

Question 9

CMA Inter

Subbu, a registered supplier based at Erode coached the staff of a software company in Hyderabad, which is registered. The classes were held at Erode. The place of supply is:

- (A) As mutually agreed upon
- (B) As decided by the Department, whichever is more favourable to them
- (C) Erode
- (D) Hyderabad

Question 10

CMA Inter

Mr. C of Chennai supplied goods to M/s Smart Jet Airlines of Chennai flying between Delhi-Mumbai. The goods are loaded in the aircraft in Delhi. The place of supply of goods will be:

- (A) Chennai
- (B) Delhi
- (C) Mumbai
- (D) None of the above

Question 11

CMA Inter

Place of supply of services, in relation to training and performance appraisal provided to a registered person, will be the location of provider of Service.

- a. True
- b. False
- c. Partly false
- d. Place True

Question 12

CMA Inter

The place of supply for postpaid telecommunication services will be the _____.

- a. Billing
- b. paying
- c. consumption
- d. all of the above

Answers

1	2	3	4	5	6	7	8	9	10
b	c	a	b	a	a	b	a	d	b
11	12								
b	a								



Chapter 5: Exemptions of GST

Descriptive Questions

Easy

Question 1

MTP Aug'18, PYP May '18

Examine whether GST is exempted on the following independent supply of services:

- i. Relax & Co, a tour operator, provides services to a foreign tourist for tour conducted in Kerala and receives a sum of Rs. 1,50,000.
- ii. Ms. Sneha acts as a Coach for Indian Sports League (ISL), a recognized sports body, for a Tennis tournament organized by superb retail company and received a remuneration of Rs. 4,00,000.

6 Marks

Answer

- i. Services provided by a tour operator to a foreign tourist are exempt from GST provided such services are in relation to a tour conducted wholly outside India. Thus, since in the given case, services provided by Relax & Co. are in relation to a tour conducted within India, the same are not exempt from GST.
- ii. Services provided by a coach to a recognized sports body for participation in a sporting event are exempt from GST provided said sporting event is organized by a recognized sports body. Thus, since in the given case, the sporting event is not organized by a recognized sports body, the services provided by Ms. Sneha are not exempt from GST.

Question 2

MTP April'21

Kashi Enterprises, an event organizer, provided services to Brisk N Frisk Ltd. by way of organizing business exhibition in New Delhi as part of Make in India initiative. Kashi Enterprises claims that it is not required to pay GST as the services provided by way of organizing business exhibition are exempt from GST. Examine the technical veracity of the claim of Kashi Enterprises, in the given case.

4 Marks

Answer

No, the claim made by Kashi Enterprises that it is not required to pay GST is not correct. Services provided by an organizer to any person in respect of a business exhibition are exempt from GST only when such business exhibition is held outside India. However, since in the given case, the exhibition is being organized in India, the services of organization of event by Kashi Enterprises will not be exempt from GST.

Question 3

MTP Sep'22 VG Sir

State with reasons, whether GST is payable in the following independent cases: -

Exemptions from GST



- i. Services provided to recognized sports body as selector of national team.
 ii. Services provided by way of transportation of passengers in metered cab, through an electronic commerce operator.

4 Marks

Answer

- i. Services provided to a recognized sports body by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body are exempt from GST vide Notification No. 12/2017 CT(R) dated 28.06.2017. Thus, GST is payable in case of services provided to a recognized sports body as selector of national team.
 ii. Service of transportation of passengers, with or without accompanied belongings, inter alia, by metered cabs are specifically exempt from GST vide Notification No. 12/2017 CT(R) dated 28.06.2017. However, where such services are supplied through an electronic commerce operator, said services are not exempt. Thus, GST is payable in the given case.

Question 4

MTP March '23

State with reasons, whether GST is payable in the following independent cases: -

- i. Food supplied by the canteen run by a hospital to the in-patients as advised by the doctors.
 ii. An RWA in a housing society, registered under GST, collects the maintenance charges of ₹ 6,500 per month per member.

4 Marks

Answer

- (i) Services by way of health care services by a clinical establishment, an authorized medical practitioner or para-medics are exempt from GST. Food supplied to the in-patients by a canteen run by the hospital, as advised by the doctor/nutritionists, is a part of composite supply of healthcare and not separately taxable. Thus, said services are exempt from GST.
 (ii) Supply of service by a RWA (unincorporated body or a non-profit entity registered under any law) to its own members by way of reimbursement of charges or share of contribution up to an amount of ₹ 7500 per month per member for providing services and goods for the common use of its members in a housing society/a residential complex are exempt from GST. Hence, in the given case, services provided by the RWA are exempt from GST since the maintenance charges collected per month per member do not exceed ₹ 7500.

