Module 1 Part 1 · Supply, Schedules, composite / mixed, RCM, ECO, composition

P19 · topics 1.1, 1.2, 1.4, 1.5

SM pp. 5–82 (supply, composition), 244–262 (levy, RCM, ECO), 271–274 (advance rulings); exercise 275–290. **M1 is the biggest module: 15–27 marks every paper** (expected 22.5). This part = **Q2(a)** (composite / mixed in D23, D24; Schedules I / III in D25) + 2–3 MCQs (i)–(iii). The exemption list and the Q3(a) supply-list sum are in **Part 2**.

Paper	Long question (this part)	MCQs (this part)
Jun'23	Q8(a)(a)(b) case: forward vs reverse charge (machines, excavator hire, rent from State Govt, GTA)	no-claim bonus not a supply
Dec'23	**Q2(a) composite vs mixed: meaning and how taxed**	Schedule III · composition rate for a trader · Diwali gift pack rate
Jun'24	Q4(b) UPS with external battery (advance ruling) · Q8(a) restaurant selling cigarettes	gifts to employees above ₹50,000
Dec'24	**Q2(a) mixed or composite**: insured packed goods; train ticket with meal	composition in Delhi · import of services without consideration · aggregate turnover · composition tax for a trader
Jun'25	–	which transaction is not a supply
Dec'25	**Q2(a) Schedule I and III**, two examples each, taxability, disclosure in returns	toothpaste + brush · composition ₹1.5 crore · shed repair = works contract
Jun'26	Q4(b) UPS with external battery (= J24)	sale of land (Schedule III)
ICMAI	PTP Q2(a) **ECO u/s 9(5)** (unused) · PTP Q4(b) **RCM concept + seven cases** (unused)	MQP bill of supply, stock on winding up · PTP Schedule III, complimentary dessert

HOW IT IS EXAMINED · DEC'26 PREDICTION

- **Q2(a) 7 marks, every December**: composite vs mixed (decide cases) **or** Schedules I / III with examples (incl. new para 8(aa)) **or** ECO u/s 9(5) with the Dec'26 local-delivery entry.
- **Q4(b) rotating**: the UPS ruling has come twice (J24, J26).
- **MCQs (i)–(iii)**: composition limits / rates / who cannot opt, Schedule III items, mixed-supply rate, aggregate turnover.

MAP OF THIS PART

1. Supply u/s 7: includes / excludes ★★
2. Schedule I and Schedule III ★★★
3. Composite vs mixed supply + advance rulings ★★★
4. Levy s.9 and reverse charge lists ★★★
5. ECO u/s 9(5) (+ local delivery, Dec'26) ★★
6. Composition scheme s.10 ★★★ (problems box)
7. Revision sheet

A Supply u/s 7 — the taxable event (1.1, 1.2)

WHAT IT IS Taxable event under GST = **supply** of goods or services or both; "no supply then no GST". Liability arises at the time of supply. [SM 5, SM 7]

s.7(1) SUPPLY INCLUDES

- **(a)** all forms of supply — **sale, transfer, barter, exchange, licence, rental, lease or disposal** — made or agreed to be made **for a consideration** by a person **in the course or furtherance of business** (examples only: "such as"). [SM 8, SM 10]
- **(aa)** activities by a person other than an individual to its members or constituents or vice versa, for cash, deferred payment or other valuable consideration (w.r.e.f. 1-7-2017, Finance Act 2021). [SM 8]
- **(b) import of services for a consideration**, whether or not in the course or furtherance of business. [SM 8]
- **(c)** activities in **Schedule I**, even **without consideration**. [SM 8]
- **(1A)** Schedule II decides whether a supply is of goods or of services. [SM 8]

s.7(2) SUPPLY EXCLUDES

- **(a)** activities in **Schedule III** (the "negative list"); [SM 8]
- **(b)** activities of the Central / State Government, Union territory or local authority as **public authorities**, as notified on the Council's recommendation. [SM 8]
- **Six tests** of a supply: goods or services · for consideration · in course / furtherance of business · by a taxable person · a taxable supply · within the taxable territory. Exceptions: Schedule I (no consideration) and import of services (no business test). [SM 7]
- **"Local authority" s.2(69)** amended by FA 2025 w.e.f. 1-10-2025: adds "municipal fund"; explains local fund (Panchayat area) and municipal fund (Metropolitan / Municipal area). [Supp J26 p.3]

B Schedule I and Schedule III · D25 Q2(a)

