

Chapter 4:- EXEMPTIONS (Mega N/n 12/2017 & Others)



CA Vishal Bhattad

Exemption Related to Health Care

Sl.No. 74 Imp	<p>a) Health Care by</p> <ul style="list-style-type: none"> ⇒ a clinical establishment (hospital+nursing home+Pathological lab), ⇒ an authorized medical practitioner ⇒ paramedics (Nursing staff+physio+lab assistant etc.). <p>b) Ambulance Service provided by others is also - Exempted</p>																												
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Sl.No. 46 Imp	Health Care or Animal or Birds Service by Veterinary Clinic
Sl. No. 74A Imp	Service provided by professional by way of rehabilitation, therapy or counseling at medical establishment, Educational Institution, Govt. Center or charitable institution u/s 12AA or 12AB etc.

Exemption Charitable and Religious Sector

Sl.No. 1 Imp	Services-entity u/s 12AA/ 12AB of Income tax Act By way of charitable activities						
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Sl.No.13	Religious Activities - Conduct of Religious Ceremony										
Sl.No. 13 Imp	<p>Renting of precincts of a religious place Meant for general public</p> <p>Owned or manage by an entity registered as a - charitable or - religious trust</p> <p>Sec 12AA/12AB Of Income Tax Act</p> <p>Sec 10(23C)(v)</p> <p>Sec 10(23BBA)</p> <table border="1"> <tr> <th colspan="2">Exemption is not available in following cases</th> </tr> <tr> <th>Renting</th> <th>Exemption not available</th> </tr> <tr> <td>Renting of Rooms</td> <td>where charges are ₹ 1000 or more per day</td> </tr> <tr> <td>Renting of Premises, Community halls, kalyanmandapam or open area and the like</td> <td>where charges are ₹ 10,000 or more per day</td> </tr> <tr> <td>Renting of Shops or other spaces for business or commerce</td> <td>where charges are ₹10,000 or more per month</td> </tr> </table>	Exemption is not available in following cases		Renting	Exemption not available	Renting of Rooms	where charges are ₹ 1000 or more per day	Renting of Premises, Community halls, kalyanmandapam or open area and the like	where charges are ₹ 10,000 or more per day	Renting of Shops or other spaces for business or commerce	where charges are ₹10,000 or more per month
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Exemption in Legal Sector

Sl.No. 45 Imp	Legal Services by arbitral tribunal, advocate etc.				
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Note :- Legal service = service provided in relation to - advise /consultancy / assistance, in any breach of law in any manner, and includes representational services before any court/ tribunal/ authority

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S.No. 54 : Exemption in Agriculture Sector Imp

- a) **Agricultural operations directly related to production** of any A.P. including cultivation, harvesting, threshing, plant protection or seed testing.
- b) **Supply of farm labour**
- c) **Processes carried out at an agricultural farm** including tending, pruning, cutting, harvesting, drying, cleaning, trimming, bulk packaging etc. which do not alter essential characteristics of A.P
- d) **Renting or leasing** of agro machinery or vacant land with or without a structure incidental to its use.
- e) **Loading, unloading, packing, storage or warehousing of A.P.**
- f) **Agricultural extension services** (Scientific research & knowledge to farmer).
- g) **Services by any APMC or Board or services provided by a commission agent for sale or purchase of A.P.**

Agriculture:

- 1) cultivation of plants and
- 2) Rearing of all life-forms of animals, **except the rearing of horses**

