

TAX INFO

Dated: 09.10.2021

Latest update on GST Law: Information regarding **Clarification on GST Rates and exemptions on Services** based on the **Circular No. 164 dated 06.10.2021**.

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1. Service provided by way of cooking and supply of food, by cloud kitchens/central kitchens are covered under “restaurant service” and attract 5% GST (without ITC).
2. Ice cream parlours sell already manufactured ice-cream and do not cook/prepare ice-cream for consumption like a restaurant, hence, it is supply of ice cream as goods and not as a service, even if the supply has certain ingredients of service. Ice cream sold by a parlour or any similar outlet would attract GST at the rate of 18%.
3. Services provided by any institutions/ NGOs under the central scheme of „Scholarships for students with Disabilities” where total expenditure is borne by the Government is covered under entry 72 of notification No. 12/2017-Central Tax (Rate) dated 28th June, 2017 and hence exempt from GST.
4. M/s New Space India Limited (NSIL), a wholly-owned Government of India supplies Satellite Launch Service outside India. It is considered as export of service as it fulfils the requirements under Section 2(6) of IGST Act and shall be zero rated. If the service recipient is located in India, the satellite launch services would be taxable.
5. Overloaded vehicles are allowed to ply or travel on national highways after payment of fees with multiplying factor of 2/4/6/8/10 times the base rate of toll. Such overloaded fee is nothing but the additional toll charges and would get the same treatment as the toll charges get, hence, exempted under GST.
6. Services or renting or giving on hire of vehicles to State Transport Undertakings or Local Authorities is exempt irrespective of such vehicles are run on routes, timings as decided by the State Transport Undertakings or Local Authorities and under effective control of State Transport Undertakings or Local Authorities which determines the rules of operation or plying of vehicles.
7. Supply of services by way of granting mineral exploration and mining rights is taxable at the rate of 18% as was recommended by 14th GST Council meeting to charge all residuary services with GST at the rate of 18%.
8. Admission to a place having casino or race club or admission to a sporting event like IPL attracts GST @ 28%.
9. Admission to amusement parks, or theme park etc or any place having joy rides, merry-go rounds, go-carting etc, whether indoor or outdoor, so long as no access is provided to a casino or race club attracts GST @ 18%.
10. Services supplied by contract manufacturers to brand owners for manufacture of alcoholic liquor for human consumption is taxed @ 18% and not 5% as alcoholic liquor is not considered as food.

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