SCHEDULE I — SUPPLY EVEN WITHOUT CONSIDERATION

1. **Permanent transfer or disposal of business assets** where ITC has been availed (computers donated to a trust; stock given free to a society). [SM 21–22]
2. Supply between **related persons** or **distinct persons** (s.25) in the course or furtherance of business — **gifts up to ₹50,000** in a financial year by an employer to an employee are **not** a supply. [SM 21]
3. Supply of goods by a **principal to his agent** (agent supplies on the principal's behalf), or by an agent to his principal (agent receives on the principal's behalf). [SM 21]
4. **Import of services from a related person** or from his other establishments outside India, in the course or furtherance of business. [SM 21]

Related persons (Explanation to s.15): officers / directors of one another's business · legally recognised partners · employer–employee · a person holding **25%** or more of the voting shares of both · one controls the other · both controlled by a third person · together they control a third · members of the same family · sole agent / distributor / concessionaire. [SM 22–23]

Traps: car bought for personal use and sold → not a supply (no business, no ITC; SM Illus. 12). AC on which ITC was taken given free to a director → supply (Illus. 15). Import of services from an **unrelated** person **without** consideration → not a supply (D24 MCQ).

SCHEDULE III — NEITHER GOODS NOR SERVICES

1. Services by an **employee to the employer** in the course of employment (incl. ₹5,00,000 on premature termination, SM Illus. 33). [SM 42, SM 46]
2. Services by any **court or Tribunal** (incl. a court receiver — Bai Mumbai Trust, Bom HC). [SM 42, SM 271–272]
3. Functions of MPs, MLAs, members of Panchayats / Municipalities; constitutional posts; Chairperson / Member / Director of a Government body not deemed an employee. [SM 42]
4. Funeral, burial, crematorium or mortuary services. [SM 42]
5. **Sale of land** and (subject to Sch. II para 5(b)) sale of building (J26 MCQ). [SM 42]
6. **Actionable claims**, other than specified actionable claims (w.e.f. 1st October 2023). [SM 42]
7. Goods from a non-taxable territory to another place in the non-taxable territory **without entering India**. [SM 42]
8. (a) **warehoused goods** supplied before clearance for home consumption; **(aa) goods warehoused in an SEZ or FTWZ** supplied before clearance for export or to the DTA (inserted w.e.f. 01.10.2025, Finance (No. 7) Act, 2025); (b) **high-seas sale** by endorsement of documents of title before clearance. [Supp J26 p.3]
9. Apportionment of **co-insurance premium** by the lead insurer to co-insurers (lead insurer pays tax on the whole premium). [SM 42]
10. **Ceding / reinsurance commission** deducted from the reinsurance premium (reinsurer pays tax on the gross premium) — 9 and 10 w.e.f. 1-11-2024. [SM 42–43]

No refund of tax already collected on 8(aa) supplies (w.e.f. 01-10-2025). [Supp J26 p.4]

⚠ SUPPLEMENTARY TYPO · DISCLOSURE IN RETURNS

- The Jun'26 supplementary (and SM 9) prints the Explanation 2 / 3 dates as "w.r.e.f. 1-7-2027"; the clause itself says **w.r.e.f. 1-7-2017**. Write "retrospectively from 1 July 2017".
- D25 Q2(a) also asked **disclosure in returns**, which the SM does not cover. From the return forms (⚠ not in the SM): Schedule I supplies are reported like any taxable supply (GSTR-1 and GSTR-3B Table 3.1(a)); Schedule III / non-GST supplies go in GSTR-3B Table 3.1(e) "non-GST outward supplies".

C Composite vs mixed supply (s.2(30), 2(74), s.8) · D23, D24 Q2(a)

COMPOSITE SUPPLY

- Two or more goods / services **naturally bundled**, supplied together in the ordinary course of business, **one of which is a principal supply** (the predominant element; the other is ancillary). [SM 60–61]
- **Tax = rate of the principal supply.** [SM 61]
- Air ticket with a meal (transport is principal) · goods packed, transported and insured (goods principal) · hotel package with breakfast (accommodation principal, whole at 18%) · laptop with bag for ₹55,000 → 18% = CGST ₹4,950 + SGST ₹4,950 (Illus. 42) · Rajdhani ticket with meals (Illus. 43). [SM 61–62]

MIXED SUPPLY

- Two or more individual supplies for a **single price**, **not naturally bundled**; each can be supplied separately. [SM 61]
- **Tax = the item with the highest rate.** [SM 61]
- Diwali gift hamper (sweets, chocolates, cakes, dry fruits) · shirt + watch + wallet + book set · free bucket with detergent (SM 62 Illus. 44) · toothpaste + brush (D25 MCQ). [SM 61–62]
- **UPS with an external storage battery** = **mixed** (battery has multiple uses; not naturally bundled even at a single price); UPS with **built-in** batteries = composite — Switching Avo Electro Power Ltd. (AAAR West Bengal). J24 / J26 Q4(b). [SM 272]