for

- ⇒ food,
- ⇒ fibre,
- ⇒ fuel,
- ⇒ raw material or
- ⇒ other similar products

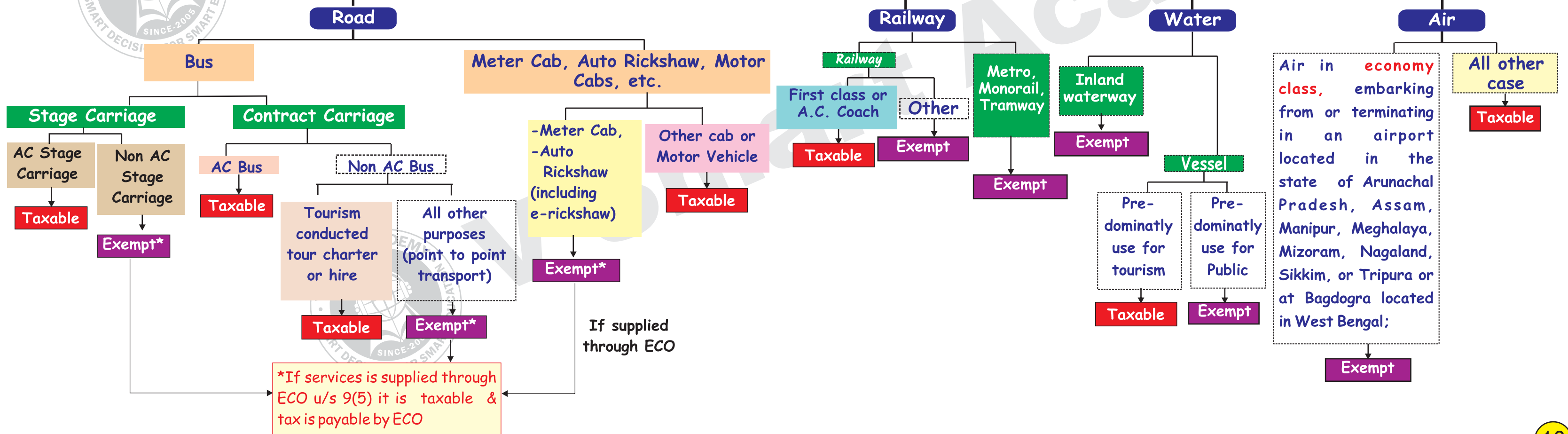
Agricultural Produce (A.P.): means any produce of agriculture on which

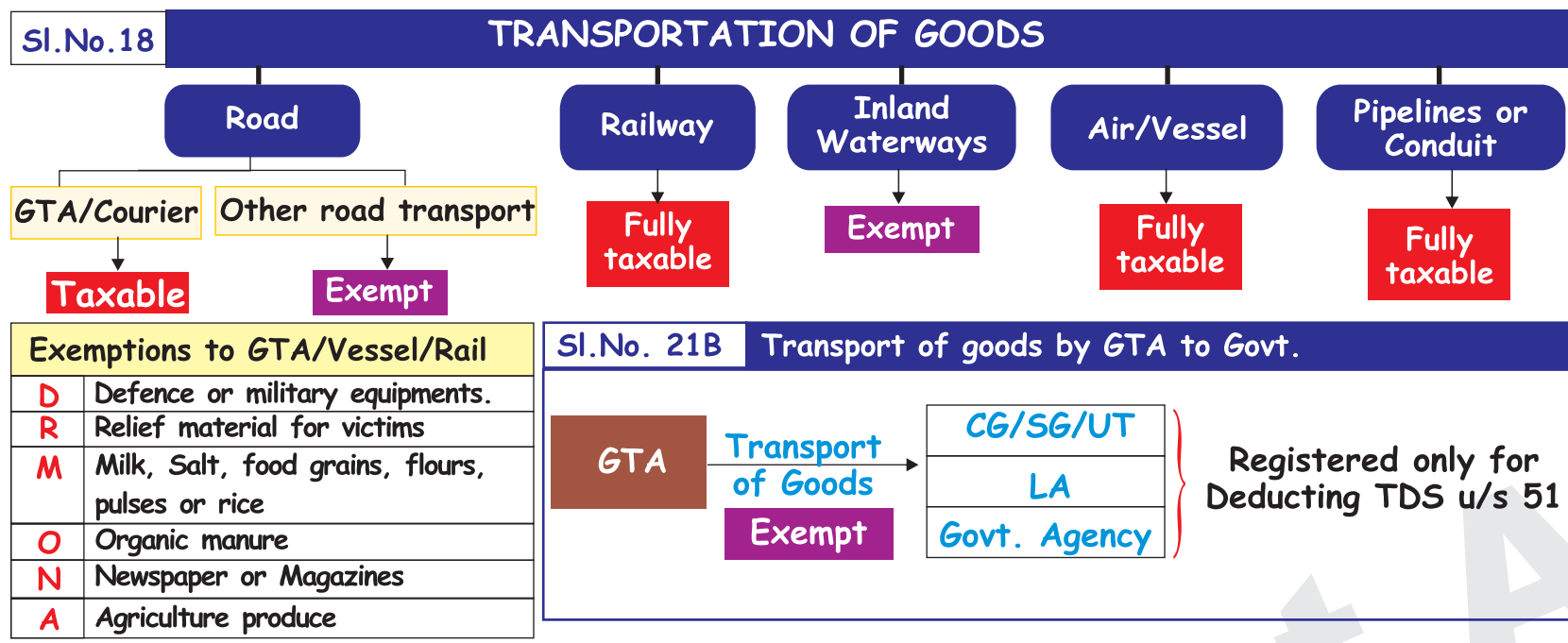
- ⇒ either no processing is done
- ⇒ such processing is done as is **usually done by a cultivator or producer**
 - which does not alter its essential characteristics
 - but makes it marketable for primary market.

