

CHARGE OF GST

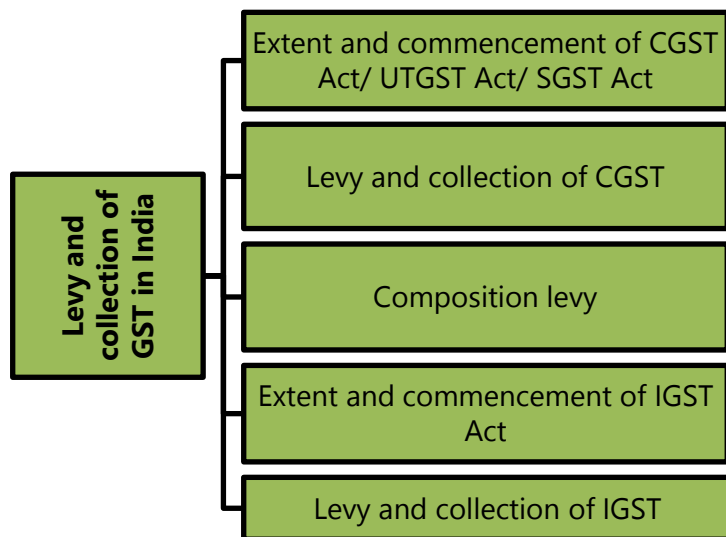


LEARNING OUTCOMES


After studying this Chapter, you will be able to –


- ❑ explain the extent and commencement of CGST Act/ SGST Act/ UTGST Act.
- ❑ describe the provisions pertaining to levy and collection of CGST.
- ❑ identify and analyse the services on which tax is payable under reverse charge mechanism.
- ❑ understand and analyse the composition levy- eligibility for the same and conditions to be fulfilled.
- ❑ explain the extent and commencement of IGST Act.
- ❑ describe the provisions pertaining to levy and collection of IGST.

CHAPTER OVERVIEW



1. INTRODUCTION

 Power to levy tax is drawn from the Constitution of India. Introduction of GST necessitated the Constitutional amendment to enable integration of the central excise duty including additional duties of customs, State VAT and certain State specific taxes and service tax levied by the Centre into a comprehensive goods and services tax [Discussed in detail in Chapter-1: GST in India – An Introduction].

 The very basis for the charge of tax in any taxing statute is the taxable event i.e the point on which the levy of tax gets attracted. As discussed earlier, the taxable event under GST is **SUPPLY**. **CGST and SGST/UTGST** are levied on all **intra-State supplies** of goods and/or services while **IGST** is levied on all **inter-State supplies** of goods and/ or services.



Intra-State supply

Where the **location of the supplier** and the **place of supply** of goods or services are **in the same State/Union territory**, it is treated as **intra-State supply** of goods or services respectively.



Inter-State supply

Where the location of the supplier and the place of supply of goods or services are in (i) two different States or (ii) two different Union Territories or (iii) a State and a Union territory, it is treated as **inter-State supply** of goods or services respectively.

2. RELEVANT DEFINITIONS



- ✔ **Goods:** means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply. [Sec. 2(52) of CGST Act].
- ✔ **E-Commerce operator:** means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce. [Section 2(45) of CGST Act]
- ✔ **Exempt supply:** means supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax under section 11, or under section 6 of the Integrated Goods and Services Tax Act, and includes non-taxable supply [Section 2(47) of CGST Act].
- ✔ **Aggregate turnover:** means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess [Section 2(6) of CGST Act].





Business: includes –

- (a) any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity, whether or not it is for a pecuniary benefit;
- (b) any activity or transaction in connection with or incidental or ancillary to (a) above;
- (c) any activity or transaction in the nature of (a) above, whether or not there is volume, frequency, continuity or regularity of such transaction;
- (d) supply or acquisition of goods including capital assets and services in connection with commencement or closure of business;
- (e) provision by a club, association, society, or any such body (for a subscription or any other consideration) of the facilities or benefits to its members, as the case may be;
- (f) admission, for a consideration, of persons to any premises; and
- (g) services supplied by a person as the holder of an office which has been accepted by him in the course or furtherance of his trade, profession or vocation;
- (h) services provided by a race club by way of totalisator or a licence to book maker in such club
- (i) any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities

[Section 2(17) of CGST Act].



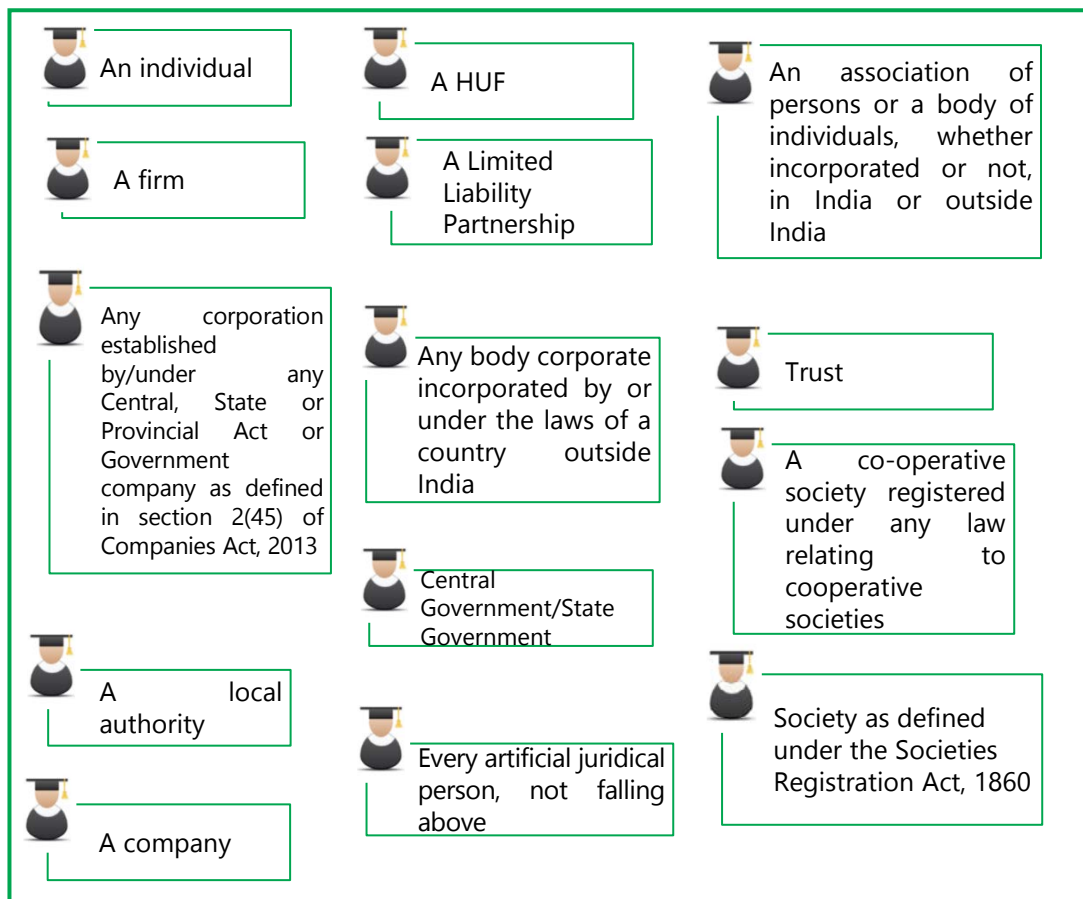
Consideration: in relation to the supply of goods or services or both includes:

