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**V'Smart  
Academy**



# GST

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**Module 3**



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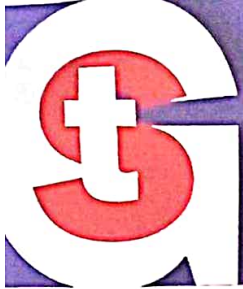
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# CHAPTER - 10

## EXEMPTION FROM GST

### **Introduction :**

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

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

The chapter of exemption deals with powers to grant exemption from tax under CGST / IGST act and provides a list of services exempt from GST in detail and also a glimpse of goods exempt from tax.

- ⇒ order to determine the liability to pay tax on any supply of goods or services falling under the ambit of charging section of GST, it is essential to identify whether such supply of goods / services are exempt from tax.
- ⇒ "Not all supply of goods / services are taxable", this is stated keeping in mind the exempt category of goods or services. Exempt supply has been defined as supply of any goods or services or both which attracts 'Nil rate of tax' or which may be wholly exempt from tax and includes non-taxable supply.
- ⇒ Section 11 of CGST Act and section 6 of the IGST Act designates the power to grant exemption from GST also the State GST Acts contain identical provisions granting power to exempt SGST.
- ⇒ Unlike the earlier Indirect Tax regime, where larger exemptions were enjoyed by the taxpayers now as under GST the exemption list is compressed and also area based exemptions have been excluded.
- ⇒ Based on the necessity and essentiality certain goods/ services have been exempted i.e. as follows:-
  - > Public consumption products/services have been exempted
  - > Daily needs goods like unbranded atta/maida/besan, milk, curd, lassi, fresh vegetables etc.
  - > Services like health care, education etc.



# Section 11 - Power to grant exemption from tax (Sec 6 of IGST Act)

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## General Exemption

Where the Government is satisfied that

**it is necessary in the public interest so to do,**

it may, on the recommendations of the Council, by notification, **exempt generally,**

- ⊙ either **absolutely or subject to such conditions** as may be specified therein,
- ⊙ **goods or services or both** of any specified description
- ⊙ from the whole or any part of the tax leviable thereon
- ⊙ with effect from such date as may be specified in such notification

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## Special Exemption

Where the Government is satisfied that

**it is necessary in the public interest so to do,**

it may, on the recommendations of the Council, **by special order**

- ⊙ in each case,
- ⊙ under circumstances of an exceptional nature to be stated in such order,
- ⊙ exempt from payment of tax any goods or services or both on which tax is leviable.

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## Explanation to Exemption

The Government may, if it considers necessary or expedient so to do

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

## Mandatory Exemption

**Explanation**—For the purposes of this section,

**where an exemption in respect of any goods or services or both from the whole or part of the tax leviable thereon has been granted absolutely,**

the registered person supplying such goods or services or both **shall not collect the tax,** in excess of the effective rate, on such supply of goods or services or both.

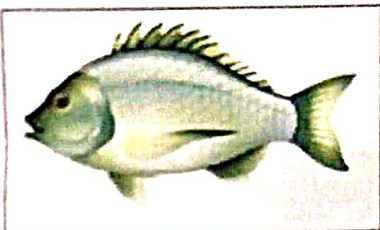


## GOODS EXEMPT FROM TAX

A list of items have been notified under section 11(1) of the CGST Act, 2017/section 6(1) of the IGST Act, 2017. These items have been exempted from whole of the tax. Since GST is a tax for common man, everyday items used by the common man have been included in the list of exempted items.

Items such as unbranded atta/maida/besan, unpacked food grains, milk, eggs, curd, lassi and fresh vegetables are among the items exempted from GST.

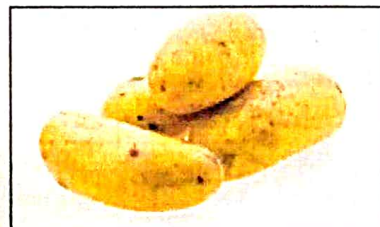
Some of the examples of the goods exempted from tax have been provided herein:



Live Fish (0301)



Fresh Milk (0401)



Potatoes (0701)



Grapes (0806)



Indian National Flag (63)



Plastic Bangles (3926)