Agriculture Produce Tomato	Non-Agriculture Produce Tomato Ketchup	Agriculture Produce Sugar Cane	Non-Agriculture Produce Sugar & jaggery
Potato	Potato Chips	Grams	Pulses
Paddy	RICE	Raw Cotton	Ginned Cotton Cotton Baled
Rearing of Animals Cow	Agriculture Produce Dung	Processing Milk Pasteurization <small>Note : Usually not done by producer</small>	Non-Agriculture Produce Pasteurized Milk
Agriculture Produce Grains	Processing Wheat <small>Note : Usually done by producer & does not essential character</small>	Processing Flour <small>Note : Usually not done by producer</small>	Non-Agriculture Produce

- Sl.No. 55** Imp **Exemptions on intermediate production processes**
Carrying out an intermediate production process as job work in relation to agriculture
(Cir. no. 19/19/2017) Milling of paddy into rice **cannot** be considered as an intermediate production process in relation to cultivation of plants for food, fibre or other similar products or agricultural produce, hence not eligible for exemption
- Sl.No. 57** Imp **Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables.**
- Sl.No. 24** Imp **Services of Loading, Unloading, warehousing, packing, storage of Rice.**
- Sl.No.24A** Warehousing of minor forest produce
- Sl.No.24B** Imp **"Services by way of storage or warehousing of cereals, pulses, fruits and vegetables.**
- Sl.No.55A** Services by way of Artificial insemination of live stock **other than horses**

S.No.14&15 Imp **PASSENGER TRANSPORT SECTOR**





Sl. No. 22 Services by way of giving on hire-

(a) to a state transport undertaking, a motor vehicle meant to carry more than 12 passengers

(aa) to a LA, an Electrically operated vehicle (EOV) meant to carry more than 12 passengers.

(b) to a GTA, a motor vehicle means of transportation of goods.

(c) to a person providing services of motor vehicle for transportation of students, faculty and staff to an EI providing services by way of school.

CBIC Clarifications

1	Transport of Minerals within mines by Tipper, Dumper etc	It is a rental service for transportation of goods	Taxable
2	GTA + Cargo Handling (Packing + Loading + Unloading)		
	Bundle services with GTA	Composite Supply	Taxable as GTA
	Separate Invoice for Cargo handling	Non treated as Composite supply	Taxable as cargo handling

RENTING OF IMMOVABLE PROPERTY

Sl.No.12	Renting of Residential Dwelling (RD) - for use as residence		
	Supplier	Recipient	Taxability
	Any Person [RP + URP]	URP(if use for residence)	Exempt
	Any Person [RP + URP]	RP But if RP is - Proprietor - using RD in Personal capacity for own residence - Renting on own account	Taxable Exempt
	Under RCM recipient (RP) is liable to pay tax		
Sl.No.12A	Accommodation Services (Hostels, residence for student, Camps, Paying Guest accommodations & the like.) - Value ≤ 20,000 PP/PM for Continuous period of 90 days		
	Any Person [RP + URP]	Any Person [RP + URP]	Exempt
	Supplier (FCM)		
	Under RCM recipient (RP) is liable to pay tax		
When tax payable on accommodation services:-			
	<ul style="list-style-type: none"> → Value > 20,000 PP/PM or → Supplied for non-continuous period of 90 days → If charges on daily basis & not on monthly basis 		
CBIC Clarifications			
	1	hostel accommodation or long-term service apartments/hotels	It is taxable under entry 12 but exempt under entry 12A (if conditions of entry 12A are met)
	2	hostels for poor and middle-class students run by charitable trusts	
Renting of Immovable property other than Residential Dwelling (Fully taxable)			
	RP	Any Person [RP + URP]	Taxable
	URP	RP	Taxable