Question 5

MTP March '23

Miss. P, a registered supplier of Rajasthan, has received the following amounts in respect of the activities undertaken by her during the month of April:

S. No.	Particulars	Amount (in ₹)
1	Amount received for warehousing of sugarcane	50,000
2	Commission received as business facilitator for the services provided to the urban branch of a nationalized bank with respect to savings bank accounts	20,000



3	Amount received for services by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex	10,000
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All the transactions stated above are inter-State transactions and all amounts are exclusive of GST.

You are required to compute total GST payable by Miss. P for the month of April assuming the rate of GST to be 18%. 4 Marks

Answer

Computation of value of taxable supply on which GST is to be paid by Miss. P

Particulars	IGST* (₹)
Amount received for warehousing of sugarcane [Warehousing of agricultural produce is exempt from GST.]	Nil
Commission received as business facilitator [Services provided by a business facilitator to a banking company with respect to accounts only in its rural area branch are exempt from GST. In the given case since services are being provided to urban branch of the bank, they are taxable. However, the tax payable thereon is to be paid by the recipient of services i.e. banking company, under reverse charge. Hence, Miss P will not be liable to pay GST on commission received for said services.]	Nil
Amount received for services by way of labour contracts [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 are exempt from GST. Since such services are being provided for repairing the residential unit, they are not eligible for exemption.]	1,800 [10,000 X 18%]
Total IGST payable	1,800

*Note: IGST is payable on inter-State supply.

Question 6

MTP Oct' 23

Services provided by an entity registered under section 12AB of the Income-tax Act, 1961 are exempt from GST if such services are provided by way of charitable activities. Elaborate the term 'charitable activities'. 5 Marks

Answer

The term 'charitable activities' mean activities relating to-

- I. public health by way of-
 - A. care or counseling of
 - i. terminally ill persons or persons with severe physical or mental disability;
 - ii. persons afflicted with HIV or AIDS;
 - iii. persons addicted to a dependence-forming substance such as narcotics drugs or alcohol;
 - or
 - B. public awareness of preventive health, family planning or prevention of HIV infection;
- II. advancement of religion, spirituality or yoga;
- III. advancement of educational programmes/skill development relating to,-
 - (A) abandoned, orphaned or homeless children;
 - (B) physically or mentally abused and traumatized persons;



- (C) prisoners; or
 (D) persons over the age of 65 years residing in a rural area;
 IV. preservation of environment including watershed, forests & wildlife.

Question 7

RTP Nov '19

- a) Holiday Guest House, situated at Shimla, provides boarding & lodging services to tourists at economical cost. The charges of a single deluxe room per day are ₹ 999. Mr. X has booked one deluxe room for two days during Christmas holidays. You are required to determine whether GST is payable by Holiday Guest House on the above booking. If yes, determine the amount of GST so payable. Will your Answer change, if the charges of a single deluxe room per day charged by Holiday Guest House are ₹ 1,000?
- b) M/s Damodar Ltd. provides services by way of storage of seasonal fruits and vegetables in Bhatinda, Punjab. The monthly rental for a godown is ₹ 15,000. Examine whether GST is payable by M/s Damodar Ltd.

Answer

a. Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, as per amendment, notification dated 18.07.2022 Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having value of supply of a unit of accommodation below or equal to 1,000 per day or equivalent is removed from the exemption list and is now taxable.

Thus, in view of the above-mentioned provisions, GST is not payable by Holiday Guest House on the booking done by Mr. X

b. Services by way of storage/ warehousing of cereals, pulses, fruits, nuts and vegetables, spices, copra, sugarcane, jaggery, raw vegetable fibers such as cotton, flax, jute etc., indigo, unmanufactured tobacco, betel leaves, tendu leaves, coffee and tea have been exempted from GST under an exemption notification under GST.

Thus, no GST is payable on the services provided by M/s Damodar Ltd. by way of storage of seasonal fruits and vegetables in Bhatinda, Punjab.

