Module 1 Part 2 · Exemptions and the supply list P19 · topic 1.3

SM pp. 83–228 (Notification 12/2017-CT(R) table pp. 85–108, then entry-by-entry commentary). **Q3(a) has been a list of supplies in all 7 papers**: decide taxable / exempt / reverse charge / not a supply for 6–7 items and find the value on which GST is payable (or the tax). Expected ~9 marks a paper with MCQs (i)–(ii). J26 Q2(a) asked the GTA exemptions as theory; MQP Q2(a) the religious-place exemption (unused).

Paper	Items in the Q3(a) list (and related questions)
Jun'23 Q4(a)	buses hired to a State undertaking, GTA RCM, cabs through an ECO, fumigation
Dec'23	actionable claims, recovery agent commission, TDR compensation (₹22 lakh), classical dance ₹1,99,500, fumigation of agri warehouse, residential rent to a registered person, PDS milling (goods ≤ 25%)
Jun'24	loading / packing of potato chips, yoga camp by a 12AA trust, FD interest, diplomatic mission, educational institution with hostel, vehicle with fuel for goods · MCQ RWA ₹7,500
Dec'24	temple hall rent, CS paying ROC fees as pure agent, free samples, truck hired to a GTA · MCQs: services not exempt; stage of claiming exemption
Jun'25	Indian Railways: cloak room, 2nd class, platform ticket, AC class, retiring room, relief goods, manure · MCQs hotel lodging, religious precinct rent, rice milling
Dec'25	security services to registered / unregistered recipients, packing ketchup, vehicle with fuel to a body corporate / firm, legal services received, Govt training (80% funded)
Jun'26	fruit ripening, security services received, land for fish farming, price-linked subsidy, NTA services, hospital room ₹4,600 a day, agent of a BC · Q2(a) GTA entries 21, 21A, 21B · MCQs banks, agriculture

ANSWER FORMAT (THE WAY THE SM SOLVES IT)

Item	Taxable value ₹	Reason (entry / section)
each item in order	value or Nil	exempt entry No. · Schedule III · RCM (recipient pays) · pure agent · s.15
Value of taxable supply	**total**	
GST @ rate	**tax**	**CGST + SGST or IGST**

Write the reason for **every** item, including the Nil ones — the marks are per item. If the question says "liability including supplies received", add the RCM inward items too.

THE FOUR QUESTIONS FOR EACH ITEM

1. **Is it a supply?** Schedule III (land, actionable claims, employee), Schedule I without consideration, s.7(2).
2. **Is it exempt?** Notification 12/2017 entry — check the **limit** (₹1,50,000 artist, ₹5,000 room, ₹7,500 RWA, ₹500 admission, ₹1,000 / ₹10,000 religious place …) and the **recipient** (educational institution, Government, business entity).
3. **Who pays?** Reverse charge list (Part 1, section D): then Nil in the supplier's hands, taxable in the recipient's.
4. **What value?** Pure agent reimbursements out; price-linked non-Government subsidy in (M4).

A Exempt entries that the exam uses (Notification 12/2017-CT(R))

CHARITY, RELIGION, GOVERNMENT, HOUSING

- **1** Charitable activities by a **12AA / 12AB** entity (incl. advancement of religion, spirituality or **yoga** — J24 yoga camp exempt). [SM 85, SM 110]
- **3A** Composite supply to Government / local authority for a Panchayat / Municipality function where goods are **not more than 25 per cent** (D23 PDS milling). [SM 86]
- **9E** Railways to individuals: **platform tickets, retiring / waiting rooms, cloak room, battery-operated cars** (w.e.f. 15-7-2024). **17** rail travel in a class other than **first class or AC coach** — J25 Q3(a). [SM 89, SM 91]
- **12** Renting of residential dwelling for use as residence — except to a registered person (then RCM, Part 1); exempt if a proprietor rents it personally for his own residence. [SM 90]

TRANSPORT, AGRICULTURE, MONEY, HEALTH, EDUCATION, ARTS

- **15** Passengers by air (economy) to / from the North-East States and Bagdogra; non-AC contract carriage (not radio taxi, not tourism); non-AC stage carriage. [SM 91]
- **18** Transport of goods by road — except a **GTA or courier**; by inland waterways. [SM 92]
- **22** Giving on hire: motor vehicle for more than **twelve passengers** to a State transport undertaking; a means of transport of goods **to a GTA** (D24 truck hire exempt). [SM 93]
- **24** Loading, unloading, packing, storage, warehousing of **rice**; **54(e)** of agricultural produce. Ketchup, potato chips are **not** agricultural produce → taxable (J24, D25). [SM 94, SM 102]

