Chapter 7
Exemption under GST

Index

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01. Health Care Sector

Q1. Ms. Chanchala (doctor, registered under GST) runs a hospital with in-patient facility. She provides canteen facility and received ₹ 55,000 from in- patients for supply of food as per advise of nutritionist, ₹ 35,000 from patients who are not admitted and ₹ 25,000 from visitors. Amounts are exclusive of tax. Compute the taxable value of supply of canteen service provided by Ms. Chanchala. [ICAI Case 32 Sub-Q1]

(a) ₹ 25,000

(b) ₹ 35,000

(c) ₹ 60,000

(d) ₹ 80,000

[Reason: Refer **Entry 74** of exemption with **CBIC clarification-** Food supplied to in-patients by a canteen run by the hospital, as advised by doctor/ nutritionists, is part of composite supply of health care services and is not separately taxable – thus, ₹55,000 is **exempt.** Food supplied to non-admitted patients (₹ 35,000) and visitors (₹ 25,000) is **taxable**. Taxable canteen value = **₹ 35,000 + ₹ 25,000 = ₹ 60,000.]**

Q2. Ms. Chanchala (doctor, registered under GST) runs a hospital with in-patient facility wherein room charges are capped at ₹ 3,000 per day (exclusive of tax). She provided treatment of various diseases and following services in her hospital-

(i) Plastic surgery to enhance the beauty of the face;

(ii) Ambulance service for transportation of patients;

(iii) Renting of space to run medical store in hospital premises;

(iv) Consultancy service by Ms. Chanchala in other hospitals (fee: ₹ 40,00,000 (exclusive of tax)).

Determine which of the above services provided by Ms. Chanchala and her hospital is exempt from GST. [ICAI Case 32 Sub-Q3]

(a) (i), (ii) & (iv)

(b) (i), (ii)

(c) (ii) & (iv)

(d) (i) & (iii)

[Reason: Refer **Entry 74** of exemption with **CBIC clarification-**

1) 'Health care services' excludes hair transplant or cosmetic/plastic surgery to enhance beauty – thus, (i) is **Taxable.**
2) Ambulance transportation of patients (where room charges do not exceed ₹ 5,000 per day) is **Exempt.**
3) Renting of space for medical store is commercial (not specifically exempted) → **Taxable**.
4) Health care services by a clinical establishment/authorised medical practitioner or para-medics are exempt. Thus, consultancy by Ms. Chanchala is **Exempt**.]

02. Charitable and Religious Sector

Q3. MM Charitable Trust is registered u/s 12AB of Income-tax Act, 1961 & also under GST. It conducted a 3-day residential yoga camp for advancement of yoga on international yoga day charging ₹ 7,500 per person (inclusive of stay and food). It also conducted programmes for advancement of education of people aged above 65 years in metro cities (nominal fee charged).

It also owns and manages a gurudwara. Gurudwara's community hall was rented for a marriage function at ₹ 8,500 per day.

Commercial shops in the precincts rented at ₹ 10,000 per month per shop. Answer the following Questions:

i) Which of the following activities conducted by MM Charitable Trust is exempt from GST? [ICAI Case 41 Sub Q1]

(a) Advancement of Yoga

(b) Advancement of education

(c) Both (a) and (b)

(d) Neither of the activities

[Reason: Refer **Entry 1** of exemption - Advancement of yoga by charitable trust is **exempted**. However, the advancement of education is in metro cities and thus, not exempted.]

ii) Which of the following statements is/are correct under GST law in respect of the gurudwara managed by MM Charitable Trust? [ICAI Case 41 Sub-Q3]

(a) Renting of community hall is taxable while renting of commercial shop is exempt.

(b) Renting of community hall is exempt while renting of commercial shop is taxable.

(c) Both renting of community hall and renting of commercial shop are taxable.

(d) Both renting of community hall and renting of commercial shop are exempt.