- ✓ any payment made or to be made, whether in money or otherwise, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government,
- ✓ the monetary value of any act or forbearance, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not

include any subsidy given by the Central Government or a State Government.

However, a deposit given in respect of the supply of goods or services or both shall not be considered as payment made for such supply unless the supplier applies such deposit as consideration for the said supply. [Section 2(31) of CGST Act].

✔ **Person:** includes [Section 2(84) of CGST Act]-



✔ **Recipient:** of supply of goods and/or services means-

- where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration,

- (b) where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available, and
- (c) where no consideration is payable for the supply of a service, the person to whom the service is rendered,

and any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply and shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied. [Section 2(93) of CGST Act]

✔ **Reverse charge:** means the liability to pay tax by the recipient of supply of goods or services **or** both instead of the supplier of such goods or services or both under section 9(3)/9(4), or under section 5(3)/5(4) of the IGST Act [Section 2(98) of CGST Act].

✔ **Services:** means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged. [Section 2(102) of CGST Act]

✔ **Supplier:** in relation to any goods or services or both, shall mean the person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied. [Section 2(105) of CGST Act]

✔ **Taxable supply:** means a supply of goods and/or services which is chargeable to tax under CGST Act. [Section 2(108) of CGST Act]

✔ **Non-taxable supply:** means a supply of goods or services or both which is not leviable to tax under CGST Act or under IGST Act. [Section 2(78) of CGST Act]

✔ **Taxable person:** means a person who is registered or liable to be registered under section 22 or section 24. [Section 2(107) of CGST Act]

It is important to note that even an unregistered person who is liable to be registered is a taxable person. Similarly, a person not liable to be registered, but has taken voluntary registration and got himself registered is also a taxable person.

Section 22 enumerates the persons liable to be registered under CGST Act and section


24 lists the persons liable to be registered compulsorily under the said law. The said sections and the concept of taxable person thereto has been discussed in detail in Chapter 7 – Registration.

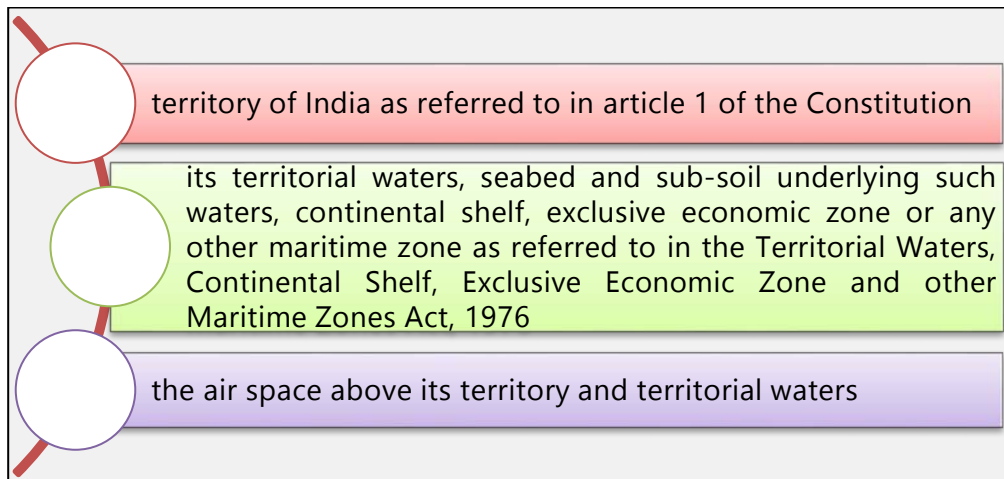
3. EXTENT & COMMENCEMENT OF CGST ACT/ SGST ACT/ UTGST ACT

- (i) **Central Goods and Services Tax Act, 2017** extends to the whole of India* [Section 1 of the CGST Act].

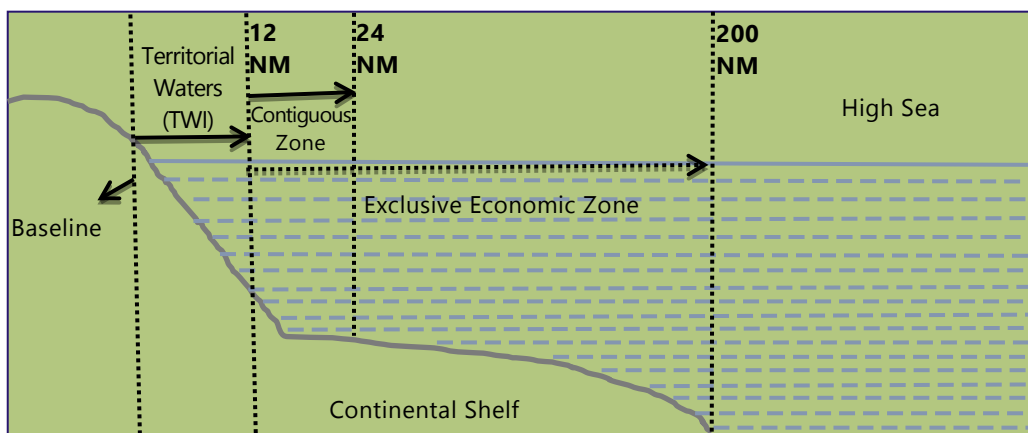


 *It is pertinent to note that the CGST Act applies to the State of Jammu and Kashmir also.

 **India:** "India" means-



[Section 2(56) of CGST Act].



- (ii) **State GST law** of the respective State/Union Territory with State Legislature [Delhi and Puducherry]** extends to whole of that State/Union Territory.



Maharashtra GST Act, 2017 extends to whole of the State of the Maharashtra.