Question 8

RTP May '20

State with reasons, whether GST is payable in the following independent cases: -

- i. Services provided to recognized sports body as curator of national team.
- ii. Services provided by way of transportation of passenger in Metered Cab.
- iii. Services by way of public conveniences such as provision of facilities of washrooms.
- iv. Services provided by a player to a franchisee which is not a recognized sports body

Answer

i. Services provided to a recognized sports body by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body are exempt from GST vide Notification No. 12/2017 CT(R) dated 28.06.2017. Thus, GST is payable in case of services provided to a recognized sports body as curator of national team.

VG Sir



- ii. Service of transportation of passengers, with or without accompanied belongings, inter alia, by metered cabs are specifically exempt from GST vide Notification No. 12/2017 CT(R) dated 28.06.2017. Thus, GST is not payable in this case.
- iii. Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets are not liable to GST as it is specifically exempt as per Notification No. 12/2017 CT(R) dated 28.06.2017. Thus, GST is not payable in this case.
- iv. Services provided by a player to a franchisee which is not a recognized sports body is taxable as it is not exempt under Notification No. 12/2017 CT(R) dated 28.06.2017. Thus, GST is payable in this case.

Question 9

RTP Nov '23

Examine the implications of GST on payment of honorarium to the Guest Anchors.

Answer

Circular No. 177/09/2022 GST dated 03.08.2022 clarifies the applicability of GST on honorarium paid to Guest Anchors. Sansad TV and other TV channels invite guest anchors to participate in their shows and pay remuneration to them in the form of honorarium.

It is clarified that supply of all goods & services are taxable unless exempt or declared as 'neither a supply of goods nor a supply of service'. Services provided by the guest anchors in lieu of honorarium attract GST liability.

However, guest anchors whose aggregate turnover in a financial year does not exceed ₹ 20 lakh (₹ 10 lakh in case of specified Special Category States) shall not be liable to take registration and pay GST.

Question 10

PYP May'19

Decide with reason whether the following independent services are exempt under CGST Act, 2017: Gould Residents' Welfare Association received 9,000 per month as contribution from each member for sourcing of goods and services from third persons for common use of its members.

Mr. Vial, a performing artist, has received 1,58,000 from performance of classical dance and 90,000 from acting in TV Serial during the month of June 2018.

4 Marks**Answer**

i. Service by an unincorporated body or a registered non-profit entity, to its own members by way of share of contribution up to an amount of 7,500 per month per member for sourcing of goods/services from a third person for the common use of its members in a housing society or residential complex, is exempt. In the given case, monthly contribution per month per member received by Gould Residents' Welfare Association exceeds 7,500. Therefore, exemption will be available up to 7,500 and GST would be payable on the amount in excess of 7,500 (viz. 1,500 in this case).

ii. Services by an artist by way of a performance in folk or classical art forms of music, dance, or theatre, if the consideration charged for such performance is not more than 1,50,000 are exempt from GST in the given case, since the consideration received by the performing artist - Mr. Vial for performance of classical dance is more than 1,50,000, said services are not exempt. Further, consideration received for acting in TV serial is also not exempt since said performance is not in folk/classical art forms of theatre.



Question 11

Decide with reason whether the following independent services are exempt under CGST Act, 2017:

- M/s Fast Trans, a goods transport agency, transported relief materials meant for victims of Kerala floods being a natural disaster, by road from Delhi to Ernakulum, for a Limited Co. (Old & New SM)
- Keyan Enterprises, an event organizer, provided services to Breathing Wall Ltd. by way of organizing business exhibition at Pragmatic Maiden in New Delhi as part of Make in India initiative.

3 Marks**Answer**

- Services provided by a goods transport agency, by way of transport in a goods carriage of, inter alia, relief materials meant for victims of inter alia natural or man-made disasters are exempt from GST. Therefore, services provided by M/s Fast Trans will be exempt from GST.
- Services provided by an organizer to any person in respect of a business exhibition held outside India is exempt from GST. Since in the given case, the exhibition is organized in India, the services of organization of event by Keyan Enterprises will not be exempt from GST.

Question 12

Green Agro Services, a registered person provides the following information relating to its activities during the month of February:

5 Marks

Gross Receipts from	(₹)
Services relating to rearing of sheep's	6,00,000
Services by way of artificial insemination of horses	4,00,000
Processing of sugarcane into jiggery	8,00,000
Milling of paddy into rice	7,50,000
Services by way of fumigation in a warehouse of agricultural Produce	1,80,000

All the above receipts are exclusive of GST.