[Reason: Renting of precincts of a religious place meant for general public, owned/managed by entity registered under section 12AB of Income-tax Act, are **exempt** as per **Entry 13** of Exemption, **EXCEPT:**

(i) renting of rooms where charges are ₹ 1,000 or more per day;

(ii) renting of community halls where charges are ₹ 10,000 or more per day;

(iii) renting of shops/spaces for business/commerce where charges are ₹ 10,000 or more per month.

(iv) Community hall rent = ₹ 8,500 per day (less than ₹ 10,000) → **EXEMPT**. Commercial shop rent = ₹ 10,000 per month (equal to ₹ 10,000 threshold) → **TAXABLE**.]

Q4. Manavtaa Trust is a charitable trust registered u/s 12AB of Income-tax Act, 1961 & registered under GST in Gujarat. Trust provided following services during August: -

(a) It runs an old age home for citizens aged 65 years or more. Nominal monthly charges of ₹ 15,000 for boarding, lodging and maintenance per member are charged. Total members are 20.

(b) Community hall in temple precincts rented on 15th August for ₹ 5,000 for religious function in the first half and ₹ 6,000 for art exhibition in second half.

Rooms in temple precincts rented to devotees for rent ₹ 950 per room per day. Total rent collected in August = ₹ 35,000. Answer the following Questions:

i) Compute the value of exempt supply made by the Trust for August. [ICAI Case 21 Sub-Q3] [RTP May 23]

(a) ₹ 3,00,000

(b) Nil

(c) ₹ 3,35,000

(d) ₹ 35,000

[Reason: Refer **Entries 13 and 9D** of Exemption:-

1) Old age home services to residents aged 60+ at consideration upto ₹ 25,000 per month per member are exempt, provided that consideration charged is inclusive of charges for boarding, lodging and maintenance (entry 9D). Exempt = ₹ 15,000 × 20 = ₹ **3,00,000**.

2) Renting of rooms in temple precincts at ₹ 950 per day (< ₹ 1,000 per day threshold) = exempt = ₹ **35,000** (entry 13).
3) Renting of community hall for religious function at ₹ 5,000 & for art exhibition at ₹ 6,000 – since assessed together for a day are not less than ₹ 10,000 per day → it is **taxable**.
4) Total exempt = ₹ 3,00,000 + ₹ 35,000 = ₹ **3,35,000.]**

ii) Compute the value of taxable supply made by the Trust for August. [ICAI Case 21 Sub-Q4] [RTP May 23]

(a) ₹ 3,00,000
(b) ₹ 11,000
(c) Nil
(d) ₹ 35,000

[Reason: Community Hall rent per day aggregate (₹ 5,000 for religious function + ₹ 6,000 for art exhibition = ₹ 11,000 for the day) is >= ₹ 10,000 threshold for the day, making entire amount taxable. Taxable supply = **₹ 11,000.]**

03. Legal Sector

Q5. Mr. Ashok Kumar, a senior advocate engaged in providing arbitral services pertaining to corporate & legal affairs. During the financial year it has provided the following services: -
i) Represented in an appeal matter for his client Mr. Agarwal being an individual unregistered under GST
ii) Provided legal consultancy services to M/s Abinav enterprises having a turnover of ₹ 25,00,000 lakh in previous year being a registered person under GST, for such services a fee of ₹ 42,000 was charged
iii) Mr. Sagar, another individual advocate having turnover of ₹15 lacs in preceding financial year.
Whether the above services are exempt or Taxable?

(a) Exempt, Taxable, Exempt
(b) Taxable, Taxable, Taxable,
(c) Exempt, Exempt, Exempt,
(d) Taxable, Exempt, Taxable

[**Reason:** - Refer Sl. No. 45 where- services by senior advocate to business entity whose agg. t/o in P.F.Y. is exceeding threshold for registration is taxable]

04. Agricultural Sector

Q6. Farmers' Co-operative Ltd. provides the following services:
(i) Warehousing of rice, pulses & apples
(ii) Loading and unloading of paddy
(iii) Testing of agricultural produce
(iv) Loading and unloading of tea bags
(v) Milling of paddy into rice
(vi) Renting of agricultural machinery
(vii) Agricultural extension services
Which services are not exempt from GST?