****State:** includes a Union territory with Legislature [Section 2(103) of the CGST Act].

- (iii) **Union Territory Goods and Services Tax Act, 2017** extends to the Union territories** of the Andaman and Nicobar Islands, Lakshadweep, Dadra and Nagar Haveli, Daman and Diu, Chandigarh and other territory, i.e. the Union Territories without State Legislature [Section 1 of the UTGST Act].

****Union territory:** means the territory of—

- the Andaman and Nicobar Islands;
- Lakshadweep;
- Dadra and Nagar Haveli;
- Daman and Diu;
- Chandigarh; and
- other territory.

Explanation—For the purposes of this Act, each of the territories specified in sub-clauses (a) to (f) shall be considered to be a separate Union territory [Section 2(114) of CGST Act].

Our discussion in this Study Material will principally be confined to the provisions of CGST and IGST laws as the specific State GST laws are outside the scope of syllabus.

4. LEVY & COLLECTION OF CGST [SECTION 9 OF THE CGST ACT]



STATUTORY PROVISIONS

Section 9	Levy and collection
Sub-section	Particulars
(1)	<i>Subject to the provisions of sub-section (2), there shall be levied a tax called the central goods and services tax on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, on the value determined under section 15 and at such rates, not exceeding twenty per cent., as may be notified by the Government on the recommendations of the Council and collected in such manner as may be prescribed and shall be paid by the taxable person.</i>
(2)	<i>The central tax on the supply of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel shall be levied with effect from such date as may be notified by the Government on the recommendations of the Council.</i>
(3)	<i>The Government may, on the recommendations of the Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.</i>
(4)	<i>The central tax in respect of the supply of taxable goods or</i>

	<p><i>services or both by a supplier, who is not registered, to a registered person shall be paid by such person on reverse charge basis as the recipient and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both</i></p>
(5)	<p><i>The Government may, on the recommendations of the Council, by notification, specify categories of services the tax on intra-State supplies of which shall be paid by the electronic commerce operator if such services are supplied through it, and all the provisions of this Act shall apply to such electronic commerce operator as if he is the supplier liable for paying the tax in relation to the supply of such services.</i></p> <p><i>Provided that where an electronic commerce operator does not have a physical presence in the taxable territory, any person representing such electronic commerce operator for any purpose in the taxable territory shall be liable to pay tax:</i></p> <p><i>Provided further that where an electronic commerce operator does not have a physical presence in the taxable territory and also he does not have a representative in the said territory, such electronic commerce operator shall appoint a person in the taxable territory for the purpose of paying tax and such person shall be liable to pay tax.</i></p>



ANALYSIS




A tax called the Central Goods and Services Tax (CGST) shall be levied on all intra-State supplies of goods or services or both.








The tax shall be collected in such manner as may be prescribed and shall be paid by the taxable person. However, intra-State supply of alcoholic liquor for human consumption is outside the purview of CGST.

Value for levy: Transaction value under section 15 of the CGST Act.



Rates of CGST: Rates for CGST are rates as may be notified by the Government on the recommendations of the GST Council [Rates notified are 0%, 0.125%, 1.5%, 2.5%, 6%, 9% and 14%]. Maximum rate of CGST will be 20%.

 However, CGST on supply of the following items has not been levied immediately. It shall be levied with effect from such date as may be notified by the Government on the recommendations of the Council:

-  petroleum crude
-  high speed diesel
-  motor spirit (commonly known as petrol)
-  natural gas and
-  aviation turbine fuel

 **Reverse charge - Tax payable by recipient of supply of goods or services or both**

CGST shall be paid by the recipient of goods or services or both, on reverse charge basis, in the following cases:

-  Supply of goods or services or both, notified by the Government on the recommendations of the GST Council.
-  Supply of taxable goods or services or both by an unregistered supplier to a registered person

All the provisions of the CGST Act shall apply to the recipient in the aforesaid cases as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.



It is important to note that GST being an indirect tax, burden of the tax has to be passed on to the recipient. Under reverse charge also, the burden to pay GST is on the recipient, but the compliance requirements, i.e. to obtain registration under GST, deposit tax, filing returns with the Government, etc. has been shifted from supplier to recipient.

Intra-State supply of taxable goods or services or both **by an unregistered supplier to a registered person** are exempt from CGST provided the aggregate value of such supplies of goods and/or services received by a registered person from any or all the unregistered suppliers does not exceed ₹ 5,000 in a day. The said exemption has been discussed in detail in *Chapter 4 – Exemptions from GST*.



Mr A, a registered supplier, engaged in the profession of architect, buys stationery worth ₹100 for his office from a nearby shop which is not registered under GST. In such case, Mr. A would not be required to pay GST on such purchase of stationery provided his total supplies received from all unregistered persons do not exceed ₹5,000 on that day.

List of services taxable under reverse charge, i.e. the services where tax is payable by the recipient: Notification No. 13/2017 CT (R) dated 28.06.2017 has notified the following categories of supply of services wherein whole of the CGST shall be paid on reverse charge basis by the recipient of services:

S. No.	Category of supply of service	Supplier of service	Recipient of Service
1.	Supply of services by a Goods Transport Agency (GTA) in respect of transportation of goods by road to- (a) any factory registered under or governed by the Factories Act, 1948; or (b) any society registered under the Societies Registration Act,	Goods Transport Agency (GTA)	(a) Any factory registered under or governed by the Factories Act, 1948; or (b) any society registered under the Societies Registration Act, 1860 or under any other law for the time being in force in any part of

	<p>1860 or under any other law for the time being in force in any part of India; or</p> <p>(c) any co-operative society established by or under any law; or</p> <p>(d) any person registered under the CGST Act or the IGST Act or the SGST Act or the UTGST Act; or</p> <p>(e) any body corporate established, by or under any law; or</p> <p>(f) any partnership firm whether registered or not under any law including association of persons; or</p> <p>(g) any casual taxable person.</p>		<p>India; or</p> <p>(c) any co-operative society established by or under any law; or</p> <p>(d) any person registered under the CGST Act or the IGST Act or the SGST Act or the UTGST Act; or</p> <p>(e) any body corporate established, by or under any law; or</p> <p>(f) any partnership firm whether registered or not under any law including association of persons; or</p> <p>(g) any casual taxable person; located in the taxable territory.</p>
2.	Services supplied by an individual advocate including a senior advocate by way of	An individual advocate including a senior advocate or firm of	Any business entity located in the taxable territory.

	<p>representational services before any court, tribunal or authority, directly or indirectly,</p> <p>to any business entity located in the taxable territory, including where contract for provision of such service has been entered through another advocate or a firm of advocates, or by a firm of advocates, by way of legal services, to a business entity.</p>	advocates.	
3.	<p>Services supplied by an arbitral tribunal to a business entity.</p>	An arbitral tribunal.	Any business entity located in the taxable territory.
4.	<p>Services provided by way of sponsorship to any body corporate or partnership firm.</p>	Any person	Any body corporate or partnership firm located in the taxable territory.
5.	<p>Services supplied by the Central Government, State Government, Union territory or local authority to a business entity excluding, -</p> <p>(1) renting of immovable</p>	Central Government, State Government, Union territory or local authority	Any business entity located in the taxable territory.

