



## Chapter 07

# Exemption under GST

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1	Study Mat	07	Q. 01.02.01/ 02.03.01/ 04.05/04.07.01/ 05.08.01/ 06.09/ 06.10/06.10.01/ 08.14.01 09.15.01/ 10.16.01/ 12.19/ 12.20/ 12.21/ 12.21.01/ 12.21.02/	16
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## 01. Health Care Sector:-

Students, let's try to solve it



### MCQ07.01.01.00

Which of the following is a recognised system of medicine for the purpose of exemption for health care services? [CA Inter MTP March 19] [Study Mat]

- (i) Allopathy
- (ii) Unani
- (iii) Siddha
- (a) (i)
- (b) (ii)
- (c) (ii) and (iii)
- (d) (i), (ii) and (iii)

(Hint:- All the three are recognized systems of medicines)

MCQ 07.01.02.00 Which of the following services is exempt under health care services provided by clinical establishments? [Study Mat] (CA Inter MTP Mar 19)

- (a) Chemist shop in the hospital selling medicines to public at large
- (b) Food supplied by canteen run by the hospital to in-patients as per diet prescribed by the hospital's dietician
- (c) Food supplied to visitors or attendants of the patient in the hospital by canteen run by the hospital
- (d) Advertisement services provided by the hospital to a pharmaceutical company for their asthma pump by displaying it prominently in

the hospital building

[Hint:- Refer Circular no 32/06/2018 dt 12/02/2018]

### MCQ07.01.02.01

Which of the following services provided by Healthy Wealthy Nursing Home are not exempt from GST? [Study Mat]

- a) Renting of rooms with per day charges of ₹ 6,000 to in-patients
- b) Food supplied to in-patients
- c) Healing of patients through naturopathy
- d) Services provided in Intensive Care Unit for which ₹ 12,000 are charged per day

(Hint:- Refer exemption on Health care sector)

## 02. Charitable and Religious Sector

MCQ 07.02.03.00 Divyakripa Trust, an entity registered under section 12AA of the Income-tax Act, 1961, has furnished you the following details with respect to the activities undertaken by it. You are required to compute its taxable value from the information given below for the month of June 20XX

Particulars	₹
Amount received for the Yoga camps organized for elderly people	4,83,000
Amount received for counseling of mentally disabled persons	10,50,000
Amount received for renting of commercial property owned by the trust	1,50,000
Amount received for activities relating to preservation of forests and wildlife	12,35,000

- (a) ₹1,50,000
- (b) ₹5,50,000
- (c) ₹7,00,000
- (d) ₹18,68,000

[Hint: Refer Exemption Related to Charitable and Religious Sector i.e. Sl. no 1 & 13 along with circulars & definitions]

### MCQ07.02.03.01

ABC Trust, a charitable trust registered under Sec 12AB of the Income-tax Act, is registered under GST in Rajasthan. It provided coaching for cricket to teenagers, yoga training to middle-aged people and skill development services to persons over the age of 65 years residing in a metro city, in the month of June. ABC Trust is liable to pay GST on: [Study Mat]

- a) Skill development services and Yoga training
- b) Skill development services
- c) Coaching for cricket, Yoga training and skill development services
- d) Coaching for cricket and Yoga training

(Hint:- Refer Exemption Related to Charitable and Religious Sector, where skill development services provided in rural areas are exempt.)

### MCQ07.02.03.02

'Truth is God', a religious trust u/s 12AA of the Income-tax Act, 1961, provides service by way of renting of premises within the precincts of a religious place which is exempt upto

----- [CA Inter MTP-1 Sep 25]

- (a) ₹ 999 per day
- (b) ₹ 1,000 per day
- (c) ₹ 9,999 per day
- (d) ₹ 10,000 per day

[Hint:- Refer sl no. 13 of exemption - Renting of Premises with charges less than ₹10000 per day is exempt. Thus, ₹10000 charges per day is taxable]

### 03. Legal Sector

**MCQ 07.03.04.00** 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:-

- Represented in an appeal matter for his client Mr. Agarwal being an individual unregistered under GST
- 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
- Mr. Sagar, another individual advocate having turnover of ₹15 lacs in preceding financial year.

Whether the above services are exempt or Taxable?