(a) (i), (ii), (iii) and (iv)
(b) (iv) & (v)
(c) (v) and (vii)
(d) (iii), (iv) & (vi)

[Reason: Refer **Entry 54, 24B & 24,** of exemption with **CBIC clarification** – items not covered are taxable. Tea bags are not agricultural produce. Milling of paddy is not intermediate agricultural process. So, both are taxable.]

05. Transport Sector

Passenger Transport Service

Q7. Which of the following services are not exempt from GST?

a) Services of transportation of employees in air-conditioned van for pick up and drop over pre-determined route on a pre-determined schedule
b) Transportation of passengers in sleeper class

c) Transportation of passengers in auto-rickshaw

d) Transportation of passengers by air, in economy class , from Delhi to Manipur

[**Hint:** Refer exemption related to Passenger Transportation services]

Goods Transport Service

Q8. Poorva Logistics (GTA, registered under GST) transported the following in a particular consignment in March of preceding financial year: (i) Defence Equipments; (ii) Railway Equipments; (iii) Organic Manure. Transportation of ________ by Poorva Logistics is exempt from GST. [ICAI Case 31 Sub-Q2]

(i) Defence Equipments

(ii) Railway Equipments

(iii) Organic Manure

(a) (i)

(b) (i) and (ii)

(c) (i) and (iii)

(d) (i), (ii) and (iii)

[**Reason:** Refer **Entry 21** of exemption - Transportation of defence equipments and organic manures is exempt but railway equipments are not listed as exempt.]

Q9. Sundar Transporters, a Goods Transportation Agency (GTA) & also a courier agency, provides the following services:

(i) Transportation of rice by road to ABC Traders (registered under GST)

(ii) Transportation of electric equipments & jaggery by rail from Chennai to Gujarat

(iii) Transportation of household items by road to Mrs. Riddhima (unregistered individual)

(iv) Transportation of goods by road to Malhotra & Malhotra Co. (unregistered partnership firm)

(v) Courier agency services

Which services are not exempt from GST?

(a) (i), (ii), (iv) and (v)

(b) (i) (iii) and (vi)

(c) (ii) and (iii)

(d) All of the above

[**Reason:** Refer **Entry 18, 20, 21 & 21A** of exemption.]

Hiring of Means of Transport Service

Q10. M/s Aditi & Co. (partnership firm, registered under GST) gave on hire the following vehicles:

(i) A motor vehicle to carry more than 15 passengers to the State Government Electricity Department;

(ii) An electric operated vehicle to carry more than 12 passengers to Local Municipal Corporation;

(iii) An electric operated vehicle to carry up to 12 passengers to State Transport Undertaking.

In respect of vehicles given on hire by M/s Aditi & Co., services that are exempt from GST are ________. [ICAI Case 40 Sub-Q1]

(a) (i)

(b) (ii)

(c) (i) and (iii)

(d) (ii) and (iii)

[**Reason:** Refer **Entry 22** of Exemption.

1) Motor vehicle to State Government Electricity Dept. - not an STU → **NOT exempt.**

2) EOV to Local Municipal Corporation (local authority) carrying more than 12 passengers → **EXEMPT.** 3) EOV to STU carrying up to 12 passengers - must carry more than 12 for STU exemption → **NOT exempt.]**

06. Renting of Immovable Property Sector

Q11. Sahil, a resident of Delhi, is having a residential property in Vasant Vihar, Delhi which has been given on rent to a family for ₹ 50 lakh per annum for residence purposes. Determine whether Sahil is liable to pay GST on such rent. [RTP may 21] [MTP 2 May 24, Jan 26]

(a) Yes, as services by way of renting is taxable supply under GST.

(b) No, service by way of renting of residential property is exempt.

(c) No, service by way of renting of residential property does not constitute supply.

(d) Sahil, being individual, is not liable to pay GST.