	<p>property, and</p> <p>(2) services specified below-</p> <p>(i) 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 Central Government, State Government or Union territory or local authority;</p> <p>(ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;</p> <p>(iii) transport of goods or passengers.</p>		
6.	Services supplied by a director of a company/body	A director of a company or a body corporate	The company or a body corporate located in the

	corporate to the said company/body corporate.		taxable territory.
7.	Services supplied by an insurance agent to any person carrying on insurance business.	An insurance agent	Any person carrying on insurance business, located in the taxable territory.
8.	Services supplied by a recovery agent to a banking company or a financial institution or a non-banking financial company.	A recovery agent	A banking company or a financial institution or a non-banking financial company, located in the taxable territory.
9.	Supply of services by an author, music composer, photographer, artist or the like by way of transfer or permitting the use or enjoyment of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literary, dramatic, musical or artistic works to a publisher, music company, producer or the like.	Author or music composer, photographer, artist, or the like	Publisher, music company, producer or the like, located in the taxable territory.

(a) The person who pays or is liable to pay freight for the transportation of goods by road in goods carriage, located in the taxable territory shall be treated as the person who receives the service for the purpose of this notification.

- As per section 2(11) of the Companies Act, 2013, body corporate or corporation includes a company incorporated outside India, but does not include—

- (i) a co-operative society registered under any law relating to co-operative societies; and
 - (ii) any other body corporate (not being a company as defined in this Act), which the Central Government may, by notification, specify in this behalf.
- (c) the business entity located in the taxable territory who is litigant, applicant or petitioner, as the case may be, shall be treated as the person who receives the legal services for the purpose of this notification.
- (d) the words and expressions used and not defined in this notification but defined in the Central Goods and Services Tax Act, the Integrated Goods and Services Tax Act, and the Union Territory Goods and Services Tax Act shall have the same meanings as assigned to them in those Acts.

Electronic Commerce Operators

¹ Detailed provisions relating to Electronic Commerce Operator shall be discussed at Final level.

supplier supplies the selected product/ service to the consumer. The price/ consideration for the product/ service is collected by the ECO from the consumer and passed on to the actual supplier after the deduction of commission by the ECO.

- ✔ The Government may notify specific categories of services the tax on intra-State supplies of which shall be paid by the **electronic commerce operator (ECO)** if such services are supplied through it. Such services shall be notified on the recommendations of the GST Council.



- ✔ **Notification No. 17/2017 CT (R) dated 28.06.2017** has notified the following categories of services **supplied through ECO** for this purpose –

- (a) services by way of transportation of passengers by a radio-taxi, motorcab, maxicab and motor cycle;



- (b) services by way of providing accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes, except where the person supplying such service through electronic commerce operator is liable for registration under section 22(1) of the CGST Act.



Meaning of various terms

- (i) **Radio taxi:** means a taxi including a radio cab, by whatever name called, which is in two- way radio communication with a central control office and is enabled for tracking using Global Positioning System (GPS) or General Packet Radio Service (GPRS).

- (ii) **Maxicab/ Motorcab/ Motor cycle:** shall have the same meanings as assigned to them respectively in clauses (22), (25) and (26) of section 2 of the Motor Vehicles Act, 1988.

As per Motor Vehicles Act, 1988,

Maxicab: means any motor vehicle constructed or adapted to

carry more than 6 passengers, but not more than 12 passengers, excluding the driver, for hire or reward.

Motorcab: means any motor vehicle constructed or adapted to carry not more than 6 passengers excluding the driver for hire or reward.

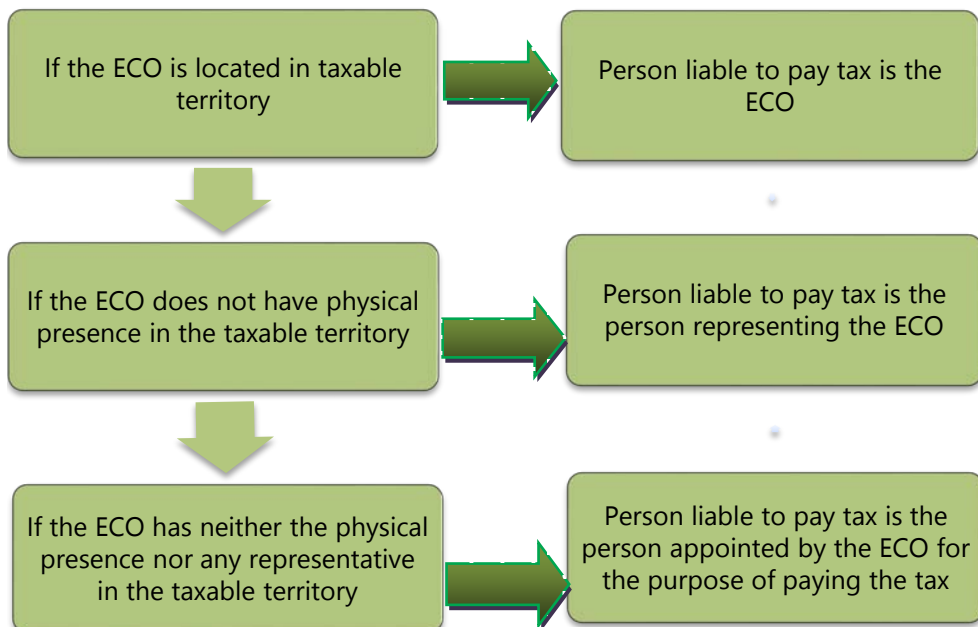
Motor car: means any motor vehicle other than a transport vehicle, omnibus, road-roller, tractor, motor cycle or invalid carriage.

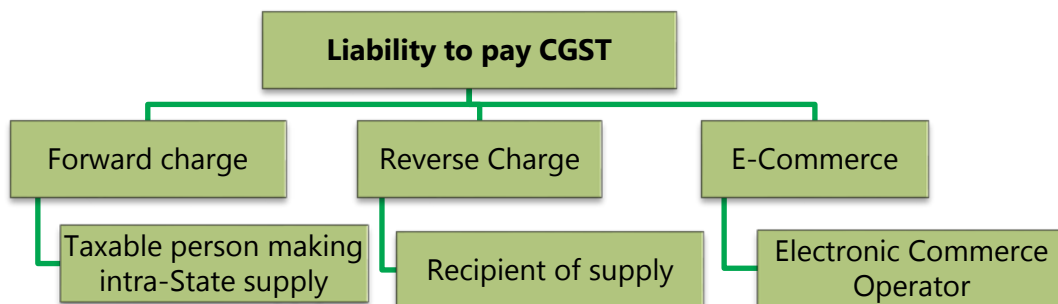
- ✓ All the provisions of the CGST Act shall apply to such ECO as if he is the supplier liable for paying the tax in relation to the supply of above services.




