

## GST TEST 6

### (EXEMPTIONS)

**Time : 30 minutes    Marks : 20**

**Question 1 :** Following services are provided by various service providers, state whether services are taxable or not?

1. Speed post service provided by post office to Delhi govt.
2. Express parcel post service provided by post office to Rajasthan Ltd.
3. Services provided to RBI
4. Service provided by Delhi Metro Rail Corporation for transport of passengers
5. Services provided by an Indian railway for the transport of passengers in first class AC.
6. Service provided in non taxable territory.

**Marks : 5**

**Question 2 :** Determine taxable value of supply under GST law with respect to each of the following independent services provided by the registered persons:

<b>Particulars</b>	<b>Gross amount charged (₹)</b>
Fees charged for yoga camp conducted by a charitable trust	50,000
Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts	1,00,000
Amount charged by cord blood bank for preservation of stem cells	5,00,000
Amount charged for service provided by commentator to a recognized sports body	5,20,000

**Marks : 5**

**Question 3 :** Decide whether following services are taxable or exempt

<b>Particulars</b>	<b>Amt. in (₹)</b>
(i) Speed post services provided by Delhi Post Office, where the Value of each service does not exceed ₹5,000.	3,00,000
(ii) Services provided by a Senior Advocate to a business entity with a turnover of ₹16,00,000 in the preceding financial year.	2,00,000
(iii) Transportation of passengers with accompanied belongings by a stage carriage (non - airconditioned).	1,00,000
(iv) Services provided by a local authority, to a business entity having a turnover of ₹18,00,000 in the preceding financial year.	2,50,000

**Marks : 5**

**Question 4 :** Briefly examine whether the following activities are liable to GST

- (a) Mr. Aditya, a singer performs in a bus where passengers drop some coins in his bowl kept, either after feeling rejoiced or out of compassion. Also, examine would your answer be different in (a) if Mr. Aditya is called upon Mumbai to perform in an award show for ₹ 50,000.
- (b) Mr. Ramu during long drive with his wife Sanju violated traffic rules and was imposed fine of ₹ 1,000.

**Marks : 5**



## GST TEST 6 SOLUTION

### **(EXEMPTIONS)**

**Solution 1 :**

S. No.	Particulars	Taxable / Not Taxable
1.	Speed post service provided by post office to Delhi Govt.	Taxable
2.	Express parcel post service provided by post office to Rajasthan Ltd.	Taxable
3.	Services provided to RBI	Taxable
4.	Service provided by Delhi Metro Rail Corporation for transport of passengers	Not Taxable
5.	Services provided by an Indian railway for the transport of passengers in first class AC	Taxable
6.	Service provided in non taxable territory	Not Taxable

**Solution 2 : Computation of value of taxable supply**

Particulars	(₹)
Fees charged for yoga camp conducted by a charitable trust [Note-1]	Nil
Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts [Note-2]	Nil
Amount charged by cord blood bank for preservation of stem cells [Note-3]	5,00,000
Service provided by commentator to a recognized sports body [Note-4]	10,20,000

**Notes:**

- Services by an entity registered under section 12AA of the Income-tax Act, 1961 by way of charitable activities are exempt from GST. The activities relating to advancement of yoga are included in the definition of charitable activities. So, such activities are exempt from GST.
- Services by business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch have been exempted from GST.
- Services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation are taxable.
- Services provided to a recognized sports body only 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. Thus, services provided by commentators are liable to GST.

**Solution 3 :**

**Solution:**

Particulars	Amt. in (₹)
(i) Speed post services provided by Delhi Post Office, where the Value of each service does not exceed ₹5,000.	Taxable
(ii) Services provided by a Senior Advocate to a business entity with turnover of ₹16,00,000 in the preceding financial year.	Exempt
(iii) Transportation of passengers with accompanied belongings by a stage carriage (non - airconditioned).	Exempt
(iv) Services provided by a local authority, to a business entity having a turnover of ₹18,00,000 in the preceding financial year.	Exempt

**Solution 4 :**

(a) Mr. Aditya is not liable to pay GST as GST is leviable on the services provided or to be provided. Mr. Aditya has performed an activity without consideration and any activity without consideration does not come within the ambit of definition of "supply". In this case passengers are under no obligation to pay any amount for listening to him nor have they engaged him for his services.

If Mr. Aditya is called upon Mumbai to perform in an award show for ₹50,000, then this activity would come within the ambit of definition of "supply" as it becomes an activity for a consideration. Resultantly, this activity would be liable to GST.

(b) GST is not leviable in this case as in order to be supply, an activity has to be carried out for a consideration. Therefore, fine being the legal consequence of Mr. Ramu's action is not in the nature of consideration for an activity.