- **12A** Accommodation up to **twenty thousand rupees per person per month** for a minimum continuous **ninety days** (w.e.f. 15-7-2024). [SM 90]
- **13** Religious ceremony; renting of precincts of a religious place of a 12AA / 12AB trust — **not** for rooms ₹1,000 or more per day; halls / kalyanmandapam / open area ₹10,000 or more per day; shops ₹10,000 or more per month (J25 MCQ, D24 temple hall, MQP Q2(a)). [SM 90]
- **14** Hotel rooms below ₹1,000 a day — **omitted w.e.f. 18-7-2022** (J25 MCQ: hotel lodging now taxable). [SM 90]
- **72** Training programme for Government where **75% or more** of the expenditure is borne by Government (D25: 80% → exempt). [SM 106]
- **77** Unincorporated body / non-profit entity to its own members: trade union; exempt activity; **up to ₹7,500 per month per member** for common use in a housing society (RWA). Above ₹7,500 the **whole** amount is taxable (SM Illus. 145). [SM 107, SM 218–219]
- **54** Agriculture (cultivation, rearing of all life forms of animals except horses): operations incl. testing, **farm labour**, processes at the farm, **renting agro machinery or vacant land**, warehousing of agri produce, APMC / commission agents (J26 MCQ). Fumigation 54(h) **omitted w.e.f. 18-07-2022** → taxable (D23 item). [SM 102]
- **57** Pre-conditioning, pre-cooling, **ripening, waxing**, retail packing, labelling of fruits and vegetables (J26). [SM 103]
- **27** Deposits, loans, advances — interest / discount (**not credit-card interest**); forex between banks / dealers. Banks' commission, brokerage, locker rent, card interest = taxable (J26 MCQ). [SM 94, SM 177]
- **59** Services **by** a foreign diplomatic mission in India. [SM 103]
- **74** Health care by a clinical establishment / doctor / para-medic — but rooms (other than ICU / CCU / ICCU / NICU) over **₹5,000 per day** are taxable (J26: ₹4,600 → exempt). [SM 107]
- **66** By an educational institution to its students, faculty, staff; entrance exams; **to** an educational institution: transport, catering, security / cleaning (pre-school to higher secondary only), admission / exam services — NTA counts as an educational institution (J26). [SM 104, SM 203]
- **78** Folk or classical music / dance / theatre — consideration **not more than ₹1,50,000** per performance; not as brand ambassador (D23: ₹1,99,500 taxable). **80** coaching in arts or culture by an individual. **81** admission up to **₹500 per person**. [SM 108]

JUN'26 SUPPLEMENTARY · INDIVIDUAL LIFE AND HEALTH INSURANCE EXEMPT (w.e.f. 22-09-2025)

36C life insurance and **36D** health insurance by an insurer to an insured who is **not a group** (an individual, or an individual and family); **36E** reinsurance of 36C / 36D. Notification No. 16/2025 Central Tax (Rate) dated 17th September 2025. "Group" = employer–employee or other groups with a common purpose other than insurance (group policies stay taxable). [Supp J26 p.5]

B Two 7-mark theory answers: GTA (J26 Q2(a)) and religious places (MQP Q2(a))

GTA — WHAT IS EXEMPT (ENTRIES 21, 21A, 21B)

- **GTA** = a person who transports goods by road and **issues a consignment note**; a truck owner without a consignment note is not a GTA → exempt under entry 18. [SM 157–158]
- **21**: GTA transport in a goods carriage of (a) agricultural produce; (d) milk, salt, food grain incl. flour, pulses, rice; (e) organic manure; (f) registered newspapers / magazines; (g) relief materials; (h) defence or military equipment. The ₹1,500 per carriage and ₹750 per consignee limits were **omitted w.e.f. 18-07-2022**. [SM 93, SM 160]
- **21A**: GTA services to an **unregistered person** (incl. unregistered casual taxable person) other than the specified recipients. [SM 93]
- **21B**: GTA services to a Government department / local authority / Governmental agency registered **only to deduct TDS u/s 51**. [SM 93]
- Otherwise GTA → **RCM** on specified recipients by default; GTA may opt for forward charge by Annexure V before the year starts; incidental loading / storage by a GTA = composite with the transport (Circular 234/28/2024). [SM 159–160]

RELIGIOUS CEREMONY AND RELIGIOUS PLACES (ENTRY 13)

- Exempt: (a) **conduct of any religious ceremony**; (b) **renting of precincts of a religious place** meant for the general public, owned or managed by a 12AA / 12AB trust, a 10(23C)(v) trust or a 10(23BBA) body. [SM 90]
- **Exceptions** to (b): rooms ₹1,000 or more per day · premises, community halls, kalyanmandapam, open area ₹10,000 or more per day · shops for business ₹10,000 or more per month. [SM 90]
- Entry 1: charitable activities of a 12AA / 12AB entity incl. advancement of religion, spirituality or yoga; fees for other programmes are taxable. [SM 85, SM 110]

