



## The Institute of Chartered Accountants of India GST & Indirect Taxes Committee

### GOODS & SERVICES TAX UPDATE-232

#### 1. Clarifications regarding applicability of GST on certain services

##### (a) GST exemption on the outward supplies made by Ministry of Railways (Indian Railways)

As recommended by the 53<sup>rd</sup> GST Council, GST on the services provided by Ministry of Railways (Indian Railways) to general public viz., sale of platform tickets, facility of retiring rooms, cloak room services and battery-operated car services and supply of services made between various zones/ divisions under Ministry of Railways (Indian Railways) is hereby regularized on 'as is where is' basis from 20.10.2023 to 14.07.2024. Such services have been exempted with effect from 15.07.2024 vide *Notification No. 04/2024-CT(R) dated 12.07.2024*.

##### (b) GST exemption on the transactions between Special Purpose Vehicles (SPVs) and Ministry of Railways (Indian Railways)

As recommended by the 53<sup>rd</sup> GST Council, GST on the supply of services by SPVs to Ministry of Railways (Indian Railways) by way of allowing it to use infrastructure built and owned by them during the concession period against consideration and maintenance services supplied by Ministry of Railways (Indian Railways) to SPVs in relation to such use of infrastructure built and owned by SPVs during the concession period against consideration is hereby regularized for the period from 01.07.2017 to 14.07.2024 on 'as is where is' basis. Such services have been exempted with effect from 15.07.2024 vide *Notification No. 4/2024-CT(R) dated 12.07.2024*.

##### (c) Applicability of GST on the statutory collections made by the Real Estate Regulatory Authority (RERA) in accordance with the Real Estate (Regulation and Development) Act, 2016.

RERA is a 'governmental authority' as per the definition in the exemption *Notification No.12/2017-CT(R) dated 28.06.2017* and is covered under the scope of entry at Sl. No. 4 of the said notification.

It has been clarified now that statutory collections made by RERA shall be covered under Sl. No. 4 of *Notification No. 12/2017-CT(R) dated 28.06.2017*.

**(d) Applicability of GST on the incentive amount shared by acquiring banks with other stakeholders in the digital payment ecosystem**

Incentives paid by MeitY to acquiring banks under the incentive scheme for promotion of RuPay Debit Cards and low value BHIM-UPI transactions was examined in the 48<sup>th</sup> GST Council meeting and it was clarified through *Circular No. 190/02/2023- GST dated 13<sup>th</sup> January, 2023* that such incentives are in the nature of subsidy and thus, not taxable.

As recommended by the 53<sup>rd</sup> GST Council, it has now been clarified that further sharing of the incentive amount by the acquiring bank with other stakeholders, up to the point where the incentive is distributed in the proportion and manner as decided by NPCI in consultation with the participating banks under the notified Incentive Scheme is in the nature of a subsidy and is thus, not taxable.

**(e) GST liability on the reinsurance of specified general and life insurance schemes**

Certain specified general insurance and life insurance schemes are exempt from GST under Sl. Nos. 35 and 36 of *Notification No. 12/2017- CT(R) dated 28.06.2017*. Vide entry at Sl. No. 36A of the said notification, reinsurance of the aforesaid exempted insurance schemes has also been exempted w.e.f. 25.01.2018.

As recommended by the 53<sup>rd</sup> GST Council, GST liability on the services by way of reinsurance of the specified insurance schemes is regularized for the period from 01.07.2017 to 24.01.2018 on 'as is where is' basis.

**(f) GST liability on the reinsurance of insurance schemes for which total premium is paid by the Government**

Services provided to the Central Government, State Government, or Union Territory under any insurance scheme for which total premium is paid by the Central Government, State Government, or Union Territory are exempt from GST under Sl. No. 40 of *Notification No. 12/2017- CT(R) dated 28.06.2017*. Vide entry at Sl. No. 36A of the said notification, re-insurance of the aforesaid insurance schemes has been prospectively exempted w.e.f. 27.07.2018.

As recommended by the 53<sup>rd</sup> GST Council, GST liability on such reinsurance of Government sponsored insurance schemes for the past period, i.e. from 01.07.2017 to 26.07.2018, has been regularized on 'as is where is' basis.

**(g) Applicability of GST on retrocession services**

As per the IRDAI (Re-insurance) Regulations, 2018, 'Retrocession' means a re-insurance transaction whereby a part of assumed reinsured risk is further ceded to another Indian

insurer or a CBR (Cross Border Re-insurer). It has been clarified that the term 'reinsurance' as mentioned in Sl. No. 36A of *Notification No. 12/2017-CT(R) dated 28.06.2017* includes 'retrocession' services.