Compute the value of taxable supplies under GST laws for the month of February.

Answer:

Computation of value of taxable supplies

Particulars	Amount (₹)
Services relating to rearing of sheep's [Exempt since services relating to rearing of all life forms of animals, except horses, for food etc. are exempt.]	Nil
Services by way of artificial insemination of horses [Not exempt since services of artificial insemination are exempt only of livestock other than horses.]	4,00,000



Processing of sugarcane into jiggery [Not exempt, since processes which alter the essential characteristics of agricultural produce are not exempt and processing of sugarcane into jiggery changes the essential characteristics of sugarcane.]	8,00,000
Milling of paddy into rice [Not exempt, since this process, being carried out after cultivation is over, is not an intermediate production process in relation to cultivation of plants and it also changes the essential characteristics of paddy.]	7,50,000
Services by way of fumigation in a warehouse of agricultural produce (As per amendment in the notification dated 18.07.2022 Services by way of fumigation in a warehouse of agricultural produce is removed from the exemption list and is now taxable)	1,80,000
Value of taxable supplies	21,30,000

Question 13

PYP Dec'21

AB Ltd., a registered company of Chennai, Tamil Nadu has provided following services for the month of October.

6 Marks

Particulars	Amount (₹)
Services of transportation of students, faculty and staff from home to college and back to Commerce College, (a private college) providing degree courses in BBA, MBA, B.Com., M.Com.	2,50,000
Online monthly magazine containing question bank and latest updates in law to students of PQR Law College offering degree courses in LLB and LLM	1,00,000
Housekeeping services to T Coaching Institute	50,000
Security services to N Higher Secondary School	3,25,000
Services of providing breakfast, lunch and dinner to students of ABC Medical College offering degree courses recognized by law in medical field	5,80,000

All the above amounts are exclusive of GST.

Compute the taxable supplies of AB Ltd. for the month of October with necessary explanations.

Answer

Computation of value of taxable supplies of AB Ltd.

Particulars	Amount (₹)
Services of transportation of students, faculty and staff to Commerce College [Not exempt, since transportation services provided to an educational institution are exempt only if such institution provides pre-school education or education up to higher secondary school or equivalent.]	2,50,000
Online monthly magazine to students of PQR Law College [Services of supply of online educational journals provided to an educational institution providing qualification recognized by law are exempt.]	Nil
Housekeeping services to T Coaching Institute [Not exempt]	50,000



Security services ⁴ to N Higher Secondary School [Security services provided to an educational institution providing education up to higher secondary school are exempt.]	Nil
Services of providing breakfast, lunch and dinner to students of ABC Medical College [Not exempt, since catering services provided to an educational institution are exempt only if such institution provides pre-school education or education up to higher secondary school or equivalent.]	5,80,000
Value of taxable supplies	8,80,000

⁴th has been assumed that security services are performed in N Higher Secondary School.

Question 14

PYP Jan'21

Satya Sai Residents Welfare Association, a registered person under GST has 30 members each paying 8,000 as maintenance charges per month for sourcing of goods and services from third persons for common use of its members.

The Association purchased a water pump for 59,000 (inclusive of GST of 9,000) and availed input services for 23,600 (inclusive of GST of 3,600) for common use of its members during February 2020. Compute the total GST payable, if any, by Satya Sai Residents Welfare Association, for February 2020.

GST rate is 18%. All transactions are intra-State.

There is no opening ITC and all conditions for ITC are fulfilled.

4 Marks

Answer

Computation of total GST payable by Satya Sai Residents Welfare Association

Particulars	Value (₹)	GST @ 18% (₹)
Maintenance charges received [8,000 × 30 members] [Services by RWA to its members for sourcing of goods or services from a third person for the common use of its members in a housing society are exempt provided the share of contribution per month per member is up to 7,500. Otherwise, entire amount is taxable.]	2,40,000	
Total GST payable [It has been logically presumed that maintenance charges are exclusive of GST.]		43,200

Note:

Residents Welfare Association is entitled to take ITC of GST paid by them on capital goods, goods and input services, used by it for making supplies to its members and use such ITC for discharge of GST liability on such supplies where the amount charged for such supplies is more than 7,500 per month per member. Thus, Satya Sai Residents Welfare Association can avail ITC of GST paid on water pump purchased (9,000) and input services availed (3,600). Net GST payable in that case will come out 30,600.