It is important to note here that the above provision shall apply only in case of supply of services.

Person liable to pay GST for above specified services when supplied through ECO





 **GST Rates prescribed for various goods:** Broadly, six rates of CGST have been notified for goods, viz., 0.125%, 1.5%, 2.5%, 6%, 9% and 14%. Some items have been kept at Nil rate². Equivalent rate of SGST/ UTGST will also be levied.

Items of Common Use to Attract Lower GST Rates

Household goods of Daily use

Kite

Pre GST*
11%

5%
Post GST

Footwear of RSP
upto Rs. 500 per pair

Pre GST*
10%

5%
Post GST

Soap

Pre GST*
27%


18%
Post GST

Other Footwear

Pre GST*
21%

18%
Post GST

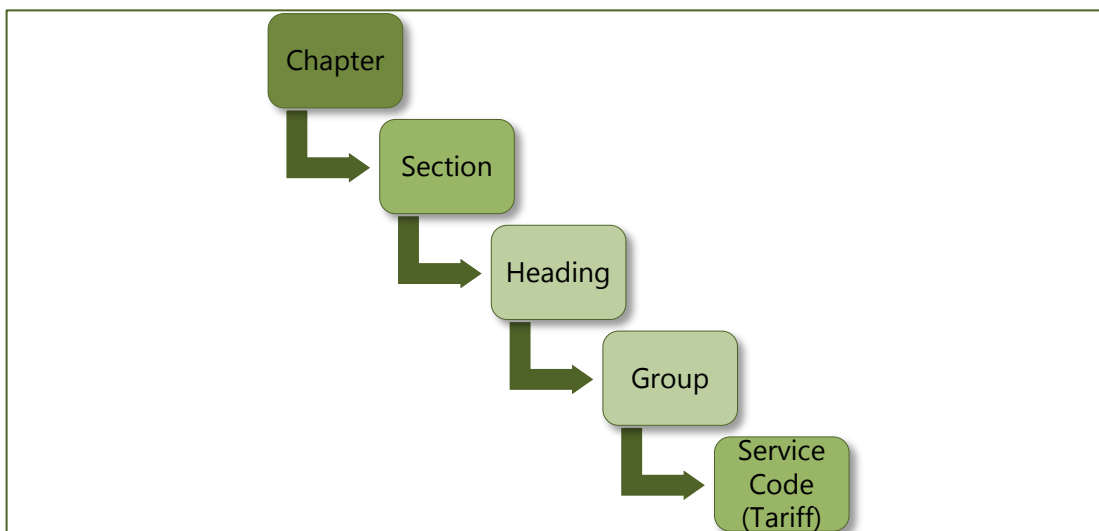
* Pre GST incidence will be higher if the tax incidence on account of CST, excise, entry tax, etc. [which is more than 25%] is also included.

 **GST Rates prescribed for various services:** Broadly, four rates of CGST have been notified for services, viz., 2.5%, 6%, 9% and 14%. Equivalent rate of SGST/ UTGST will also be levied. A new **Scheme of Classification of Services**³ has been devised wherein the services of various descriptions have been classified under various sections, headings and groups. Each group

² Students may refer the CBEC website for the complete Schedule of CGST Rates for goods, for knowledge purposes.

³ Students may refer the Scheme of Classification of Services from CBEC website for knowledge purposes.

consists of various Service Codes (Tariff). Chapters referred are the Chapters of the First Schedule to the Customs Tariff Act, 1975⁴.



Notification No. 11/2017 CT (R) dated 28.06.2017 has notified the different rates of the CGST to be levied on the intra-State supplies of services subject to the condition(s) specified therein, if any.

SI No.	Chapter/Section/Heading	Description of Service	Rate (%)	Condition
1	Chapter 99	All Services		
2	Section 5	Construction Services		
3	Heading 9954 (Construction services)	(i) Construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the	9	

⁴ The provisions relating to Customs Act and Customs Tariff Act have been discussed in detail at Final Level.

		<p>entire consideration has been received:</p> <p>(a) after issuance of completion certificate, where required, by the competent authority</p> <p>or</p> <p>(b) after its first occupation</p> <p><i>whichever is earlier.</i></p> <p>[Refer Note 1 below the table]</p>		
		(ii) composite supply of works contract as defined in clause 2(119) of CGST Act, 2017.	9	-
		(iii) construction services other than (i) and (ii) above.	9	-
4	Section 6	Distributive Trade Services; Accommodation, Food and Beverage Service; Transport Services; Gas and Electricity Distribution Services		
5	Heading 9961	<p>Services in wholesale trade.</p> <p>Explanation- This service does not include sale or purchase of goods but includes:</p> <p>– Services of</p>	9	

		<p>commission agents, commodity brokers, and auctioneers and all other traders who negotiate whole sale commercial transactions between buyers and sellers, for a fee or commission’.</p> <ul style="list-style-type: none"> – Services of electronic whole sale agents and brokers. – Services of whole sale auctioning houses. 		
6	Heading 9962	<p>Services in retail trade.</p> <p><i>Explanation-</i> This service does not include sale or purchase of goods</p>	9	-
7	Heading 9963 (Accommodation, food and beverage services)	<p>(i) Supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food/any other article for human consumption/drink, where such supply or service is for cash, deferred payment or other valuable consideration, provided by a restaurant, eating joint including mess, canteen,</p>	6	

		<p>neither having the facility of air-conditioning or central air-heating in any part of the establishment, at any time during the year nor having licence/permit or by whatever name called to serve alcoholic liquor for human consumption.</p>		
		<p>(ii) Accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes having declared tariff of a unit of accommodation of ₹ 1,000 and above but less than ₹ 2,500 per unit per day or equivalent.</p> <p>Explanation.- Declared tariff: includes charges for all amenities provided in the unit of accommodation (given on rent for stay) like furniture, air conditioner, refrigerators or any other amenities, but without</p>	6	

		excluding any discount offered on the published charges for such unit.		
		<p>(iii) Supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink, where such supply or service is for cash, deferred payment or other valuable consideration, provided by a restaurant, eating joint including mess, canteen, having licence or permit or by whatever name called to serve alcoholic liquor for human consumption.</p>	9	-
		<p>(iv) Supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink, where such supply or service is for cash,</p>	9	