⚠ TRAPS: EXEMPTIONS THAT ENDED

- Hotel rooms below ₹1,000 a day (entry 14) and fumigation of agri warehouses (54(h)) — **omitted w.e.f. 18-07-2022**. [SM 90, SM 102]
- Air / sea freight out of India (19A, 19B) — taxable w.e.f. 01-10-2022. [SM 92]

PROBLEMS BOX · THE Q3(a) SUPPLY LIST (ALL 7 PAPERS)

WORKED PATTERN · SM ILLUSTRATION 146 (MR. NAVAB, ARTIST, GST 18%)

Receipt	Taxable ₹	Reason
Classical dance 98,000	Nil	entry 78: ≤ ₹1,50,000
Television serial	2,80,000	not folk / classical
Brand ambassador	12,00,000	excluded from 78
Coaching in arts	Nil	entry 80
Sculpture making	3,10,000	still art: taxable
Western dance	90,000	not folk / classical
Value of taxable supply	**18,80,000**	
GST 18%	**3,38,400**	

[SM 219–220]

SECOND PATTERN · SM ILLUSTRATION 145 (RWA, GST 18%)

Banquet hall to a member 25,000 + service charge on electricity 10,000 (₹1,00,000 paid on as pure agent) + maintenance 8,500 × 20 = 1,70,000 (above ₹7,500: whole amount; the ₹2,500 members exempt) = **₹2,05,000**; GST **₹36,900**. [SM 218–219]

JUN'26 Q3(a) · ITEM BY ITEM (OUR WORKING, NO ICMAI ANSWER YET)

- (i) ripening / waxing of fruits ₹42 lakh → **Nil**, entry 57.
- (ii) security services received from a **proprietor** (composition supplier) ₹35,000 → **RCM entry 14**: N.G. Srinivasan (a regular registered recipient) pays. The composition proviso is about the **recipient**.
- (iii) land rented for fish farming ₹4 lakh → **Nil**, entry 54(d) (rearing of all life forms of animals) — our reading.
- (iv) price-linked subsidy from a **trust** ₹2 lakh → **taxable**: s.15(2)(e) includes non-Government subsidies (M4).
- (v) NTA exam services to an educational institution → **Nil**, entry 66.
- (vi) room ₹4,600 a day to a patient → **Nil**, entry 74 (≤ ₹5,000).
- (vii) agent of a business correspondent → BC pays under **RCM**; Nil for him.
- **Value on which he pays tax = 35,000 + 2,00,000 = ₹2,35,000** (script-checked).

PRACTISE THESE

All seven past lists (J23 Q4(a), D23–J26 Q3(a)) · J26 Q2(a) · MQP Q2(a) · postal Q8(a) · SM Illus. 57–152 (SM 85–227; esp. 145–148) · SM M1 MCQs 19, 57, 61–63, 66–70 (SM 278–286) · **ICMAI Practice Workbook Ch3 illus. 1, 2, 4–9, 11–23** · MCQ bank Q27–Q29.

R Revision sheet · the limits inside the exemptions

Entry	Limit / condition	SM
3A composite supply to Government	goods not more than **25 per cent** of value	[SM 86]
12A long-stay accommodation	≤ **₹20,000** per person per month, ≥ **90 days** continuous	[SM 90]
13 religious place renting — taxable if	rooms ≥ **₹1,000**/day · halls ≥ **₹10,000**/day · shops ≥ **₹10,000**/month	[SM 90]
22 vehicle hired to a State transport undertaking	more than **12** passengers	[SM 93]
72 Government training programme	**75%** or more of expenditure by Government	[SM 106]
74 hospital room (non-ICU)	taxable above **₹5,000** per day	[SM 107]
77 RWA contribution	up to **₹7,500** per month per member	[SM 107]
78 folk / classical artist	up to **₹1,50,000** per performance	[SM 108]
81 admission to events / planetarium	up to **₹500** per person	[SM 108]
34 card settlement by acquiring bank	up to **₹2,000** per transaction	[SM 95]
36C / 36D / 36E individual life and health insurance	exempt w.e.f. 22-09-2025	[Supp J26 p.5]

MEMORY HOOK · THE LIMITS LADDER

500 ticket · **1,000** temple room · **2,000** card swipe · **5,000** hospital room · **7,500** RWA · **10,000** temple hall / shop · **20,000** hostel month · **1,50,000** classical show.