EXEMPTION IN BANKING AND FINANCIAL SECTOR

Sl. No. 27

Exemption

(a) Consideration - Interest or discounting

(b) sale or Purchase of Foreign Currency

On extending: Deposits, Loan, Advances

Amongst Bank, Amongst Dealer, Amongst Bank & Dealer

Except:- Interest involved in credit card services

All other services of Bank / FI/NBFC are taxable

Exempt	Taxable
Discounting of cheque promissory note, BOE	Processing, documentation fees charged by bank
Discounting of C.P. or C.D.	Interest on finance lease (delay payment of consideration)
Interest on debentures or bond	
Repos & reverse Repos	
Penal Interest = Interest	

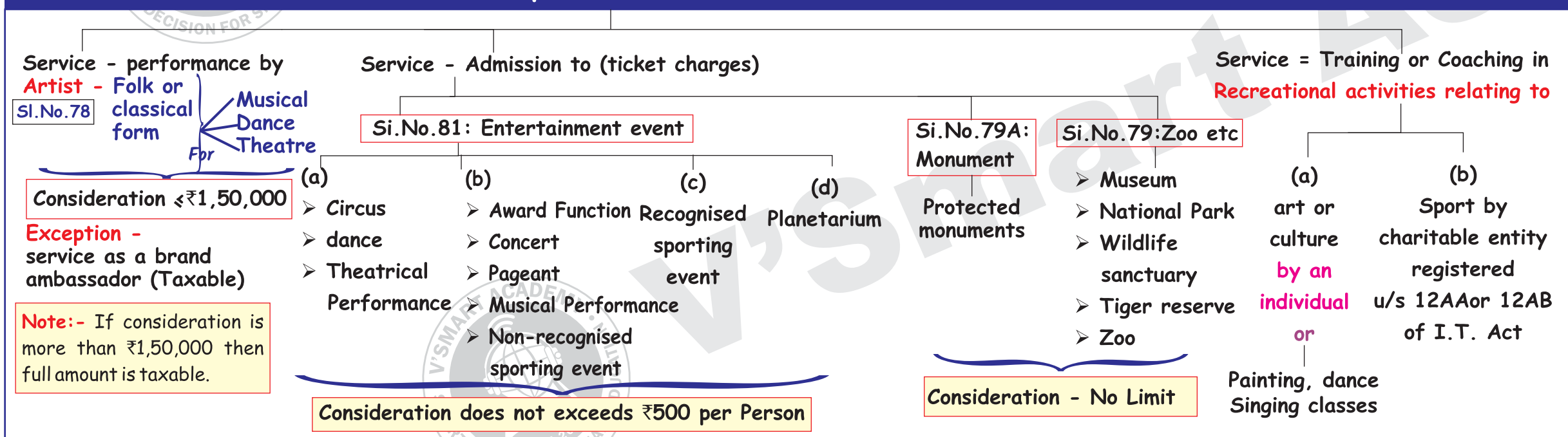
Imp Exemptions in Education Sector

Service Taken by Educational Institution	Sl.No.66:- Educational institution (EI)	Service supplied by Educational Institution
1)Transportation of students, faculty or staff 2) Catering (including mid-day meal) 3)Security, cleaning or house keeping 4) Supply of online education as Journal or periodicals 5)Service relating to admission to or Conduct of examination (eg. paper setting , Answers evaluation etc.)	Pre-school or Higher or Secondary school (Public/Private/International) Education as a part of curriculum for obtaining qualification recognised by law(Indian law) Eg. Colleges, universities or institution etc authorised to providing education. Education as a part of Approved Vocational courses ↳ A course by ITI/ ITC affiliated to NCVET or SCVT offering courses in notified trades. ↳ Modular Employable Skill Course approved by NCVET NCVET = National Council for Vocational & Educational Training, SCVT = State Council for Vocational Training In Central and State Educational Boards for the limited purpose - by way of conduct of examination to the students.	Exemptions 1) Any service supplied by such EI to its student and faculty or staff. (e.g. education fees lab charge, lab charges, transportation, catering etc. 2) Service by way of Conduct entrance examination against entrance fees Taxability Any Service supplied to any person other than student faculty or staff by such EI then it is taxable e.g. 1) Auditorium of school given to other for seminar 2) Placement services to corporate 3) franchisees fees to various franchisees.
Exempt only if supplied to School Exempt only if supplied to Colleges etc. Exempt if supplied to all education Institute	1) Private coaching classes are Taxable 2) Only 5 input services to EI in respective cases are exempt. Thus, all other services supplied to EI are Taxable	