Question 15

Mr. Shyam Das was admitted to Suraksha Hospital in Mumbai for 2 days in relation to diagnosis of removal of stones from his kidney. For the said services, Suraksha hospital charged following from Mr. Das:

- i. Room rent 7,000 per day for 2 days.
- ii. Operation theatre charges 5,000
- iii. Doctors Consultation Charges 8,000
- iv. Other services 4,000

In each of the above scenario explain whether Suraksha Hospital should levy GST or not in line with the relevant provisions of the GST laws. **4 Marks**

Answer

Health care services by a clinical establishment are exempt from GST.

However, services provided by a clinical establishment by way of providing room having room charges exceeding 5,000 per day to a person receiving health care services are not exempt.

In view of the same, only the room rent of ₹ 14,000 (₹ 7,000 per day × 2 days) is liable to GST.

Other than room rent, all other nature of services provided by Suraksha Hospital are exempt from GST.

Question 16

"Under the GST law, taxes on taxable services supplied by the Central Government or the State Government to a business entity in India are payable by recipient of services". State the exceptions of the above statement.

Answer

Tax on following services supplied by the Central Government or State Government to a business entity in India is payable by the supplier of services:

1. services of renting of immovable property provided to an unregistered business entity.
2. 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; is removed from the exemption list and is now taxable for the recipient of service.
3. services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport.
4. services of transport of goods or passengers.

Question 17

RXL Pvt. Ltd. manufactures a beauty soap with the brand name 'Forever Young'. RXL Pvt. Ltd. has organized a concert to promote its brand. Ms. Ahana Kapoor, its brand ambassador, who is a leading film actress, has given a classical dance performance in the said concert as a part of her services as a brand ambassador of the company. The proceeds of the concert worth 1,20,000 will be donated to a charitable organization by Ms. Ahana.

Examine whether Ms. Ahana Kapoor will be required to pay any GST for classical dance performance given in the said concert. **5 Marks**

Answer

Services by an artist by way of a performance in folk or classical art forms of (i) music, or (ii) dance, or (iii) theatre are exempt from GST, if the consideration charged for such performance is not more than 1,50,000. However, such exemption is not available in respect of service provided by such artist as a brand ambassador.

Since Ms. Ahana Kapoor is the brand ambassador of 'Forever Young' soap manufactured by RXL Pvt. Ltd., the services rendered by her by way of a classical dance performance in the concert organized by RXL Pvt. Ltd. to promote its brand will not be eligible for the above-mentioned exemption and thus, be liable to GST. The fact that the proceeds of the concert will be donated to a charitable organization will not have any bearing on the eligibility or otherwise to the above-mentioned exemption.

Moderate

Question 1

MTP May'20, RTP May '19

i. "Richmond kids" is a Play School located in Delhi. Richmond Kids has outsourced the catering services for supply of food and drink in the canteen of Play School to Ashoka Caterers, Delhi for a consideration of Rs. 8,00,000 per annum. Examine whether supply of food and drink/catering services from Ashoka Caterers to "Richmond kids" is exempt from GST:

ii. Balaji Hospital, a clinical establishment located in Tirupati, is specialized in cardiac treatment. The hospital has its own canteen - Healthy Foods. The canteen serves the food and drink to the in-patients as advised by the doctors/nutritionists of the hospital. Apart from this, other patients (who are not admitted) or attendants or visitors of the in-patients also take food and drink from the canteen. Examine whether supply of food and drink/catering services to the in-patients and other patients (who are not admitted) or attendants or visitors of the in-patients is exempt from GST:

6 Marks

Answer

- i. Services provided to an educational institution providing services by way of pre-school education and education up to higher secondary school or equivalent, by way of catering is exempt from GST vide exemption notification under GST. Thus, in the given case, services provided by Ashoka Caterers to Richmond Kids are exempt from GST.
- ii. Services by way of health care services provided by a clinical establishment, an authorized medical practitioner or para-medics are exempt from GST vide exemption Notification under GST. In this regard, CBIC has clarified that food supplied by the hospital canteen to the in-patients as advised by the doctor/nutritionists is a part of composite supply of healthcare services and is not separately taxable. Thus, it is exempt from GST. However, other supplies of food by a hospital to patients (not admitted) or their attendants or visitors are taxable. In view of the same, GST is exempt on the food supplied by Healthy Foods to the inpatients as advised by doctors/nutritionists while other supplies of food by it to patients (not admitted) or attendants/visitors of the in-patients is taxable.