[Reason:- refer sl.no. 12 & It is assumed that person mentioned in rent agreement is unregistered**]**

Q12. The hostel named "Shiksha" offers accommodation services of ₹ 19,500 per month per person for each student. Amit, a student preparing for CA Final, booked a room for a period of 98 continuous days in order to attend nearby classes. Under the GST law, is this accommodation service subject to GST?

(a) It will be Exempt.

(b) It will be taxable.

(c) Outside purview of GST.

(d) Non-Taxable.

[Reason: Refer Entry 12A, as value does not exceed 20,000 per month per person & period is also more than 90 continuous days]

Q13. XYZ Ltd. has a hotel which he runs in Manali, for which he charges the following tariffs and gives the following details. Calculate the taxable value.

Room Type	Declared Tariff	Discount offered	No. of room days	Booking Room days
A	1,500	300	10*30=300 [It basically means that 10 such rooms are in the hotel of which occupancy on an Average was 70%]	25

(a) ₹2,62,500 (b) ₹2,10,000

(c) ₹2,52,000 (d) Nil

[Reason: - 1) Taxable value= 25*10*70%*1200

2)Service by hotel for residential or dwelling purpose is taxable fully irrespective of the value]

Q14. X Electronics (registered in Ahmedabad, Gujarat) deals in electronic goods. Due to festival season, it took a godown on rent from Mr. G, an unregistered person, for 6 months near its shop at ₹ 15,000 per month for storing electronic items. What should be the GST treatment for the rented godown? [ICAI Case 13 Sub-Q4]

(a) Exempt because rent amount is less than ₹ 20,000 per person per month and taken for minimum continuous period of 90 days.

(b) This transaction will be taxable under reverse charge - hence X Electronics needs to pay tax under RCM.

(c) Mr. G, owner of the godown, has to pay GST under forward charge and take registration for the same as he is supplying renting services.

(d) This transaction will be exempt from GST because it falls under forward charge mechanism and the supplier (Mr. G) is an unregistered person.

[Reason: Refer **Entry 5AB** of RCM- conditions are met & thus, RCM applies. Accommodation service exemption given **Entry 12A** of exemption mentioned in option (a) is N.A. here as it is renting service. Both are different.]

07. Entertainment Sector

Q15. Paradize Resorts engaged 'Darohar Group', a classical music troupe, for a performance in New Year celebrations at an agreed consideration of ₹ 2.5 lakh. What is the GST treatment of the performance by Darohar Group? [ICAI Case 3 Sub-Q2]

(a) Entire consideration of ₹ 2.5 lakh is taxable.

(b) Only ₹ 1 lakh is taxable, as ₹ 1.5 lakh is exempt.

(c) Entire ₹ 2.5 lakh is exempt from GST.

(d) Only ₹ 50,000 is taxable, as ₹ 2 lakh is exempt for classical performances.

[Reason: Refer **Entry 78** of exemption- Since the consideration charged is more than ₹ 1,50,000, entire consideration is taxable.]

Q16. Mrs. Padmini, basically a Kathak artist, provides a bouquet of services as under in June:

S.No.	Nature of service	Amount (₹)
i	Received from performance of Kathak	2,50,000
ii	Received from a TV channel for appearing in one of its Shows as Guest Anchor	2,75,000
iii	Received from the performance of fusion dance which includes both western and classical dance	1,45,000
iv	Fees received for teaching Kathak	12,50,000
v	Sponsorship of sporting events organized under Panchayat Yuva Kreeda Aur Khel Abhiyaan	1,85,000
vi	Admission to Tiger Reserve maintained (100 tickets sold)	600 per ticket
vii	Admission to Recognised Sporting Event (1000 tickets sold)	650 per ticket

The value of taxable supply of Mrs. Padmini for June will be ___________.

(a) ₹10,70,000

(b) ₹13,20,000

(c) ₹25,70,000

(d) ₹13,80,000

[Reason: Refer **Entries 53, 78, 79, 80 & 81** of exemption.]