Qualification recognised by law			Taxability in various scenario		
Scenario	Recognized by law	Taxability	Service	Taxability	Reason
1. Services by IIM- - long duration program - Short Duraton Program	Yes, by IIM Act No	Exempt Taxable	1. Issuance of migration certificate	Exempt	Services by E.I. to Student
2. Maritime courses approved by DG shipping	Yes, by Merchant Shipping Act	Exempt	2. Supply of food in Anganwadi [by Govt. or Corporate]	Exempt	Canteen services to pre-School
3. Flying training courses approved by DGCA	Yes	Exempt	3. Catering services - School to student - Pvt. canteen to Std.	Exempt Taxable	

Sr.No. 66A:- Affiliation service		
Service provided by	Service provided to	Taxability
1. Affiliation service provided by Central or State Educational Board or Council or other similar body	To schools owned or controlled by - CG/SG/UT/LA - Govt. Authority/Entity	Exempt [Sr.No. 66A]
	To Pvt Schools	Not Exempt = Taxable
2. Affiliation service provided by Universities	To Colleges	Not Exempt = Taxable Cir No. 234/28/2024
Sl. No. 71	Services provided by training providers under the Deen Dayal Upadhyaya Grameen Kaushalya Yojana, offered by the Ministry of Rural Development, include skill or vocational training courses certified by the NCVET.	

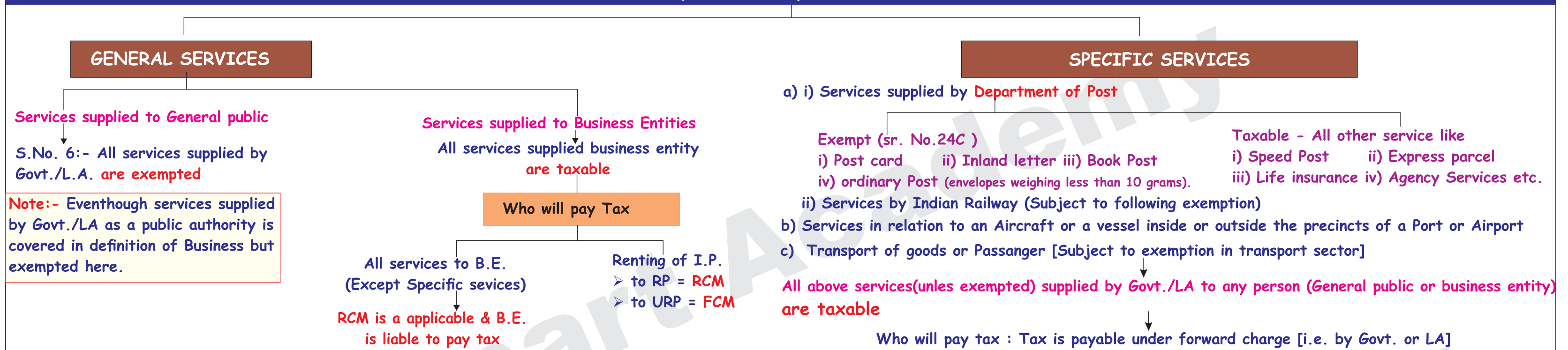
Exemption Related to Entertainment, Museum etc.



Exemption in Government Sector

Access to Road or bridge on Payment of toll	
Sl. No. 23	Access to Road or bridge on Payment of toll
SI No.61A	Granting National permit to goods carriage & to operate through India.
Services by foreign diplomatic missions in india	
Sl. No. 59	All services provided by a foreign diplomatic mission located in India
Note:- Taxable Service: Services provided by office or establishment of an international organization.	