		<p>deferred payment or other valuable consideration,</p> <p>provided by a restaurant, eating joint including mess, canteen,</p> <p>having the facility of air-conditioning or central air-heating in any part of the establishment, at any time during the year.</p>		
		<p>(v) Supply, by way of or as part of any service or in any other manner whatsoever in outdoor catering wherein goods, being food or any other article for human consumption or any drink (whether or not alcoholic liquor for human consumption), as a part of such outdoor catering and such supply/service is for cash, deferred payment or other valuable consideration.</p>	9	-
		<p>(vi) Accommodation in hotels, inns, guest</p>	9	-

		<p>houses, clubs, campsites or other commercial places meant for residential or lodging purposes</p> <p>having declared tariff of a unit of accommodation of ₹ 2,500 and above but less than ₹ 7,500 per unit per day or equivalent.</p> <p><i>The term declared tariff has already been defined.</i></p>		
		<p>(vii) Supply, by way of or as part of any service or in any other manner whatsoever, of goods, including but not limited to food or any other article for human consumption or any drink (whether or not alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration, in a premises (including hotel, convention center, club, pandal, shamiana</p>	9	

		or any other place, specially arranged for organising a function) together with renting of such premises.		
		(viii) Accommodation in hotels including five star hotels , inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes having declared tariff of a unit of accommodation of ₹ 7,500 and above per unit per day or equivalent. <i>The term declared tariff has already been defined.</i>	14	
		(ix) Accommodation, food and beverage services other than (i), (ii), (iii), (iv), (v), (vi), (vii) and (viii) above.	9	-
8	Heading 9964 (Passenger transport services)	(i) Transport of passengers , with/without accompanied belongings, by rail in first class/air conditioned coach.	2.5	Provided that credit of input tax charged in respect of goods used in supplying the service is not

				utilised for paying central tax or integrated tax on the supply of the service
		<p>(ii) Transport of passengers, with/without accompanied belongings by-</p> <p>(a) air conditioned contract carriage other than motorcab;</p> <p>(b) air conditioned stage carriage;</p> <p>(c) radio taxi.</p> <p>Explanation.-</p> <p>(a) Contract carriage: has the meaning assigned to it section 2(7) of the Motor Vehicles Act, 1988.</p> <p>As per section 2(7) of the Motor Vehicles Act, 1988, contract carriage means a motor vehicle which carries a passenger(s) for hire/reward and is engaged under a contract, whether expressed or implied, for the use of such</p>	2.5	<p>Provided that credit of input tax charged on goods or services used in supplying the service has not been taken</p> <p>[Please refer to <i>Explanation</i> no. (iv)]</p>

vehicle as a whole for the carriage of passengers mentioned therein and entered into by a person with a holder of a permit in relation to such vehicle or any person authorised by him in this behalf on a fixed or an agreed rate or sum-

- (a) on a time basis, whether or not with reference to any route or distance; or
- (b) from one point to another; and in either case, without stopping to pick up or set down passengers not included in the contract anywhere during the journey, and includes-
 - (i) a maxicab; and
 - (ii) a motor-cab notwithstanding that separate fares are charged for its

		<p>passengers.</p> <p>(b) Stage carriage: has the meaning assigned to it in section 2(40) of the Motor Vehicles Act, 1988.</p> <p>As per section 2(40), stage carriage means a motor vehicle constructed or adapted to carry more than 6 passengers excluding the driver for hire/reward at separate fares paid by or individual passengers, either for the whole journey/for stages of the journey</p> <p>(c) Radio taxi: means a taxi including a radio cab, by whatever name called, which is in two-way radio communication with a central control office and is enabled for tracking using Global Positioning System (GPS) or General Packet Radio Service (GPRS).</p>		
		(iii) Transport of passengers , with/without accompanied belongings, by air in	2.5	Provided that credit of input tax charged on goods used in

		economy class.		supplying the service has not been taken [Please refer to <i>Explanation</i> no. (iv)]
		(iv) Transport of passengers , with/without accompanied belongings, by air , embarking from or terminating in a Regional Connectivity Scheme Airport , as notified by the Ministry of Civil Aviation.	2.5	Provided that credit of input tax charged on goods used in supplying the service has not been taken [Please refer to <i>Explanation</i> no. (iv)]
		(v) Transport of passengers by air , with/without accompanied belongings, in other than economy class.	6	-
		(vi) Transport of passengers by motorcab where the cost of fuel is included in the consideration charged from the service recipient.	2.5	Provided that credit of input tax charged on goods and services used in supplying the service has not been taken [Please refer to <i>Explanation</i> no. (iv)]

		(vii) Passenger transport services other than (i), (ii), (iii), (iv), (v) and (vi) above.	9	-
9	Heading 9965 (Goods transport services)	(i) Transport of goods by rail [other than services specified at item no. (iv)].	2.5	Provided that credit of input tax charged in respect of goods in supplying the service is not utilised for paying central tax or integrated tax on the supply of the service
		(ii) Transport of goods in a vessel.	2.5	Provided that credit of input tax charged on goods (other than on ships, vessels including bulk Carriers and tankers) used in supplying the service has no and tankers) used in supplying the service has not been taken [Please refer to <i>Explanation</i> no. (iv)]

		<p>(iii) Services of goods transport agency (GTA) in relation to transportation of goods (including used household goods for personal use).</p> <p>Goods transport agency:</p> <ul style="list-style-type: none"> means any person who provides service in relation to transport of goods by road and issues consignment note, by whatever name called. 	2.5	<p>Provided that credit of input tax charged on goods and services used in supplying the service has not been taken</p> <p>[Please refer to <i>Explanation</i> no. (iv)]</p>
		(iv) Transport of goods in containers by rail by any person other than Indian Railways .	6	-
		(v) Goods transport services other than (i), (ii), (iii) and (iv) above .	9	-
10	Heading 9966 (Rental services of transport vehicles)	(i) Renting of motorcab where the cost of fuel is included in the consideration charged from the service recipient.	2.5	<p>Provided that credit of input tax charged on goods and services used in supplying the service has not been taken</p> <p>[Please refer to</p>

				Explanation no. (iv)]
		(ii) Rental services of transport vehicles with or without operators, other than (i) above.	9	-
11	Heading 9967 (Supporting services in transport)	(i) Services of goods transport agency (GTA) in relation to transportation of goods (including used household goods for personal use). <i>The term GTA has already been defined.</i>	2.5	Provided that credit of input tax charged on goods and services used in supplying the service has not been taken [Please refer to Explanation no. (iv)]
		(ii) Supporting services in transport other than (i) above.	9	-
12	Heading 9968	Postal and courier services.	9	-
13	Heading 9969	Electricity, gas, water and other distribution services.	9	-
14	Section 7	Financial and related services; real estate services; and rental and leasing services.		
15	Heading 9971	Services provided by a foreman of a chit fund in	6	Provided that credit of input