- Exempt, Taxable, Exempt
- Taxable, Taxable, Taxable,
- Exempt, Exempt, Exempt,
- Taxable, Exempt, Taxable

[Hint:- 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. Agriculture Sector

**MCQ07.04.05.00** Warehousing services of ---- is exempt from GST. [Study Mat]

- Wheat
- Apples
- Pulses
- Potato

- i, ii, iii and iv
- i and iii
- ii, iii and iv
- iii

[Hint:- Refer Sl. No. 24B]

**MCQ 07.04.06.00** Which of the following service is not exempt under GST? (CA Inter GST May 2020)

- Loading and unloading of paddy
- Loading and unloading of sugarcane
- Loading and unloading of tea bags
- Loading and unloading of potato

[Hint:- Tea Bags are not agricultural produce]

**MCQ 07.04.07.00** Which of the following supply of services are exempt under GST?

- testing of agricultural produce
- supply of farm labour
- warehousing of agricultural produce (CA Inter MTP Oct 2020) [Study Mat]

- (i)
- (i) and (ii)
- (ii) and (iii)
- (i), (ii) and (iii)

[Hint:- Refer Sl. No. 54]

**MCQ 07.04.07.01** Which of the following services relating to agriculture are not exempt from GST? [Study Mat]

- Loading, unloading, packing, storage or warehousing of rice
- Milling of paddy into rice

- Agricultural extension services
- Renting of agro machinery

[Hint:- Refer exemption related to Agricultural sector with Circulars]

### 05. Passenger Transport Sector

**MCQ 07.05.08.00** Determine whether the following are liable to GST or not:-

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

- Taxable, Taxable, Taxable
- Exempt, Exempt, Exempt
- Taxable, Exempt, Exempt
- Taxable, Taxable, Exempt

[Hint:- Refer Sl. No. 15 & 17]

**MCQ 07.05.08.01** Which of the following services are not exempt from GST? [Study Mat]

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

## 06. Goods Transport Sector

**MCQ 07.06.09.00** Services of transportation of goods by -----are exempt from GST. [Study Mat]

- (i) road (ii) inland waterways  
 (iii) goods transportation agency  
 (iv) courier agency (v) local delivery by/through ECO  
 (a) (i) & (v) (b) (iii), (iv) & (v)  
 (c) (i) and (iv) (d) (i) & (ii)

[Hint:- Refer Sl. No. 18]

**MCQ 07.06.10.00** Services by way of Transportation of ----- by rail from Chennai to Gujarat are exempt from GST. [Study Mat]

- (i) Pulses (ii) Military equipments  
 (iii) Electric equipments (iv) jaggery  
 (a) (i) & (ii) (b) (i) & (iii)  
 (c) (ii) & (iv) (d) (i), (ii), (iii) & (iv)

[Hint:- Refer Sl. No. 20/21]

**MCQ 07.06.10.01** Which of the following services provided by Sundar Transporters, a GTA, are not exempt from GST? [Study Mat]

- a) Transport of organic manure to Agro Brothers Ltd.  
 b) Transportation of household items provided to Mrs. Riddhima (unregistered).

c) Transportation of goods provide to Malhotra & Malhotra Co. - a unregistered partnership firm.

d) Transportation of goods provided to Municipal Corporation of Delhi.

[Hint:- Refer exemption related to Goods Transportation services & Entry no.21A]

## 07. Renting of Immovable Property

**MCQ.07.07.11.00** 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. [CA Inter RTP may 21] [CA Inter 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.

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

**MCQ.07.07.11.01** 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.

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

**MCQ 07.07.12.00** 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

[Hint:- 1) Taxable value= 25\*10\*70%\*1200  
 2) Service by hotel for residential or dwelling purpose is taxable fully irrespective of the value ]

## 08. Entertainment Sector

**MCQ 07.08.13.00** Which of the following services are exempt from GST? [MTP Old Nov 21] [Study Mat]

- (a) Services by an artist by way of a performance in classical art forms of painting/sculpture making etc. with consideration thereof not exceeding ₹1.5 lakh.
- (b) Services by an artist by way of a performance in modern art forms of music/ dance/ theatre with consideration thereof not exceeding ₹1.5 lakh.
- (c) Services by an artist by way of a performance in folk or classical art forms of music/ dance/theatre with consideration thereof exceeding ₹1.5 lakh.
- (d) Services by an artist by way of a performance in folk or classical art forms of music/ dance / theatre with consideration thereof not exceeding ₹1.5 lakh

[Hint:- Refer Sl. No. 78]

**MCQ 07.08.14.00** Services by way of admission to \_\_\_ is not exempt from GST. [CA Inter MTP March 19] [Study Mat]

- a) Museum      b) National park
- c) Tiger reserve      d) Recognised sporting event where the admission ticket costs ₹600 per person.