Services provided by Government/LA



Other Exemptions [services provided by Govt. /LA]

Turnover or Value based	Railway Related services (Newly Inserted)	Certification or Registration based	Others
<p>Sl.No. 7 Service provided by Govt/Local Authority to Business Entity where its Aggregate T/O less than such amount in PFY make it eligible for exemption from registration Exception : above exemption not applicable to (a) Specific services (Ref. above part 2) (b) Renting of immovable property</p> <p>Sl. No. 9 Service provided by Govt/LA Where Gross Amount Charge per service (per invoice) does not exceeds ₹ 5000 & in case where continuous supply of service the limit is ₹5000 in a F.Y Exception: Specific services (Ref. above part 2) Note:-Renting of immovable property (any amount) = Taxable</p>	<p>Sl.No. 9E Services provided by Railways to individuals by way of > Sale of platform tickets, > Facility of retiring rooms/waiting rooms, > Cloak room services & > Battery-operated car services.</p> <p>Sl.No. 9F Intra railway transactions between different zones / divisions are exempt.</p> <p>Sl.No. 9G > SPVs provide infrastructure to Railways for use and maintenance during the concession period for consideration, > while the Railways offers maintenance services to the SPVs for the same infrastructure, also for consideration. A special-purpose vehicle (SPV) is a legal entity that allows multiple investors to pool their capital and make an investment in a single company.</p>	<p>Sl. No. 61 Service provided by Govt/LA by way of > Issuance of passport, > Visa driving licence, > Birth Certificate or Death Certificate</p> <p>Sl. No. 47 Service provided by Govt/LA by way (a) Registration required under any law (b) Testing, calibration, safety, check for protection or safety of worker, consumer or public at large</p>	<p>Sl. No. 8 Service provided by Govt. or LA to another Govt. or LA. Exception: Specific services (Ref. above part 2)</p> <p>Sl. No. 62 Fines or liquidated damage for tolerating non performances of Contract</p> <p>Sl. No.65A Services by way of providing information under the Right to Information Act, 2005</p> <p style="background-color: #90EE90; text-align: center;">Circular no. 190/02/2023</p> <p>Accommodation services by Defence mess to person other than business entity are exempt & such services are qualified as services by Govt.</p>

Taxability of transaction of providing loan by an overseas affiliate to its Indian affiliate or by a person to a related person (Circular No. 218/12/2024):-

- 1) If no consideration (other than interest/discount) is charged for a loan/credit from a related person or overseas affiliate: It is not considered a SOS & no GST is charged.
- 2) If consideration (in addition to interest/discount) is charged for a loan/credit from a related person or overseas affiliate: It is considered a SOS & GST is applicable.

GST on statutory collections made by RERA (Circular No. 228/22/2024):

RERA is considered a govt authority. Thus, statutory collections by RERA are exempt.

Exemption in sport sector	
Sl. No. 68 Imp	Service Provided to recognized Sport Body by- a) An individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body; b) Another recognised sports body;
Exemption in Construction Sector	
Sl.No. 10	Construction etc or Original Work to Pradhan Mantri Awas Yojana
Sl.No. 11	Construction etc or Original Work to Single Residential Unit
Miscellaneous	
Sl. No. 2	Transfer of a Going Concern
Sl. No. 52	Organization of Business Exhibition Outside India
Sl. No. 77 Imp	Exemption - Services by RWA to Members
Sl. No. 77A	<p>Services by To Its By Way of Member - Un-incorporated body - Registered not profit Entity</p> <p style="margin-left: 100px;">Re-imbusement of charged Share of contribution</p> <p>RWA or housing society → Exemption Upto Amount = ₹ 7500 per month / per member</p> <p>For sourcing of goods or services ⇒ From third person ⇒ For common use of its member</p> <p>CBIC Clarification:- 1) SOS by RWA to its members for contribution upto ₹ 7,500 per month per member (PM²) are exempt 2) RWA required to pay GST, only if such subscription > ₹ 7,500/- per month per member & ATO of RWA by way of SOS & SOG > ₹ 20 L 3) RWAs are entitled to take ITC of GST paid by them on capital goods (taps, pipes, other sanitary/ hardware filling, etc.) and Input services such as repair and maintenance service. 4) The ceiling of ₹ 7,500 (PM²) shall be applied separately for each residential apartment owned by him. 5) If amount exceeds 7500, GST shall be payable on the entire amount.</p>

