

Clarification by CBIC with respect to GST rates & exemptions



CBIC vide circular no. 177/09/2022 dated August 03, 2022 issued certain clarifications regarding applicable GST rates & exemptions which were discussed in the 47th GST Council meeting, are as follows:-

Rate of GST applicable on supply of ice-cream by ice-cream parlours during the period from 01.07.2017 to 05.10.2021

It is clarified that past cases of payment of GST on supply of ice-cream by ice-cream parlours @ 5% without ITC shall be treated as fully GST paid to avoid unnecessary litigation. Since the decision is only to regularize the past practice, no refund of GST shall be allowed, if already paid at 18%.

Taxability of application fees charged by universities

Application fee charged from prospective students for entrance or for issuance of eligibility certificate for admission or issuance of migration certificate by educational institutions to the leaving or ex-students universities should be made exempt from GST.

Exemption in relation to storage of warehousing of ginned or baled fibre

Ginned or baled fibre is covered in entry 24B of notification No. 12/2017- Central Tax (Rate) dated 28.06.2017 in the category of raw vegetable fibres such as cotton. The exemption under this entry has been withdrawn w.e.f. 18.07.2022.

Exemption in relation to transit cargo to and from Nepal & Bhutan

It is clarified that exemption under Sl. No. 9B of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017. covers services associated with transit cargo both to and from Nepal and Bhutan.

Applicability of GST on sanitation and conservancy services supplied to Army and other Central and State Government departments.

It is clarified that if the above-mentioned services are procured by Indian Army or any other Government Ministry/Department which does not perform any functions listed in the 11th and 12th Schedule to the Constitution, in the manner as a local authority does for the general public, the same are not eligible for exemption.



Whether the activity of selling of space for advertisement in souvenirs is eligible for concessional rate of 5%.

It is clarified sale of space for advertisement in souvenir book is covered under serial number (i) of entry 21 of Notification No. 11/2017-Central Tax (Rate) and attracts GST @ 5% as 'book' has been defined in the Press and Registration of Books Act, 1867 in an inclusive manner with a wide ambit which would cover souvenir book also.

Taxability and applicable rate of GST on transport of minerals from mining pit head to railway siding, beneficiation plant etc., by vehicles deployed with driver for a specific duration of time.

Such services are nothing but "rental services of transport vehicles with operator" which fall under heading 9966 and attract GST @ 18% under Sr. No. 10 part (iii) of Notification No. 11/2017-Central Tax (Rate) It is clarified that such renting of trucks and other freight vehicles with driver for a period of time is a service of renting of transport vehicles with operator falling under Heading 9966 and not service of transportation of goods by road. This being so, it is not eligible for exemption under Sl. No. 18 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 On such rental services of goods carriages where the cost of fuel is included in the consideration charged from the recipient of service, GST rate has been reduced from 18% to 12% with effect from 18.07.2022.

Taxability of preferential location charges (PLC)

Location charges or preferential location charges (PLC) are a part of consideration charged for long term lease of land and shall get the same treatment under GST and thus eligible for exemption.

Applicability of GST on payment of honorarium to the Guest Anchors.

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 subject to registration requirement as per the provisions of the law.

Whether the additional toll fees collected in the form of higher toll charges from vehicles not having fastag is exempt from GST.

It is clarified that additional fee collected in the form of higher toll charges from vehicles not having Fastag is essentially payment of toll for allowing access to roads or bridges to such vehicles and may be given the same treatment as given to toll charges.

Applicability of GST on services in form of Assisted Reproductive Technology (ART)/ In vitro fertilization (IVF)

It is clarified that services by way of IVF are also covered under the definition of health care services and thus exempt.



Whether sale of land after levelling, laying down of drainage lines etc., is taxable under GST

Land may be sold either as it is or after some development such as levelling, laying down of drainage lines, water lines, electricity lines, etc. It is clarified that sale of such developed land is also sale of land and accordingly does not attract GST.

Situations in which corporate recipients are liable to pay GST on renting of motor vehicles designed to carry passengers

It is clarified that where the body corporate hires the motor vehicle (for transport of employees etc.) for a period of time, during which the motor vehicle shall be at the disposal of the body corporate, the service would fall under Heading 9966, and the body corporate shall be liable to pay GST on the same under RCM. However, where the body corporate avails the passenger transport service for specific journeys or voyages and does not take vehicle on rent for any particular period of time, the service would fall under Heading 9964 and the body corporate shall not be liable to pay GST on the same under RCM.

Taxability of service of construction, supply, installation and commissioning of dairy plant on turn-key basis

Composite supply of works contract service for construction, installation and commissioning of a dairy plant were eligible for concessional rate of 12% GST under S.No. 3(v)(f) of notification No. 11/2017 Central Tax (Rate) prior to 18.07.2022. However, w.e.f. 18.07.2022, such works contract services would attract GST at the rate of 18% (vide notification No. 03/2022- Central Tax (Rate))

Taxability of hiring of vehicles by firms for transportation of their employees

The Exemption under S. No. 15(b) exempts engagement of non-air conditioned contract carriages by firms for transportation of their employees to and from work. It is clarified that the said exemption would apply to passenger transportation services by non-air conditioned contract carriages falling under Heading 9964 where according to explanatory notes transportation takes place over pre-determined route on a pre-determined schedule. The exemption shall not be applicable where contract carriage is hired for a period of time, during which the contract carriage is at the disposal of the service recipient and the recipient is thus free to decide the manner of usage (route and schedule) subject to conditions of agreement entered into with the service provider.

Applicability of GST on tickets of private ferry used for passenger transportation.

“Transportation of passengers by public transport, other than predominantly for tourism purpose, in a vessel between places located in India” is exempted. It is clarified that this exemption would apply to tickets purchased for transportation from one point to another irrespective of whether the ferry is owned or operated by a private sector enterprise or by a PSU/government.

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