[Hint:- Refer Sl. No. 79]

**MCQ 07.08.14.01** Which of the following services are not exempt from GST? [Study Mat]

- a) Services by way of admission to a museum
- b) Right to admission to a circus where the ticket cost is ₹ 550 per person
- c) Classical music performance by singer where consideration charged is ₹ 1,45,000

d) Sponsorship of sporting events organized under Panchayat Kreedha Aur Khel Abhiyaan Scheme

(Hint:- Refer Entry no. 78, 79 & 81)

**MCQ 07.08.14.02** Mrs. Padmini, a renowned Kathak artist and a registered person under GST, provides the following information regarding the activities carried out by her during the month of June 20XX.

S.No	Particulars	₹
1	Fees received for teaching Kathak	12,50,000
2	Received from a TV channel for appearing in one of its Shows as Guest Anchor	2,75,000
3	Received from the performance of Kathak	2,50,000
4	Received from the performance of Fusion dance which includes both western and classical dance	1,45,000

Value of taxable supply of Mrs. Padmini for the month of June 20XX will be ₹ \_\_\_\_\_. [CA Inter Exam Jan 25]

- (a) ₹ 2,75,000      (b) ₹ 4,20,000
- (c) ₹ 6,70,000      (d) ₹ 19,20,000

[Hint: (1) is exempt under entry 80, (2) and (4) are taxable as they are not exempt under entry 78 & (3) is also taxable as consideration exceeds ₹1,50,000 - not covered under entry 78]

## 09. Banking & Financial Sector:

**MCQ 07.09.15.00** New Bank of India Ltd. provides the following information for the month of April, 20XX. Compute the value of taxable service

S.No	Particulars	₹
1	Interest Received on various loans including home loan	2,000
2	Administrative charges and folio charges collected	120
3	Value of sale and purchase of forward contract	100
4	Charges for credit card and debit card facilities extended	200
5	Charges for ATM card transaction	200
6	Commission received for DD, transfer and cheque collection	200
7	Margin earned on reverse repo transactions	400

- (a) ₹720      (b) ₹1120
- (c) ₹920      (d) ₹ 820

[Hint:- Refer Sl. No. 27- here, taxable value = Nil + ₹120 + Nil (as it is a transaction in security) + ₹200 + ₹200 + ₹200 + Nil (exempt, as these margins are like interest charged for lending money) = ₹720]

**MCQ 07.09.15.01** Which of the following amounts received by sindhbad Bank are not exempt from GST? [Study Mat]

- a) Cheque discounting charges received
- b) Interest on overdraft facility
- c) Charges for late payment of outstanding dues on



**MCQ 07.12.21.00** Which of the following services are not exempt from GST? [Study Mat]

- (a) Yoga camp conducted by a charitable trust registered under section 12AA or 12AB of the Income-tax Act, 1961.
- (b) Services provided by business correspondent to the rural branch of a bank with respect to Savings Bank Accounts
- (c) Services by an organiser to any person in respect of a business exhibition held outside India
- (d) Services by slaughtering of animal.

[Hint: Refer charitable trust and other misc exemptions i.e. specially Sl. No. 1, 39 & 52 and also exemption for option d is withdrawn so that is taxable]

**MCQ 07.12.21.01** Which of the following services are liable to GST? [Study Mat]

- a) Services provided by business correspondent to banking company with respect to accounts in its urban area branch.
- b) Legal services provided by senior advocate to an unregistered business entity.
- c) Services provided by banking company to Basic Saving Bank A/c under Pradhan Mantri Jan Dhan Yojana.
- d) Services by way of collection of contribution under Atal Pension Yojana.

[Hint: Refer Entry no. 39, 45, 27A & 37]

**MCQ 07.12.21.02** Which of the following services are exempt from GST? [Study Mat]

- a) Services to a foreign diplomatic mission located in India
- b) Services by an organiser to any person in respect of a business exhibition held in India
- c) Services by way of transfer of a going concern
- d) Services provided by RBI

[Hint: Refer Entry no. 59, 52 & 7]

### 13. Case Studies:-

**MCQ 07.13.22.00** Manavtaa Trust is a charitable trust registered under section 12AB of the Income-tax Act, 1961. The trust is well known for its educational, charitable and religious activities. The trust became liable to registration under GST in the current financial year since it exceeded the threshold limit for registration and thus, got itself registered in the State of Gujarat in the month of May.

In the month of June, a multinational company, Dhruvtara Ltd., gifted 500 laptops worth ₹ 50 lakh to the trust free of cost for the charitable purposes, without any intention of seeking any business promotion from the same. Manavtaa Trust distributed these laptops for free in the same month to the needy students for facilitating them in their higher studies.