Sl. No. 52A	<p>Tour Operator Service :- Tour operator service, which is performed partly in India and partly outside India, supplied by a tour operator to a foreign tourist, to the extent of the value of the tour operator service which is performed outside India.</p> <p style="text-align: center;">Tour Operator Service</p> <pre> graph TD A[Tour Operator Service] --> B[Service Provided to Foreign tourist] A --> C[Service Provided to Indian tourist] B --> D[totally outside India] B --> E[Service Provided to foreign Tourist] C --> F[Service provided to foreign tourist totally in India] D --> G[Exempt (sr.no. 54)] E --> H[Partly in India] E --> I[Partly Outside India] F --> J[Taxable] H --> J I --> K[Exempt (sr.no. 52A)] J --> L["In proportion of no. of days outside India OR 50% of total consideration, whichever is less"] K --> L L --> M[Fully Taxable] </pre>
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Other Exemptions

Exemption Charitable and Religious Sector

Sl.No.60	Services provided by specified organization with respect to Kailash Mansarovar and Haj Pilgrimage exempted
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Exemption in banking and financial sector

Sl.No.34	Services by an acquiring bank, to any person in relation to settlement of an amount upto ₹ 2000 in a single transaction transacted through credit card, debit card, charge card or other payment card service.
Sl.No.27A	Services provided by a banking company to - Basic Saving Bank Deposit account holders under Pradhan Mantri Jan Dhan Yojana

Exemption in sport sector

Sl.No.53	Sponsorship of Certain Sport Events (Read from Notes)
Sl.No.82	Admission to events organised under FIFA world cup 2017
Sl.No.9A	Services Provided by and to FIFA
Sl.No.9AA	Services Provided by and to FIFA at its subsidiary directly, indirectly related to event under FIFA U-17 Women's World cup 2020 to be hosted in India whenever rescheduled.
Sl.No.9AB	Services provided by and to Asian Football Confederation (AFC) and its subsidiaries directly or indirectly related to any of the events under AFC Women's Asia Cup 2022 to be hosted in India.
Sl.No.82A	Service by way of right to admission to the event organise under FIFA U-17 Women's World cup 2020 [whenever rescheduled.]
Sl.No.82B	Services by way of right to admission to the events organised under AFC Women's Asia Cup 2022

Exemption Notification No. 9/2017-Integrated Tax (Rate)

Sl.No.10 Imp	Service received from service provider located in non taxable territory to a) Government/ Central Govt./ Union Territory , a local authority, a governmental authority or an individual in relation to any purpose other than commerce, industry or any other business or profession b) An entity registered under section 12AA of the Income tax Act, 1961 for the purposes of providing charitable activities or c) A person located in a non-taxable territory. Proviso:- Exemption shall not apply to OIDAR services received by persons specified in items (a) or item (b).
Sl.No.10F	Services supplied to an Establishment outside India
Sl.No.10G	Service provided to United National / International Organization
Sl.No.10H	Import Service by foreign diplomatic Mission
Sl.No.10L	Import of Services by Foreign Airline Company Establishments in India from Related Entities without Consideration
Sl.No.54	Service by Indian Tour Operator to Foreign Tourist for tour conducted outside India
Sl.No.12AA	Service provided by an Intermediary when location of both supplier and recipient of goods is outside the taxable territory

Services provided by Government to Business Entity

Sl.No.63	Assignment of right to use natural resources to an Individual farmer for the purpose of Agriculture. (service provided by Govt./LA)
Sl.No.9C	Service Provided by Govt. Entity against consideration in form grants to another Govt. or LA, received from Govt./LA
Sl.No.9D	Services by an old age home run by Govt. /Entity reg. u/s 12AA or 12AB, to its resident (Age 60 years or more) (Consideration-upto ` 25000 per month per member)(Consideration includes boarding/loading/maintenance charges)
Sl.No.65	Merchant overtime charges for inspection of import container by custom officers.

Services provided to Government

1)	Services provided by fair price shop
2)	Supply of pure services & composite supplies (where value of goods constitutes ≤ 25% of total value of supply) made to Govt. or LA in relation to functions entrusted under article 243G or 243W
3)	Services provided to a Governmental Authority by way of - (a) water supply (b) public health (c) sanitation conservancy (d) solid waste management (e) slum improvement & upgradation
4)	Insurance scheme where total premium is paid by Government
5)	Training program to Government where for which 75% or more expenditure is borne by Government.
6)	Passenger transport Service by air where boarding or termination at a regional connectivity scheme, Airport avails the consideration in the form of viability gap funding.

