

## Paper 5: Indirect Tax Laws

### Chapter 4: Exemptions from GST

Total Marks: 20

Time: 40min

#### Question1. (6 Marks)

The Resident Welfare Association (RWA) of Blue Heaven Housing Society in Delhi provides the following information with respect to the various amounts received by it in the month of January, 20xx.

Sr. No.	Particulars	Amount (Rs.)
1	Monthly subscription collected from member families (Rs. 8,500 each from 100 families)	8,50,000
2	Electricity charges levied by State Electricity Board on the members of RWA [The same was collected from members and remitted to the Board on behalf of members.]	3,50,000
3	Electricity charges levied by State Electricity Board on RWA in respect of electricity consumed for common use of lifts and lights in common area [Bill was raised in the Name of RWA. RWA collected the said charges by apportioning them equally among 100 families and then, remitted the same to the Board.]	4,00,000
4	Proceeds from sale of entry tickets to a cultural programme conducted by RWA in the park of Blue Heaven Housing Society [Rs. 5000 each member]	40,000
5	Proceeds from sale of space for advertisements in member's directory [From members 1,00,000 and from non-members Rs. 2,00,000]	3,00,000

Compute the value of taxable services of Resident Welfare Association (RWA) for January, 20XX. Also give explanation for the treatment of each transaction.

#### Question2. (6 Marks)

Swasthya Nursing Home, a clinical establishment, offers the following services:-

- (i) Rooms provided to the in-patients where the room charges per day are

Rs. 6500.

- (ii) Plastic surgery conducted to repair cleft lip of a new born baby.
- (iii) Air ambulance services to transport critically ill patients from distant locations to Swasthya Nursing Home.
- (iv) Supply of food to the in-patients as per advice of the doctor/nutritionist from its restaurant – Annapurna Bhawan – located in the basement of Swasthya Nursing Home. The food is prepared by its employees and nothing is outsourced to any third-party vendors.

### Question3. (5 Marks)

Rahul Agri Millers Ltd. Located in Haryana, is engaged in customs milling of paddy into rice. It does not pay GST on the same as it is of the view that the process of milling of paddy into rice is exempt under GST since as intermediate production process in relation to cultivation of plants.

However, Department demands tax on said activity contending that it is not eligible for said exemption. You are required to determine the veracity of the Department's contention.

### MCQ's

1. Core services of which organization is not exempted-
  - (a) Services provided by the Insurance Regulatory and Development Authority of India to insurers.
  - (b) Services provided by the Securities and Exchange Board of India set up under the Securities and Exchange Board of India Act, 1992 (15 of 1992) by way of protecting the interests of investors.
  - (c) Service by Port Trusts.
  - (d) Services by the Reserve Bank of India. **(1 Mark)**
  
2. Services by an unincorporated body or a Registered Non-Profit entity are exempt.
  - (a) If they are to its own members provided the contribution received is up to Rs. 5000 per month from a member.
  - (b) If they are to its own members, provided the contribution received is up to Rs. 7500 per month from a member towards sourcing

- goods/services from any third person for common use of members.
- (c) If they are to its own members, provided the contribution is less than Rs. 6500 per month from a member towards sourcing/services from any third person for common use of member.
- (d) If they are to its own members, provided the contribution is up to Rs. 8500 per month per member for common use specified members. **(1 Mark)**

**3. Which of the following services are exempt from GST?**

- (a) Services by an artist by way of a performance in classical art forms of painting/sculpture making etc. with consideration thereof not exceeding Rs. 1.5 lakh.
- (b) Services by an artist by way of a performance in modern art forms of music/dance/theatre with consideration thereof not exceeding Rs. 1.5 lakh.
- (c) Services by an artist by way of a performance in folk or classical art forms of music/dance/theatre with consideration thereof not exceeding Rs. 1.5 lakh.
- (d) Services by an artist by way of a performance in folk of classical art forms of music/dance/theatre with consideration thereof not exceeding Rs. 1.5 lakh. **(1 Mark)**