08. Banking & Financial Sector

Q17. Prime Bank Ltd. provides the following services:

(i) Administrative charges and folio charges collected from customers

(ii) Cheque discounting charges received from borrowers

(iii) Charges for late payment of outstanding dues on credit card

(iv) Sale and purchase of forward contracts (foreign currency)

(v) Margin earned on reverse repo transactions

(vi) Charges for debit card and ATM card facilities extended

(vii) Interest received on overdraft facility

Which services are taxable under GST?

(a) (i), (iii) & (vi)

(b) (ii), (iv) & (v)

(c) (iii) only

(d) (ii) and (vi)

[**Reason:** Refer **Entry 27** of exemption for services that are specifically exempt, rest all are taxable. Sale/purchase of forward contract is not a supply as it is transaction in security. Margin earned on reverse repo transactions is exempt, as these margins are like interest charged for lending money]

Q18. Safe Bank Ltd. got registered under GST on its incorporation in April with 125 branches across India. Following details are given for May for one of its branches:

Sl. No.	Nature of Receipt	Amount (₹) (exclusive of GST)
i	Interest received on Term Loan	10,75,000
ii	Interest received on credit card transactions	6,20,000
iii	Interest received on Fixed Deposit held with SBI, Mumbai	25,00,000
iv	Commission received on Letter of Credit issued	3,00,000
V	Documentation charges collected from borrowers	1,25,000
vi	Sale of foreign exchange to Bank of Rajasthan, an authorised dealer	15,60,000

Answer the following questions: -

i) Compute the value of Exempt supply provided by the branch of Safe Bank Ltd. for May. [ICAI Case 27 Sub-Q3]

(a) ₹ 15,00,000

(b) ₹ 41,95,000

(c) ₹ 51,35,000

(d) ₹ 66,95,000

[**Reason:** 1) Refer **Entry 27** of exemption - Interest **other than** interest received from services related to credit card transactions is **exempt**. 2) Sale of foreign exchange here is also **exempt**. 3) Documentation services & commission related to letter of credit are **taxable**. 4) Thus, exempt supply = Interest on Term Loan (₹ 10,75,000) + Interest on FD (₹ 25,00,000) + Sale of foreign exchange (₹ 15,60,000) = ₹ **51,35,000.]**

ii) Compute the value of taxable supply made by the branch of Safe Bank Ltd. for May. [ICAI Case 27 Sub-Q4]

(a) ₹ 10,45,000

(b) ₹ 21,20,000

(c) ₹ 36,80,000

(d) ₹ 61,80,000

[**Reason:** Refer **Entry 27** of exemption – **services not covered in entry are taxable.** Interest on credit card transactions (₹ 6,20,000) is taxable. Commission received on Letter of Credit (₹3,00,000) and Documentation charges (₹ 1,25,000) are also taxable. Taxable supply = ₹ 6,20,000 + ₹ 3,00,000 + ₹ 1,25,000 = ₹ **10,45,000.]**

9. Educational Sector

Q19. Which of the following educational services are not exempt from GST?

(a) JEE Mains entrance exam conducted by National Testing Agency

(b) Long duration program (2 years) conducted by Indian Institutes to Management

(c) Coaching for preparation of UPSC entrance examination provided by perfect coaching classes

(d) Catering services provided to Little Angels Public School

(e) Cleaning services performed in educational institution providing pre-school education and education up to higher secondary school

[**Reason**: Refer **Entry 66** of exemption along with its proviso]

Q20. M/s. Delight Brothers (a partnership firm who opted composition levy) is in restaurant business. It received new orders to run a mess facility for supplying food at:

(i)Vishwas Public School – a higher secondary school;

(ii) Knowledge Institute of Technology – an engineering college approved by AICTE and UGC;

(iii) Frontline Hospital.

Out of the new orders received by the firm in May, which of the following services are exempt from GST? [ICAI Case 26 Sub-Q2]

(i) Service provided to Vishwas Public School

(ii)Service provided to Knowledge Institute of Technology

(iii) Service provided to Frontline Hospital

(a) (i) and (iii)

(b) (ii) and (iii)

(c) Only (i)

(d) (i) and (ii)

[Reason: 1) Catering services (including mid-day meals) provided to an educational institution providing pre-school education or education up to higher secondary school or equivalent are exempt (**Entry 66(b)(ii) of exemption**).