	(Financial and related services)	<p>relation to chit.</p> <p><i>Explanation.-</i></p> <p>(i) Chit: means a transaction whether called chit, chit fund, chitty, kuri, or by whatever name by or under which a person enters into an agreement with a specified number of persons that every one of them shall subscribe a certain sum of money (or a certain quantity of grain instead) by way of periodical instalments over a definite period and that each subscriber shall, in his turn, as determined by lot or by auction or by tender or in such other manner as may be specified in the chit agreement, be entitled to a prize amount;</p> <p>(ii) Foreman of a chit fund: shall have the same meaning as is assigned to the expression "foreman" in section 2(j) of the Chit Funds Act, 1982.</p>	tax
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		As per section 2(j) of the Chit Funds Act, 1982, foreman means the person who under the chit agreement is responsible for the conduct of the chit and includes any person discharging the functions of the foreman under section 39		
		(ii) Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.	Same rate of central tax as on supply of like goods involving transfer of title in goods with no condition.	
		(iii) Any transfer of right in goods or of undivided share in goods without the transfer of title thereof.	Same rate of central tax as on supply of like goods involving transfer of title in goods with no condition	
		(iv) Leasing of aircrafts by an operator for operating scheduled air transport service or scheduled air cargo service by way of transaction covered by clause (f) paragraph 5	2.5	Provided that credit of input tax charged on goods used in supplying the service has not been taken [Please refer to

		<p>of Schedule II of the Central Goods and Services Act, 2017.</p> <p><i>Explanation.-</i></p> <p>(a) Operator: means a person, organisation or enterprise engaged in or offering to engage in aircraft operations;</p> <p>(b) Scheduled air transport service: means an air transport service undertaken between the same two or more places operated according to a published time table or with flights so regular or frequent that they constitute a recognisable systematic series, each flight being open to use by members of the public;</p> <p>(c) Scheduled air cargo service: means air transportation of cargo or mail on a scheduled basis according to a published time table or with flights so regular or frequent that they constitute a</p>		<p><i>Explanation</i> no. (iv)]</p>
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		recognisably systematic series, not open to use by passengers.		
		(v) Financial and related services other than (i), (ii), (iii), and (iv) above.	9	-
16	Heading 9972	Real estate services.	9	-
17	Heading 9973 (Leasing or rental services, with or without operator)	(i) Temporary/ permanent transfer/ permitting the use or enjoyment of Intellectual Property (IP) right in respect of goods other than Information Technology software.	6	
		(ii) Temporary or permanent transfer or permitting the use or enjoyment of Intellectual Property (IP) right in respect of Information Technology software. [Please refer to <i>Explanation</i> no. (v)]	9	-
		(iii) Transfer of the right to use any goods for any purpose (whether or not for a specified period)	Same rate of central tax as on supply of like goods involving transfer of title in goods with no	

		for cash, deferred payment or other valuable consideration.	condition
		(iv) Any transfer of right in goods/of undivided share in goods without the transfer of title thereof.	Same rate of central tax as on supply of like goods involving transfer of title in goods with no condition
		<p>(v) Leasing of aircrafts by an operator for operating scheduled air transport service or scheduled air cargo service by way of transaction covered by clause (f) paragraph 5 of Schedule II of the CGST Act, 2017, i.e. transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.</p> <p><i>Explanation.-</i></p> <p>(a) Operator: means a person, organization or enterprise engaged</p>	<p>2.5</p> <p>Provided that credit of input tax charged on goods used in supplying the service has not been taken [Please refer to <i>Explanation</i> no. (iv)]</p>

		<p>in or offering to engage in aircraft operations;</p> <p>(b) Scheduled air transport service: means an air transport service undertaken between the same two or more places operated according to a published time table or with flights so regular or frequent that they constitute a recognisable systematic series, each flight being open to use by members of the public;</p> <p>(c) Scheduled air cargo service: means air transportation of cargo or mail on a scheduled basis according to a published time table or with flights so regular or frequent that they constitute a recognisable systematic series, not open to use by passengers.</p>		
		(vi) Leasing or rental services, with or without operator,	Same rate of central tax as applicable on supply of like goods	

		other than (i), (ii), (iii), (iv) and (v) above.	involving transfer of title in goods with no condition	
18	Section 8	Business and Production Services		
19	Heading 9981	Research and development services.	9	-
20	Heading 9982	Legal and accounting services.	9	-
21	Heading 9983 (Other professional, technical and business services)	(i) Selling of space for advertisement in print media.	2.5	-
		(ii) Other professional, technical and business services other than (i) above.	9	-
22	Heading 9984	Telecommunications, broadcasting and information supply services.	9	-
23	Heading 9985 (Support services)	(i) Supply of tour operators services. Tour operator: means any person engaged in the business of planning, scheduling, organizing, arranging tours (which may include	2.5	1. Provided that credit of input tax charged on goods and services used in supplying the service has not been taken

		<p>arrangements for accommodation, sightseeing or other similar services) by any mode of transport, and includes any person engaged in the business of operating tours.</p>		<p>[Please refer to <i>Explanation</i> no. (iv)]</p> <p>2. The bill issued for supply of this Service indicates that it is inclusive of charges of accommodation and transportation required for such a tour and the amount charged in the bill is the gross amount charged for such a tour including the charges of accommodation and transportation required for such a tour.</p>
		(ii) Support services other than (i) above	9	-
24	Heading 9986	<p>(i) Support services to agriculture, forestry, fishing, animal husbandry.</p> <p>Support services to agriculture, forestry,</p>	Nil	-

		<p>fishing, animal husbandry: mean-</p> <p>(i) Services relating to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce by way of—</p> <p>(a) agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing;</p> <p>(b) supply of farm labour;</p> <p>(c) processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting,</p>	
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		<p>grading, cooling or bulk packaging and such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market;</p> <p>(d) renting/leasing of agro machinery or vacant land with or without a structure incidental to its use;</p> <p>(e) loading, unloading, packing, storage or warehousing of agricultural produce;</p> <p>(f) agricultural extension services;</p> <p>(g) services by any Agricultural Produce Marketing Committee/ Board or services provided by a</p>		
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		<p>commission agent for sale or purchase of agricultural produce.</p> <p>(h) Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables which do not change or alter the essential characteristics of the said fruits or vegetables.</p> <p>(i) Carrying out an intermediate production process as job work in relation to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce</p>		
		(ii) Support services to mining, electricity,	9	-

		gas and water distribution.		
25	Heading 9987	Maintenance, repair and installation (except construction) services.	9	-
26	Heading 9988 (Manufacturing services on physical inputs (goods) owned by others)	(i) Services by way of job work in relation to- <ul style="list-style-type: none"> (a) Printing of newspapers; (b) Textile yarns (other than of man-made fibres) and textile fabrics; (c) Cut and polished diamonds; precious and semi-precious stones; or plain and studded jewellery of gold and other precious metals, falling under Chapter 71 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975); (d) Printing of books (including Braille books), journals and periodicals; (e) Processing of hides, skins and 	2.5	

leather falling under Chapter 41 in the First Schedule to the Customs Tariff Act, 1975.