Indicator	Composite	Mixed
Naturally bundled · can be supplied separately	Yes · No	No · Yes
One is the predominant supply; the other is not an aim in itself for the recipient	Yes	No
Supplied together · each priced separately	Yes · No	Yes · No
Goods + goods / services + services / goods + services possible	Yes	Yes

SM indicator table. [SM 62]

⚠ J24 Q8(a) · CIGARETTES SOLD SEPARATELY IN A RESTAURANT (NOT IN THE SM)

Our answer from s.8 principles: cigarettes sold **alone, not with food**, are neither composite nor mixed with the restaurant service — each is an **independent supply** taxed at its own rate (tobacco at its tariff rate + compensation cess; food at the restaurant rate), even if one invoice shows a single price. The SM has no ruling on this; do not cite a case name.

SM ADVANCE RULINGS / CASES (1.5) · ONE LINE EACH

- **Columbia Asia Hospitals** (Kar AAR): services of corporate-office employees to units in other States = supply between **distinct persons** (Schedule I entry 2); cost allocations also taxable. [SM 271]
- **Association of Leasing & Financial Service Cos.** (SC): under GST the whole lease instalment (principal + interest) is taxable. · **Rashtriya Ispat Nigam** (SC): tax burden can be shifted by contract. · **Delhi Transport Corp.** (Del HC): but the assessee stays liable to the Revenue. · **TCS v State of AP** (SC): software on a medium = goods. [SM 272–273]

D Levy (s.9) and reverse charge · PTP Q4(b)

- **s.9(1)**: CGST on intra-State supplies (except **alcoholic liquor for human consumption**, and from 1-11-2024 un-denatured ENA / rectified spirit for it) on the s.15 value at notified rates **not exceeding twenty per cent**; IGST s.5(1) on inter-State supplies. [SM 244]
- **s.9(2)**: not yet levied on petroleum crude, high speed diesel, motor spirit, natural gas, ATF. [SM 244]
- **s.9(3)**: notified goods / services — **recipient pays (RCM)**. **s.9(4)**: notified supplies from an **unregistered** supplier to a **promoter** (shortfall in purchases, cement, capital goods). **s.9(5)**: ECO pays. [SM 244–245]
- A person liable under RCM must **register compulsorily** (no threshold); the supplier cannot take ITC on inputs for supplies on which the recipient pays. [SM 260]

RCM ON GOODS (s.9(3))

Cashew nuts (not shelled), bidi wrapper leaves, tobacco leaves, raw cotton — from an **agriculturist** · silk yarn · **lottery** (State Govt → distributor) · used vehicles, seized goods, old goods, waste and scrap from the Government (Railways moved to forward charge w.e.f. 20th October 2023) · priority sector lending certificates · **metal scrap** from an unregistered to a registered person (w.e.f. 10-10-2024; plus TDS 2%).

[SM 245–247]

RCM ON SERVICES (s.9(3)) — "SEVEN CASES" ANSWER

1. **GTA** → factory, society, co-operative, registered person, body corporate, firm, casual taxable person.
2. **Advocate** / firm of advocates → business entity. · **Arbitral tribunal** → business entity.
3. **Sponsorship** → body corporate or firm (supplier "other than a body corporate" from 16th January 2025).
4. **Government / local authority** → business entity (not renting to unregistered persons, post, etc.); **renting of immovable property** by Government → registered person (5A).
5. **Renting of residential dwelling** → registered person (5AA); renting of **other property by an unregistered** person → registered person other than a composition taxpayer (5AB, w.e.f. 10th October 2024).
6. **Director** → company (only as director, not personal rent — Circular 201/13/2023). · **Insurance agent** → insurer. · **Recovery agent** → bank / FI / NBFC.
7. Copyright by **music composer, photographer, artist**; by an **author** to a publisher (author may opt out). · Business facilitator → bank · agent of BC → BC · **security services** → registered person · **renting of motor vehicle with fuel** by a non-body corporate → body corporate · DSAs → bank / NBFC · import of services (IGST) from a non-taxable territory.

[SM 247–253]

MEMORY HOOK · SCHEDULE I

"A-R-A-I": **A**ssets disposed (with ITC) · **R**elated / distinct persons · **A**gent and principal (goods) · **I**mport of services from a related person.

MEMORY HOOK · COMPOSITE vs MIXED

Composite = "Principal decides"; Mixed = "Maximum rate decides". Ask: could the customer buy each part alone in the normal course? Yes → mixed.