- Vishwas Public School qualifies → **exempt**.
- Knowledge Institute of Technology (engineering college) is NOT an educational institution → **taxable**.

2) Food for Frontline Hospital – since it is outsourced and not provided by the hospital itself, it is **taxable.]**

Q21. M/s. Maahi & Co. (LLP, registered under GST) is engaged in various business. It let out its warehouse to Mr. Shankar, who in turn let it out to an agriculturist for warehousing of agricultural produce. It also undertakes catering service to 'Vishwas' Anganwadi which has received fundings from Government. Which of the following statements is correct? [ICAI Case 36 Sub-Q3]

(i) Letting out of warehouse to Shankar is exempt.

(ii) Catering service to 'Vishwas' Anganwadi is exempt.

(iii) Letting out of warehouse to Shankar is not exempt.

(iv) Catering service to 'Vishwas' Anganwadi is not exempt.

(a) (i) and (ii)

(b) (iii) and (iv)

(c) (i) and (iv)

(d) (ii) and (iii)

[Reason:

1) Refer **Entry 66** of exemption read with **CBIC clarification**- Serving of food/catering (including mid-day meals) to an educational institution (including anganwadi, a pre-school) **is exempt**, irrespective of its funding from govt. grants or corporate donations.

2) Warehousing services are provided to Mr. Shankar – Mr. Shankar is **NOT an agriculturist & hence, taxable**. Fact that he sub-lets to an

agriculturist does not make the first supply exempt under Entry 54.]

10. Government Sector

Q22. Compute the value of total taxable service out of the following services:-

S.No.	Nature of Receipt	Amount (₹)
i	Issuance of driving licence by government to individuals	1,05,000
ii	Post cards sold by Government Post Office	2,50,000
iii	Inland letters sold by Government Post Office	3,50,000
iv	Ordinary post (envelopes weighing less than 10g) sold by Post Office	2,00,000
v	Services by BIRAC approved bio-incubators to incubates	15,00,000
vi	Transportation of passengers by ropeway	5,20,000
vii	Services provided by Hasanchowk Post Office to various individuals - amount charged does not exceed ₹ 5,000 in any of the transactions	8,00,000

Calculate the value of taxable service.

(a) ₹13,20,000
(b) ₹5,00,000
(c) ₹20,20,000
(d) ₹28,20,000

[**Reason**: Refer **Entry 6, 9, & 24C** of exemption.]

11. An Unincorporated Body & Housing Society Sector

Q23. Mahadev Housing Society (MHS), registered under GST in Lucknow, has 200 flats and 20 shops (Total: 100 units of 3BHK, 100 units of 4BHK, 20 shops) as members. 3 members own 2 flats each of 3BHK type. Interest ₹ 75,000 received on FD with nationalised bank. The maintenance charges collected for January:-

- **per 3BHK flat = ₹ 8,000 (including property tax ₹ 1,000 on behalf of Municipal Corporation);**
- **per 4BHK flat = ₹ 10,000 (including property tax ₹ 1,500 on behalf of Municipal Corporation);**
- **per shop = ₹ 7,000.**

Assume rate of CGST @ 9%, SGST @ 9% and IGST @ 18%. Answer the following questions:-

i) The total value of exempted outward supply of the society for January is _____. [ICAI Case 4 Sub-Q1]

(a) ₹ 11,65,000
(b) ₹ 10,90,000
(c) ₹ 10,25,000
(d) ₹ 7,75,000

[**Reason:** 1) Maintenance charges for 100 3BHK flats = ₹ 7,000 (₹ 8,000 – ₹ 1,000 property tax) × 100 = ₹ 7,00,000. Value per member is less than ₹ 7,500, thus, **exempt as per Entry 77** of exemption.