Man made fibres: means staple fibres and filaments of organic polymers produced by manufacturing processes either,-

- (a) by polymerisation of organic monomers to produce polymers such as polyamides, polyesters, polyolefins or polyurethanes, or by chemical modification of polymers produced by this process [for example, poly vinyl alcohol prepared by the hydrolysis of polyvinyl acetate]; or
- (b) by dissolution or chemical treatment of natural organic polymers (for example, cellulose) to produce polymers such as cuprammonium rayon (cupro) or viscose rayon, or by chemical modification of natural organic polymers (for

		example, cellulose, casein and other proteins, or alginic acid), to produce polymers such as cellulose acetate or alginates.		
		(ii) Manufacturing services on physical inputs (goods) owned by others, other than (i) above.		-
27	Heading 9989	Other manufacturing services; publishing, printing and reproduction services; materials recovery services.	9	-
28	Section 9	Community, Social and Personal Services and other miscellaneous services		
29	Heading 9991	Public administration and other services provided to the community as a whole; compulsory social security services.	9	-
30	Heading 9992	Education services.	9	-
31	Heading 9993	Human health and social care services.	9	-
32	Heading	Sewage and waste	9	-

	9994	collection , treatment and disposal and other environmental protection services.		
33	Heading 9995	Services of membership organisations.	9	-
34	Heading 9996 (Recreational , cultural and sporting services)	(i) Services by way of admission or access to circus, Indian classical dance including folk dance, theatrical performance, drama.	9	-
		(ii) Services by way of admission exhibition of cinematograph films where price of admission ticket is ₹100 or less.	9	-
		(iii) Services by way of admission to entertainment events or access to amusement facilities including exhibition of cinematograph films, theme parks, water parks, joy rides, merry-go rounds, go-carting, casinos, race-course, ballet, any sporting event such as Indian Premier League and the like.	14	-

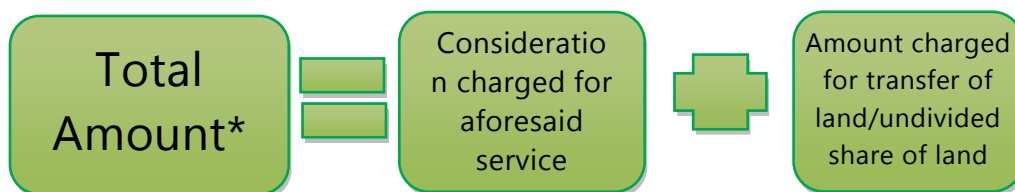
		(iv) Services provided by a race club by way of totalisator or a license to bookmaker in such club.	14	-
		(v) Gambling.	14	-
		(vi) Recreational, cultural and sporting services other than (i), (ii), (iii), (iv) and (v) above	9	-
35	Heading 9997	Other services (washing, cleaning and dyeing services; beauty and physical well-being services; and other miscellaneous services including services nowhere else classified).	9	-
36	Heading 9998	Domestic services.	9	-
37	Heading 9999	Services provided by extra-territorial organisations and bodies.	9	-

Notes:

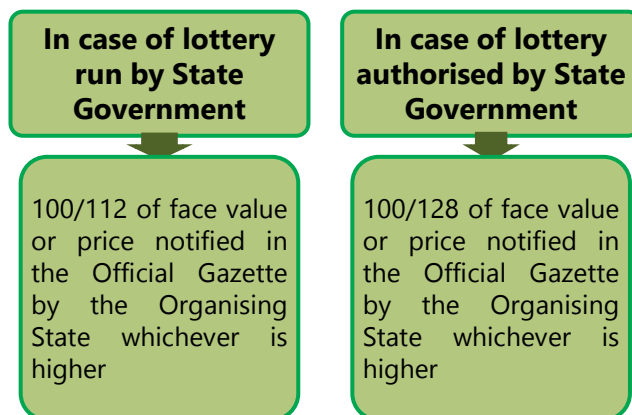
- Value of supply of service and goods portion in such supply in construction of complex service involving transfer of property in land/undivided share of land:** shall be computed as follows:



Particulars	Amount (₹)
Total amount charged for supply* [see the diagram below]	(A)
Less: Value of land/undivided share of land [1/3 rd of the total amount charged]	<u>1/3rd of (A)</u>
Value of supply of service and goods portion in supply	(B)



2. **Value of supply of lottery:** shall be computed as follows:



3. **Explanation - For the purpose of this notification:**

- (i) **Goods:** includes capital goods.
- (ii) **Reference to "Chapter", "Section" or "Heading":** wherever they occur, unless the context otherwise requires, shall mean respectively as "Chapter", "Section" and "Heading" in the Scheme of Classification of Services.

- (iii) The rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975, the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall, so far as may be, apply to the interpretation of heading 9988 [Heading 9988 is for manufacturing services on physical inputs (goods) owned by others].
- (iv) Wherever a rate has been prescribed in this notification subject to the condition that credit of input tax charged on goods or services used in supplying the service has not been taken, it shall mean that,-
 - (a) credit of input tax charged on goods or services used exclusively in supplying such service has not been taken; and
 - (b) credit of input tax charged on goods or services used partly for supplying such service and partly for effecting other supplies eligible for input tax credits, is reversed as if supply of such service is an exempt supply and attracts provisions of section 17(2) of the CGST Act, 2017 and the rules made thereunder.
- (v) Information technology software:** means any representation of instructions, data, sound or image, including source code and object code, recorded in a machine readable form, and capable of being manipulated or providing interactivity to a user, by means of a computer or an automatic data processing machine or any other device or equipment.
- (vi) Agricultural extension:** means application of scientific research and knowledge to agricultural practices through farmer education or training.
- (vii) Agricultural produce:** means any produce out of cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products, on which either no further processing is done or 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.
- (viii) Agricultural Produce Marketing Committee or Board:** means any committee or board constituted under a State law for the time being in force for the purpose of regulating the marketing of agricultural produce.