E E-commerce operator pays tax — s.9(5) · PTP Q2(a), Supp D26

- The **ECO pays the output tax** though it is not the actual supplier; if the ECO is outside the taxable territory, its representative pays, else a person it appoints. Suppliers of notified services need not register only for these supplies. [SM 245, SM 257]
- **Notified services**: (1) **passenger transport** by radio-taxi, motorcab, maxi cab, motorcycle, omnibus and other motor vehicles (omnibus: ECO pays unless the supplier is a **company**, w.e.f. 20th October 2023); (2) **accommodation** in hotels, inns, guest houses, clubs, campsites; (3) **housekeeping** (plumbing, carpentry) — (2) and (3) only if the supplier is not liable to register u/s 22(1); (4) **restaurant service** (from 1-1-2022), except restaurants in "specified premises" (hotel tariff above ₹7,500 per unit per day). [SM 257–258]
- Restaurant via ECO: **ECO issues the invoice**, pays tax **in cash** (no ITC set-off), no TCS on these; ECO need not reverse its own ITC. [SM 258–260]

DEC'26 SUPPLEMENTARY · LOCAL DELIVERY (w.e.f. 22-09-2025)

Services of **local delivery** through an ECO are added to s.9(5) (and s.5(5) IGST), **except** where the person supplying them through the ECO is liable to register under **section 22(1)**. Notification No. 17/2025 CT(R) and IT(R), dated September 17, 2025. [Supp D26 p.2–3]

Partner (turnover; threshold ₹20 lakh)	Delivery value	Who pays
Mr. A (₹12 lakh) · Mr. B (₹18 lakh)	4,00,000 + 6,00,000	ECO u/s 9(5)
ECO: ₹10,00,000 × 18%	**1,80,000**	**CGST 90,000 + SGST 90,000**
Mr. C (₹28 lakh → liable u/s 22(1))	8,00,000	Mr. C: ₹1,44,000

ICMAI's example, recomputed by script. [Supp D26 p.3–4]

F Composition scheme — s.10

- **Who**: a **manufacturer, trader or restaurant** supplier with P.Y. aggregate turnover up to **₹1.5 crore** (**₹75 lakh** in Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Uttarakhand; w.e.f. 1-4-2019). [SM 65]
- May also supply **services** (other than restaurant) up to **10% of turnover** in the State in the P.Y. **or ₹5,00,000, whichever is higher**; interest on deposits / loans is ignored in turnover. [SM 63]
- **s.10(2A) service providers**: P.Y. aggregate turnover up to **₹50 lakh → CGST 3% + SGST 3%** (SM Illus. 56). [SM 76]
- **Rates** (read from the SM chart, an image): manufacturer and trader CGST 0.5% + SGST 0.5% (trader: on taxable supplies only); restaurant CGST 2.5% + SGST 2.5%; 10(2A) CGST 3% + SGST 3%. [SM 75 (chart)]
- **Aggregate turnover** s.2(6): all taxable + exempt supplies + exports + inter-State supplies of persons with the **same PAN**, all-India basis; **excludes** inward RCM supplies and CGST / SGST / IGST / cess. Partner and firm, Karta and HUF have different PANs → not aggregated; job worker's supply counts in the principal's turnover. [SM 65–66]
- **Same PAN**: all registrations must opt; intimation for one = for all (Illus. 46). [SM 67–68]

NOT ELIGIBLE (s.10(2), rule 5)

- supplier of services beyond the 10% / ₹5 lakh limit · goods not leviable to GST (a bar serving liquor, Illus. 49) · **inter-State outward supply of goods** · **services** through an ECO that collects TCS (goods through an ECO allowed from 01.10.2023; ECO then collects TCS, no inter-State) · manufacturer of notified goods: **ice cream, pan masala, tobacco, aerated water**, fly-ash bricks, bricks, roofing tiles. [SM 66, SM 71–72]
- **Non-resident** or **casual** taxable person; stock bought inter-State, imported or from a branch outside the State. [SM 71]
- Invoice: "composition taxable person, not eligible to collect tax on supplies"; signboard "Composition Taxable Person"; issues a **bill of supply**, no ITC. [SM 73]

FORMS AND DATES

CMP-02 opt in	before the start of the FY
CMP-03 stock details	within 90 days
CMP-04 withdrawal	within 7 days; ITC-01 within 30 days
CMP-06 reply / CMP-07 order	15 days / 30 days
CMP-08 quarterly tax	18th of the month after the quarter
GSTR-4 annual return	June 30 (FY 2024-25 onwards)

[SM 77–78]

