	<p>Services provided to a recognised sports body by-</p> <p>(a) an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organised by a recognized sports body;</p> <p>(b) another recognised sports body.</p>	<p>This exemption is same as exemption given under S.No. 10 of Notification No. 25/2012-ST dated 20.6.2012</p>
69	<p>Any services provided by, _</p> <p>(a) the National Skill Development Corporation set up by the Government of India;</p> <p>(b) a Sector Skill Council approved by the National Skill Development Corporation;</p> <p>(c) an assessment agency approved by the Sector Skill Council or the National Skill Development Corporation;</p>	<p>This exemption is same as exemption given under S.No. 9A of Notification No. 25/2012-ST dated 20.6.2012.</p>

	<p>(d) a training partner approved by the National Skill Development Corporation or the Sector Skill Council, in relation to-</p> <p>(i) the National Skill Development Programme implemented by the National Skill Development Corporation; or</p> <p>(ii) a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or</p> <p>(iii) any other Scheme implemented by the National Skill Development Corporation.</p>	
70	Services of assessing bodies empanelled centrally by the Directorate General of Training, Ministry of Skill Development and Entrepreneurship by way of assessments under the Skill Development Initiative Scheme.	This exemption is same as exemption given under S.No. 9C of Notification No. 25/2012-ST dated 20.6.2012
71	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 Training.	This exemption is same as exemption given under S.No. 9D of Notification No. 25/2012-ST dated 20.6.2012
72	Services provided to the Central Government, State Government, Union territory administration under any training programme for which total expenditure is borne by the Central Government, State Government, Union territory administration.	New Expenditure
73	Services provided by the cord blood banks by way of preservation of stem cells or any other service in relation to such preservation.	This exemption is same as S.No.2A of Notification No. 25/2012-ST dated 20.06.2012
74	<p>Services by way of-</p> <p>(a) health care services by a clinical establishment, an authorised medical practitioner or paramedics;</p> <p>(b) services provided by way of transportation of a patient in an ambulance, other than those specified in (a) above.</p>	This exemption is same as S.No.2 of Notification No. 25/2012-ST dated 20.06.2012.
75	Services provided by operators of the common bio-medical waste treatment facility to a clinical	This exemption is same as S.No.2B of Notification No.

	establishment by way of treatment or disposal of bio-medical waste or the processes incidental thereto.	25/2012-ST dated 20.06.2012.
76	Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets.	This exemption is same as S.No.2 of Notification No. 38/2012-ST dated 20.06.2012.
77	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 five thousand 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.	This exemption is same as S.No.28 of Notification No. 25/2012-ST dated 20.06.2012.
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.	This exemption is same as S.No.16 of Notification No. 25/2012-ST dated 20.06.2012.
79	Services by way of admission to a museum, national park, wildlife sanctuary, tiger reserve or zoo.	This exemption is same as S.No.45 of Notification No. 25/2012-ST dated 20.06.2012.
80	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 of the Income-tax Act.	This exemption is same as S.No.8 of Notification No. 25/2012-ST dated 20.06.2012. However, the scope of sports training has been restricted to services when provided by Charitable entities
81	Services by way of right to admission to- (a) circus, dance, or theatrical performance	This exemption is same as S.No.47 of Notification No.

	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.	25/2012-ST dated 20.06.2012.
--	--	------------------------------

There are three more exemptions notified under IGST Act which are as follows:

1	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 (c) a person located in a non-taxable territory: Provided that the exemption shall not apply to – (i) online information and database access or retrieval services received by persons specified in entry (a) or entry (b); or (ii) services by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India received by persons specified in the entry
2.	Services received by the Reserve Bank of India, from outside India in relation to management of foreign exchange reserves.
3.	Services provided by a tour operator to a foreign tourist in relation to a tour conducted wholly outside India.