**(h) GST liability on certain accommodation services**

As recommended by the GST Council, GST liability on the supply of accommodation services is regularized on 'as is where is' basis for the period from 01.07.2017 to 14.07.2024 where value of supply of the accommodation service is less than or equal to Rs. 20,000 per person per month and the said accommodation service was supplied for a minimum continuous period of 90 days. Such service has been exempted with effect from 15.07.2024 vide *Notification No. 4/2024-CT(R) dated 12.07.2024*.

**[Circular No. 228/22/2024-GST dated 15.07.2024](#)**

**2. Clarification regarding GST rates & classification of goods**

**(a) Solar Cookers with Dual Energy Source:** It has been clarified that solar cookers using both solar energy and grid electricity are appropriately classifiable under heading 8516 and already attract a GST rate of 12% vide Sl. No. 201A of Schedule II *[Notification No. 1/2017-Central Tax \(Rate\) dated 28<sup>th</sup> June 2017](#)*.

**(b) Fire Water Sprinklers:** All types of sprinklers, including fire water sprinklers attract GST rate of 12% under Sl. No. 195B of Schedule II of *[Notification No. 1/2017-Central Tax \(Rate\) dated 28<sup>th</sup> June 2017](#)*. The issues for the past periods have been regularized on an "as is where is" basis.

**(c) Parts of Poultry-Keeping Machinery:** 'Parts' of poultry-keeping machinery are also classified under tariff item 8436 91 00 and attract a GST rate of 12% as per Sl. No. 199 of Schedule II of *[Notification No. 1/2017-Central Tax \(Rate\) dated 28<sup>th</sup> June 2017](#)*. This entry has been amended to explicitly include 'parts' of poultry-keeping machinery through *[Notification No. 2/2024-Central Tax \(Rate\) dated 12<sup>th</sup> July 2024](#)*.

Further, past issues have been regularized on an "as is where is" basis.

**(d) Scope of pre-Packaged and Labelled Agricultural Produce:** The definition of 'pre-packaged and labelled' in *Notification No. 1/2017-Central Tax (Rate)* and *Notification No. 2/2017-Central Tax (Rate)*, both dated the 28<sup>th</sup> June, 2017, has been amended vide *Notification No. 2/2024-Central Tax (Rate) dated 12<sup>th</sup> July 2024* and *Notification No. 3/2024-Central Tax (Rate) dated 12<sup>th</sup> July, 2024*, respectively, to exclude the supply of agricultural farm produce in package(s) of commodities containing quantity of more than 25 kilogram or 25 litre from the scope of 'pre-packaged and labelled'. Consequently, supply of agricultural farm produce in package (s) containing quantity of more than 25 kilogram or 25 litre will not attract GST levy of 5%.

Issues for past periods are regularized on an “as is where is” basis.

**(e) Supplies of goods made to or by agency engaged by Government**

Prior to 17<sup>th</sup> July 2022, supplies of pulses and cereals put up in unit containers and bearing a registered brand name or a brand name with an actionable claim attracted a GST rate of 5%. The issues for the past period from 01.07.2017 up to 17.07.2022 are hereby regularized on “as is where is” basis for supplies made to or by any agency engaged by Union Government or State Government/Union Territory for procurement and sale of such goods under any programme /scheme duly approved by the Central Government or any State Government intended to distribute such goods at free of cost or at subsidized rate to the eligible beneficiaries like economically weaker sections of the society subject to the following conditions:

i. Certification Requirement:

- The concerned supplier must provide a certificate from an officer not below the rank of Deputy Secretary to the Government of India, State Government or Union Territory.
- This certificate must recommend that supplies have been made to or by an agency engaged by the Union/State Government/Union Territory for procurement and sale of such goods under any programme/scheme duly approved by the Central/State Government intended to distribute such goods at free of cost or at subsidized rate to the eligible beneficiaries like economically weaker sections of the society under an approved programme or scheme.
- The certificate must be submitted within 180 days from the date of issue of this Circular to the jurisdictional CGST/SGST/UTGST Commissioner.

ii. Input Tax Credit (ITC) Reversal:

- ITC on such inputs will not be allowed.
- If ITC has been availed, it must be reversed within 180 days from the date of issuance of this Circular if the supplier intends to take the benefit under the proposed regularization.

**[Circular No. 229/23/2024-GST dated 15.07.2024](#)**

*Vice - Chairman*  
*GST & Indirect Taxes Committee*

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