PROBLEMS BOX · COMPOSITION ELIGIBILITY AND TAX (MCQs D23, D24, D25; workbook sums)

WORKED PATTERN · SM ILLUSTRATION 44 (RAM & CO., ₹ LAKH)

Taxable goods 120 + exempt goods 10 + taxable services 5 + exempt services 3; interest 15.50 → Nil	138
Not above ₹150 lakh → turnover test passed	✓
Services 5 + 3 = 8 → 8 / 138 × 100	5.80%
Limit: higher of 10% × 138 = 13.80 and ₹5 lakh	13.80
Services 8 < 13.80 → eligible	✓

[SM 64]

STEPS

1. Is the person a manufacturer / trader / restaurant (or a 10(2A) service provider)? Any barred activity (liquor, inter-State goods, notified goods, services via TCS-ECO)?
2. P.Y. aggregate turnover (PAN-wide, all India; drop interest and inward RCM) ≤ ₹1.5 crore / ₹75 lakh (≤ ₹50 lakh for 10(2A)).
3. Services ≤ higher of 10% of State turnover or ₹5 lakh.
4. Tax = rate × turnover in the State (bill of supply, no ITC: GST on purchases is a cost).

MCQ SUMS (RECOMPUTED BY SCRIPT)

- **D24 (vi)** trader, laptops: cost ₹3,00,000 + GST 12% = ₹3,36,000 (no ITC) + 40% = ₹4,70,400 × 1% = **₹4,704** (A).
- **D24 (iv)** aggregate turnover: 9,00,000 + 5,00,000 exempt + 10,00,000 exports = **₹24,00,000**; GTA ₹80,000 (RCM inward) out (C).
- **SM Illus. 56**: 10(2A) Q1 turnover ₹10 lakh × CGST 3% = ₹0.30 lakh (+ SGST same).
- **SM Illus. 53** restaurant: composition tax ₹64,428 (5% on ₹12,88,560; input GST is a cost) vs normal net ₹56,160 (₹1,96,560 − ITC ₹1,40,400) → **normal scheme cheaper**.

PRACTISE THESE

SM Illus. 45–56 (SM 67–76) · D24 MCQ (i), (iv), (vi) · D23 MCQ (v) · D25 MCQ (ii) · MQP MCQ (ii) · SM M1 MCQs 31, 33, 39–41, 49 (SM 279–283) · **ICMAI Practice Workbook Ch1 illus. 4, 5, 6, 9; Ch3 illus. 3** · MCQ bank Q1–Q26 (1.2 set).

PRACTISE THESE · Q2(a) THEORY AND RCM / ECO CASES

D23 Q2(a) · D24 Q2(a) · D25 Q2(a) · J24 Q4(b) = J26 Q4(b) · J24 Q8(a) · J23 Q8(a) · PTP Q2(a), Q4(b) · postal Q8(a) · SM solved cases 1–7 (SM 271–273) · SM M1 MCQs 3, 6–9, 12–30, 53, 55 (SM 275–284) · **ICMAI Practice Workbook Ch1 illus. 1–3, 7, 8, 10–16; Ch2 illus. 1–9; Ch3 illus. 10** · MCQ bank Q2, Q3, Q5–Q7, Q20, Q30, Q100, Q101, Q103.

R Revision sheet · numbers and words to learn

Item	Rule	SM
Gifts by employer to employee	not a supply up to **₹50,000** a FY	[SM 21]
Related persons — shareholding	**25%** or more of voting shares of both	[SM 23]
CGST rate cap s.9(1)	not exceeding **twenty per cent**	[SM 244]
Composition: turnover limit	**₹1.5 crore**; ₹75 lakh (8 States); 10(2A) ₹50 lakh	[SM 65, SM 76]
Composition: services allowed	higher of **10%** of State turnover or **₹5,00,000**	[SM 63]
Composition: CMP-08 / GSTR-4	**18th** after the quarter / **June 30**	[SM 78]
ECO restaurant: specified premises	tariff above **₹7,500** per unit per day	[SM 258]
Schedule III paras 9, 10 (insurance)	w.e.f. **1-11-2024**	[SM 42]
Schedule III para 8(aa) SEZ / FTWZ goods	inserted w.e.f. 01.10.2025	[Supp J26 p.3]
ECO local delivery u/s 9(5)	w.e.f. 22-09-2025 unless supplier liable u/s 22(1)	[Supp D26 p.3]
Metal scrap RCM (unregistered → registered)	w.e.f. 10-10-2024 + TDS 2%	[SM 247]
Renting of non-residential property by an unregistered person	RCM w.e.f. 10th October 2024 (not for composition recipients)	[SM 249]

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.