2) Maintenance charges for 20 shops = ₹ 7,000 × 20 = ₹ 1,40,000 [**also exempt** as less than ₹ 7,500 per member & shop is also a member].

3) Property tax collected on all flats [(₹ 1,000 × 100) + (₹ 1,500 × 100)] = ₹ 2,50,000 **[exempt]**.

4) Interest on FD = ₹ 75,000 [**exempt** under **entry 27**].

5) Total exempted supply = **₹ 11,65,000.**

[Note: 1) 3 members owning 2 units each – each unit is treated as a separate membership.

2) Charges, collected by the society on account of property tax, electricity charges and other

statutory levies would be excluded while calculating ₹ 7,500. **[CBIC GST Flyer & FAQs].]**

ii) The gross GST liability (before reduction of ITC) for January is ______. [ICAI Case 4 Sub-Q3]

(a) ₹ 76,500 CGST and ₹ 76,500 SGST
(b) ₹ 89,100 CGST and ₹ 89,100 SGST
(c) ₹ 1,02,600 CGST and ₹ 1,02,600 SGST
(d) ₹ 1,52,100 CGST and ₹ 1,52,100 SGST

[Reason: 1) Maintenance charges for 100 4BHK flats: ₹ 10,000 – ₹ 1,500 (property tax) = ₹ 8,500 per flat × 100 = ₹ 8,50,000 [value per member > ₹ 7,500, hence **taxable**].
2) Maintenance charges for 20 shops (₹ 7,000 × 20) = Nil [**exempt** under **entry 77** of exemption as < ₹ 7,500].
3) Total taxable value = **₹ 8,50,000**. GST @ 9% CGST & 9% SGST = **₹ 76,500 CGST and ₹ 76,500 SGST.]**

12. Miscellaneous Sector

Q24. KBC Insurance Ltd. provides life & non-life insurance products with IRDA approval. The details of insurance business for May:

Sl. No.	Nature of Receipt	Amount (₹)
i	Premium received on Pradhan Mantri Jan Dhan Yojana	5,00,000
ii	Premium received on Aam Aadmi Bima Yojana	3,00,000
iii	Premium received on Life micro-insurance product having a sum assured of ₹ 2.50 lakh	4,00,000
iv	Premium received on reinsurance of Group Personal Accident Policy for Self-Employed Women	1,00,000
v	Premium received on Fire and Special Perils policy of various business units	7,00,000
vi	Premium received on Money-back group policies issued	12,00,000

Answer the following Questions:

i) Compute total value of exempt supply provided by KBC Insurance Ltd. for May. [ICAI Case 39 Sub-Q2]

(a) ₹ 9,00,000
(b) ₹ 13,00,000
(c) ₹ 20,00,000
(d) ₹ 32,00,000

[Reason: Refer **Entry 35, 36, 36A & 36C** of exemption. From services given in table in Question-

- (i), (ii) & (iv) are **exempt** specifically.
- (iii) Life micro-insurance with sum assured ₹ 2.50 lakh – **NOT exempt** as IRDA approved life micro-insurance exemption applies only upto sum assured of ₹ 2,00,000 → **TAXABLE**.
- (v) & (vi) are not specifically exempt and hence, **taxable.**
- Total exempt value= ₹ 5,00,000 + ₹ 3,00,000 + ₹ 1,00,000 = **₹ 9,00,000.]**

ii) Compute total value of taxable supply made by KBC Insurance Ltd. for May. [ICAI Case 39 Sub-Q3]

(a) ₹ 4,00,000
(b) ₹ 12,00,000
(c) ₹ 23,00,000
(d) ₹ 32,00,000

[Reason: Refer **Entry 35, 36, 36A & 36C** of exemption. Analysis done in above Q. Taxable services –

- (iii) Life micro-insurance with sum assured of ₹ 2.50 lakh (exceeds ₹ 2,00,000 limit) = ₹ 4,00,000;
- (v) Fire and Special Perils policy = ₹ 7,00,000;
- (vi) Money-back policies = ₹ 12,00,000.
- Total taxable value= ₹ 4,00,000 + ₹ 7,00,000 + ₹ 12,00,000 = ₹ **23,00,000.]**

13. Combined Questions:-

Q25. Which of the following services are exempt from GST?