Manavtaa Trust owns a higher secondary school – Manavtaa Higher Secondary School – in Gujarat. In

the month of July, the trust availed security personnel services from 'Perfect Security Solutions', Gujarat, a proprietorship concern, for security of the school premises for a consideration of ₹ 2,00,000. It also received legal consultancy services from 'Maya & Co.' a firm of advocates for the issues relating to the said school for ₹ 1,20,000, in the same month. Manavtaa Trust furnished the following information regarding the expenses incurred by it in the month of August; all transactions being inter-State:

- 1) Services received and used for supplying taxable outward supplies – ₹ 3,50,000.
- 2) Catering services received for students of Manavtaa Higher Secondary School – ₹ 2,00,000.
- 3) Buses purchased with seating capacity of 25 persons including driver – ₹ 10,50,000 (Buses were delivered in the first week of September).

Manavtaa Trust provided the following information in respect of the services provided by it during the month of August:

- 1) It runs an old age home for senior citizens. Nominal monthly charges of ₹ 15,000 for boarding, lodging and maintenance are charged from each member. Total number of members is 20.
- 2) It rents out a community hall situated within the precincts of a temple managed by it on 15th August for a religious function in first half for ₹ 5,000 and for an art exhibition in second half

for ₹ 6,000.

3) It rents out the rooms in the precincts of said temple to the devotees for a rent of ₹ 950 per room per day. Total rent collected in August amounts to ₹ 35,000.

All the figures given above are exclusive of taxes wherever applicable. Aggregate turnover of Manavtaa Trust for the preceding financial year was ₹ 15 lakh. All the conditions necessary for availment of ITC are fulfilled subject to the information given. Manavtaa Trust intends to avail exemption from GST wherever applicable. [CA Inter RTP May 23]

Based on the information given above, choose the most appropriate answer to the following questions-

1) Which of the following activities of Manavtaa Trust does not amount to supply under the GST law?

- a) Free laptops distributed to the needy students
- b) Boarding, lodging and maintenance of the senior citizens by the old age home run by the trust
- c) Renting of community hall situated within the precincts of the temple managed by the trust
- d) Renting of rooms in the precincts of the temple managed by the trust

(Hint:- Read Circular No. 116/35/2019 GST dated 11.10.2019 on donation to trust – which says that GST is not leviable on donation if the purpose is philanthropic (i.e., it leads to no commercial gain) and not advertisement)

ii) Compute the value of inward supplies on which tax is payable by Manavtaa Trust under reverse charge, for the month of July.

- a) ₹ 2,00,000
- b) ₹ 3,20,000
- c) ₹ 1,20,000
- d) Nil

(Hint:- Security personnel services received by higher secondary school are exempt & legal consultancy services received by business entity with an aggregate turnover  $\leq$  threshold for registration in preceding financial year are exempt)

iii) Compute the value of exempt supply made by Manavtaa Trust for the month of August.

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

(Hint:- Receipts of old age home upto ₹ 25000 per month per member is exempt i.e.  $(15,000 \times 20) + 35,000$  rent for room where rent per room  $< ₹ 1000$ )

iv) Compute the value of taxable supply made by Manavtaa Trust for the month of August.

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

(Hint:- rent for community hall per day is  $\geq ₹ 10000$ , So taxable supply = ₹ 5,000 + ₹ 6,000 = ₹ 11,000)

v) Determine the amount of ITC that can be credited to the Electronic Credit Ledger of Manavtaa Trust, in the month of August assuming rate of GST to be 18%.

- a) ₹ 36,000
- c) ₹ 1,89,000

- b) ₹ 63,000
- d) ₹ 2,88,000

(Hint:- Catering service to higher secondary school is exempt & ITC for buses is available in September – not august. So, ITC in august = ₹ 3,50,000 \* 18%)

Answer-

07.01.01	d	07.08.14.02	c
07.01.02	b	07.09.15	a
07.01.02.01	a	07.09.15.01	c
07.02.03	a	07.10.16	d
07.02.03.01	b	07.10.16.01	c
07.02.03.02	c	07.11.17	d
07.03.04	a	07.11.18	a
07.04.05	a	07.12.19	d
07.04.06	c	07.12.20	d
07.04.07	d	07.12.21	d
07.04.07.01	b	07.12.21.01	a
07.05.08	d	07.12.21.02	c
07.05.08.01	a	07.13.22.01	a
07.06.09	d	07.13.22.02	d
07.06.10	a	07.13.22.03	c
07.06.10.01	c	07.13.22.04	b
07.07.11	b	07.13.22.05	b
07.07.11.01	a		
07.07.12	b		
07.08.13	d		
07.08.14	d		
07.08.14.01	b		