Miscellaneous

Sl.No.39	Intermediary Service- Read From Notes
Sl.No.39A	Services by an intermediary of financial services
Sl.No.48	Services recognised by Biotechnology Industry Research Assistance Council
Sl.No.49	by way of collecting or providing news by ⇒ An independent journalist, ⇒ Press Trust of India or ⇒ United News of India;
Sl.No.50	Public Library Service
Sl.No.76	by way of public conveniences such as provision of facilities of Bathroom, Washrooms, Lavatories, Urinal or Toilets.
Sl.No.9B	Exempting Supply of Services associated with Transit Cargo to Nepal & Bhutan
	Exempt certain supplies to NPCIL

Other Exemption

Sl.No.30	Services provided by Employees State Insurance Corporation
Sl.No.31	Services provided by Employees Provident Fund Organisation (EPFO) to persons governed under the Employees provident Funds and Miscellaneous Provisions Act, 1952.
Sl.No.31A	Services Provided by coal mines provident fund organisation
Sl.No.31B	Services Provided by National Pension system
Sl.No.58	Services provided by National Centre for Cold Chain Development under Ministry of Agriculture, Cooperation and Farmer's Welfare by way of cold chain knowledge dissemination.
Sl.No.38	Services by way of collection of contribution under any pension scheme of the SGs
Sl.No.41	Long term lease of plot 30 years or more by State Government Industrial Development Corporations for development of infrastructure for financial business,
Sl.No.19C	Satellite launch services
Sl.No.25	Transmission or Distribution of Electricity

Sl. No.25A	Services of renting meters, testing equipment, connecting electricity, shifting meters & issuing duplicate bills. These help utilities serve their customers.
Sl. No.44A	Research & development services funded by grants supplied by Govt entity or Notified research association, university, college, or institution. Note: The institution must be notified when the research service is provided.
Sl.No.36A	<p>⇒ GST liability on reinsurance of specified general & life insurance schemes:- GST on reinsurance services for schemes in Sl. Nos. 35 & 36 is exempt as per Cir No. 228/22/2024</p> <p>⇒ GST liability on reinsurance of insurance schemes for which total premium is paid by Govt.:- GST on reinsurance services for insurance under Sl. No. 40 is exempt as per Cir No. 228/22/2024.</p> <p>Circular No. 228/22/2024:-</p> <p>As per IRDAI, 'Retrocession' is when a reinsured risk is further ceded to another Indian Insurer or a Cross Border Re-insurer (CBR). Thus, 'reinsurance' under Sl. No. 36A includes 'retrocession' services.</p>

Circular no. 177/09/2022

It is clarified that ⇒ Services of IVF are covered under health care and thus **exempt**.

- ⇒ Tickets purchased for transportation from one point to another irrespective of ferry is owned/operated by PSU are **exempt**
- ⇒ If transportation takes place over pre-determined route on a pre-determined schedule. However, if it is hired for period of time, it is **taxable**
- ⇒ Fee charged from prospective students for entrance/admission/issuance of migration certificate are **exempt**.
- ⇒ Additional fee collected through higher toll charges from vehicles not having Fastag is also **exempt**.
- ⇒ Services provided by the guest anchors in lieu of honorarium are **taxable**
- ⇒ Movement of empty containers from Nepal and Bhutan, after delivery of goods there is a service associated with the transit cargo to Nepal and Bhutan, hence it is **exempt**.
- ⇒ Services of sanitation & conservancy services are provided by Indian Army or any other Govt Department are **taxable**.
- ⇒ Renting of trucks and other freight vehicles with driver for a period of time is a service of renting of transport vehicles with operator are **taxable**.
- ⇒ Location charges/preferential location charges (PLC) paid upfront in addition to the lease premium for long term lease of land constitute part of upfront amount charged are **exempt**

Cir No. 206/18/2023

Supply of pure services & composite supplies by way of horticulture / horticulture works (where value of goods constitutes ≤ 25% of total value of supply) made to CPWD are eligible for exemption.