(i) Services by way of transfer of a going concern

(ii) Services provided by RBI

(iii) Services by an organiser to any person in respect of a business exhibition held in India

(iv) Services to a foreign diplomatic mission located in India

(v) Sale of liquor

(vi) Transmission of electricity by an electricity transmission utility

(vii) Admission to a circus where entry ticket costs ₹550 per person

(viii) Services by slaughtering of animal

(ix) Services provided by business correspondent to the rural branch of a bank for Savings Bank Accounts

(a) (i), (v), (vi) & (ix)

(b) (ii), (iv), (viii)

(c) (iii), (vii)

(d) All of the above

[Reason: Refer Entries 2, 25, 39, 52, 59, 81 of exemption for services that are specifically exempted. Liquor is out of ambit of GST i.e. Non-taxable supply being included in definition of exempt supply.]

Q26. Manavtaa Trust is a charitable trust registered u/s 12AB of Income-tax Act, 1961 & registered under GST in Gujarat in May. It runs Manavtaa Higher Secondary School in Gujarat. Aggregate turnover of the trust for preceding financial year was ₹ 15 lakh.

In July, the trust availed:-

(a) Security personnel services from 'Perfect Security Solutions', Gujarat, a proprietorship concern, for security of the school premises for ₹ 2,00,000;

(b) Legal consultancy services from 'Maya & Co.', a partnership firm of advocates, for issues relating to the said school for ₹ 1,20,000.

Compute the value of inward supplies on which tax is payable by Trust under reverse charge, for July. [ICAI Case 21 Sub-Q2] [RTP May 23]

(a) ₹ 2,00,000

(b) ₹ 3,20,000

(c) ₹ 1,20,000

(d) Nil

[Reason: 1) Refer **Entry 66** of Exemption - security services provided to a higher secondary school are **exempt**. 2) Refer **Entry 45** of Exemption - Legal consultancy services by a firm of advocates to a non-business entity, or to a business entity with agg. t/o not exceeding the threshold for registration in P.F.Y., are **exempt**. The trust's turnover for P.F.Y. was ₹ 15 lakh (below threshold of ₹ 20 lakh). 3) Both **security and legal services received are exempt.** Hence, value of inward supplies taxable under RCM = **Nil.]**

Q27. Purvi (registered in Madhya Pradesh) supply various goods & services. During October, she received (exclusive of GST):

(i) ₹ 1,60,000 by performing at a western music concert in Indore.

(ii) ₹ 50,000 for renting of space for use as a Textile Emporium.

(iii) ₹ 70,000 for supply of farm labour.

(iv) ₹1,50,000 for organizing a seminar in Indore which was sponsored by WE-WIN Cricket Academy, an LLP.

Out of all the payments received by Purvi in October, value of exempt supply amounts to ________. [ICAI Case 29 Sub-Q4]

(a) ₹ 4,30,000

(b) ₹ 70,000

(c) ₹ 1,20,000

(d) ₹ 2,20,000

[Reason: 1) Music performance (western concert) – not exempt (**Entry 78** of exemption) - **taxable**. 2) Renting of commercial space (Textile Emporium) is **taxable (not covered under Entry 12)**. 3) Supply of farm labour = **₹ 70,000 is exempt** as per **Entry 54** of Exemption. 4) Sponsorship fee is **taxable** under RCM (Entry 4 of RCM) & not covered under any exemption.**]**

Answers:

01	c
02	c
03 (i)	a
03 (ii)	b
04(i)	c
04 (ii)	b
05	a
06	b
07	a
08	c
09	a
10	b
11	b
12	a
13	b
14	b
15	a
16	b
17	a
18(i)	c
18 (ii)	a
19	c
20	c
21	d
22	a
23 (i)	a
23(ii)	a
24(i)	a
24(ii)	c
25	a
26	d
27	b