



GST ki गणित

Clarifications regarding applicability of GST on certain services



Circular No. 206/18/2023-GST has clarified some very frequent queries regarding applicability of GST and GST rates on some particular goods and services.

Let's look deeper into the matter.

Whether 'same line of business' in case of passenger transport service and renting of motor vehicles includes leasing of motor vehicles without operators.

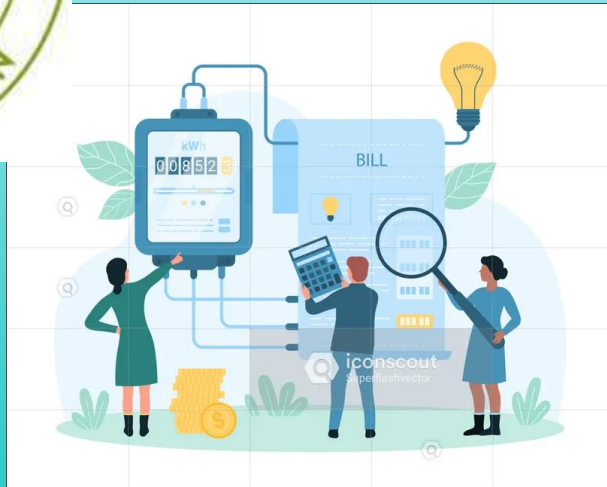
Services of transport of passengers and renting of motor vehicle designed to carry passengers attract GST at the rate of 5%. ITC is available on services in the same line of business.

Same line of business means “service procured from another service provider of transporting passengers in a motor vehicle or renting of a motor vehicle”.

Thus, the circular clarifies that leasing of motor vehicles without operator shall not be included in same line of business. It attracts GST and/or compensation cess at the same rate as supply of motor vehicles by way of sale. Therefore, no ITC shall be available on the same to persons engaged in business of passenger transport service and renting of motor vehicles includes leasing of motor vehicles without operators.



Whether GST is applicable on reimbursement of electricity charges received by real estate companies, malls, airport operators etc. from their lessees/occupants.



Here, the supply of electricity is bundled with renting of immovable property and/or maintenance of premises. Thus, it is a **composite supply** under GST, where the principal supply is renting of immovable property and supply of electricity is an ancillary supply.

Even if electricity is billed separately, the supplies will constitute a composite supply and therefore, the **rate of the principal supply** i.e., GST rate on renting of immovable property and/or maintenance of premise **would be applicable**.

However, where the electricity is supplied by the Real Estate Owners, Resident Welfare Associations (RWAs), Real Estate Developers etc., as a **pure agent**, it will not form part of value of their supply.

Further, where they charge for electricity on **actual basis** that is, they charge the same amount for electricity from their lessees or occupants as charged by the State Electricity Boards or DISCOMs from them, they will be **deemed to be acting as pure agent** for this supply.



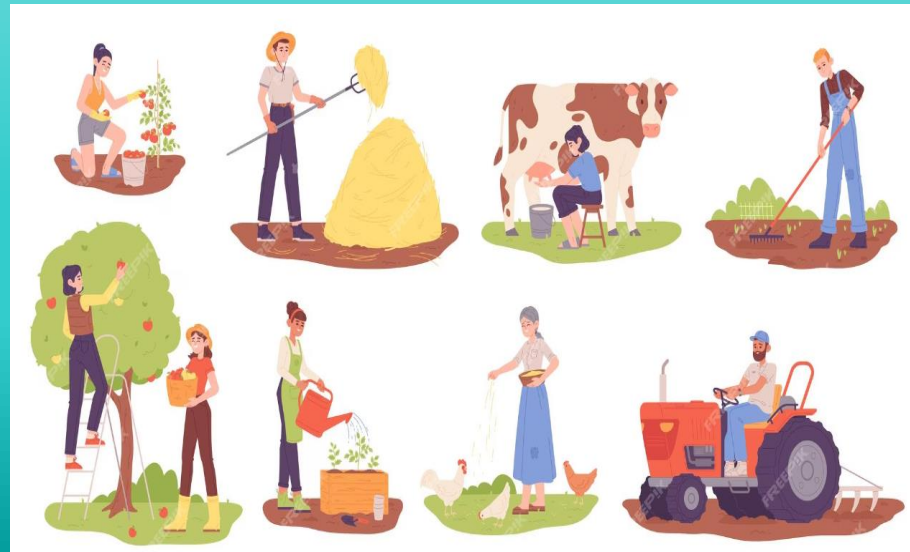
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Whether job work for processing of “Barley” into “Malted Barley” attracts GST @ 5% as applicable to "job work in relation to food and food products" or 18% as applicable on “job work in relation to manufacture of alcoholic liquor for human consumption”.

Malt is a food product as it can be directly consumed or can be used as an ingredient in food products. It can also be used for manufacture of beer and alcoholic liquor for human consumption.

However, irrespective of end-use, **conversion of barley into malt amounts to job work in relation to food products.**

Thus, job work services in relation to manufacture of malt are covered by the entry at Sl. No. 26 (i) (f) which covers “job work in relation to all food and food products” and will, therefore, attracts **5% GST**.



Whether District Mineral Foundations Trusts (DMFTs) set up by the State Governments are Governmental Authorities and thus eligible for the same exemptions from GST as available to any other Governmental Authority.



District Mineral Foundation (DMF)
Commissioner of Geology and Mining



DMFTs work for the interest and benefit of persons and areas affected by mining related operations. They provide services related to drinking water supply, environment protection, health care facilities, education, welfare of women and children, supply of medical equipment etc.

These activities are **similar to activities** that are enlisted in **Eleventh Schedule and Twelfth Schedule of the Constitution**.

These services are provided free of cost to benefit individuals, families, women and children, farmers/producer groups, SHGs of the mining affected areas etc.

Accordingly, it is clarified that **DMFT** set up by the State Governments **are Governmental Authorities** and thus eligible for the same **exemptions from GST** as available to any other Governmental Authority.

Thus, the services of DMFTs are **exempt from GST**.



Summary

Whether DMFTs are Governmental Authorities?

- Yes, they are considered as Governmental Authorities
- All exemptions applicable to Governmental Authorities are also applicable to them.

Whether services of horticulture to CPWD exempt?

- Services of horticulture to CPWD are covered under functions of Panchayats and Municipalities
- Thus, exempt from GST.

Whether ITC on leasing of motor vehicles be available

- Not considered as same line of business as passenger transport services.
- Not available.

Is GST applicable on electricity provided by Real Estate Companies, etc. ?

- Considered as a composite supply, GST rate of principal supply applicable.
- Exception: Pure agency of the electricity board

Processing of barley into malt attracts GST rate of 5% or 18%?

- Considered as “job work in relation to food and food products”
- GST applicable @5%

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For any queries, feel free to reach us out at:



<https://in.linkedin.com/company/jscoca>



<https://jainshrimal.com/>



gst@jainshrimal.in



7742223773

