

Circular No. 234/28/2024-GST

F. No. CBIC-190354/149/2024-TO(TRU-II)-CBEC

**Government of India
Ministry of Finance
Department of Revenue
(Tax Research Unit)**

North Block, New Delhi
Dated the 11th October 2024

To,

**The Principal Chief Commissioners/ Chief Commissioners/ Principal Commissioners/
Commissioners of Central Tax (All)/ The Principal Director Generals/ Director
Generals (All)**

Madam/Sir,

Subject: Clarifications regarding applicability of GST on certain services – reg.

Based on the recommendations of the GST Council in its 54th meeting held on 9th September 2024, at New Delhi, in exercise of the powers conferred under section 168(1) of the Central Goods and Services Tax Act, 2017, clarifications on the following issues are being issued through this Circular as under:

2. Applicability of GST on the service of affiliation provided by universities to colleges:

2.1 Representations have been received seeking clarification on the applicability of GST on the service of affiliation provided by universities to colleges.

2.2 The activity of affiliation is to monitor and ensure whether the institution possesses the required infrastructure in terms of space, technical prowess, financial liquidity, faculty strength, etc. and is thereby eligible for the privileges to conduct the course/program of study for the degree/title extended by the University to the students enrolled in such institutions. The affiliation services provided by the universities to colleges are not by way of services related to the admission of students to such colleges or the conduct of examinations by such colleges.

2.3 Thus, as recommended by the 54th GST Council, it is hereby clarified that the affiliation services provided by universities to their constituent colleges are not covered within the ambit of exemptions provided to educational institutions in the notification No. 12/2017-CT(R) dated 28.06.2017 and GST at the rate of 18% is applicable on the affiliation services provided by the universities.

3. Applicability of GST on the service of affiliation provided by Central and State educational boards or Councils, or other similar bodies, to schools:

3.1 Representations have been received to clarify the applicability of GST on the service of affiliation provided by the Central and State educational boards or councils, or other similar bodies, to schools and to regularize the payment of tax on such services for the past period.

3.2 The activity of affiliation carried out by educational boards or councils, or other similar bodies, is to monitor and ensure whether the schools possess the required infrastructure, finances, faculty strength etc. and are thereby eligible for the privileges to operate under the aegis of said boards or councils. The services of affiliation provided to schools by educational boards or councils, or other similar bodies, are not by way of services related to the admission of students to such schools or the conduct of examinations by such schools..

3.3 The matter was placed before the GST Council in its 54th meeting held on 09th September 2024, and the GST Council recommended to clarify that such services of affiliation, provided to schools by Central or State educational boards or councils, or other similar bodies, by whatever name called, are taxable. At the same time, the GST Council recommended exempting the supply of affiliation services provided by Central and State educational boards or Councils, or other similar bodies, by whatever name called to government schools i.e. schools established, owned or controlled by the Central Government, State Government, Union Territory, local authority, Governmental authority or Government entity. The same has been exempted w.e.f. 10.10.2024 vide notification No. 08/2024-Central Tax (Rate) dated 08.10.2024.

3.4 In its 54th meeting, the GST Council further recommended regularizing the GST liability on such services provided to all schools for the period from 01.07.2017 to 17.06.2021, i.e., the date of issuance of Circular No. 151/07/2021-GST wherein accreditation services of boards are clarified to be taxable at the rate of 18%.

3.5 Therefore, as recommended by the GST Council, it is clarified that services of affiliation, provided to schools by Central or State educational boards or councils, or other similar bodies, by whatever name called, are taxable. Further, as recommended by the Council, the payment of GST on the services of affiliation provided by Central and State educational boards or Councils, or other similar bodies, to all schools is regularized on '*as is where is*' basis for the period from 01.07.2017 to 17.06.2021.

4. Applicability of GST on the Directorate General of Civil Aviation (DGCA) approved flying training courses conducted by Flying Training Organizations approved by the DGCA:

4.1 Representations have been received regarding the applicability of GST on the DGCA-approved flying training courses conducted by Flying Training Organizations (FTOs)

which are approved by the Directorate General of Civil Aviation (DGCA). The same has been examined.

4.2 Under GST Law, vide Sl. No. 66 of the notification No. 12/2017- Central Tax (Rate) dated 28.06.2017, services provided by educational institutions to its students, faculty and staff are exempt from levy of GST. In the above notification, “*educational institution*” has been defined to mean an institution providing services by way of education as a part of a curriculum for obtaining a qualification recognized by any law for the time being in force.

4.3 In exercise of the power vested by Section 5 of the Aircraft Act, 1934, the Central Government has made the Aircraft Rules, 1937, which, inter-alia, provide for ‘approved training’, i.e. training the curriculum of which has been approved by the DGCA, and ‘approved training organization’, i.e. a flying training organization which shall obtain the approval of DGCA before the students are enrolled to acquire flying experience. The said rules further state that flying experience required for the issue of private pilot and commercial pilot licenses shall be acquired at the Flying Training Organization (FTO) approved/ recognized by the DGCA. The Civil Aviation Requirements (CAR) issued under the said rules also provide for a completion certificate to be issued by an approved FTO to each student who completes its approved course of training.

4.4 It is evident from the above that the DGCA not only approves FTOs but also flying training courses and mandates the requirement of course completion certificates to be issued to successful candidates in terms of the Aircraft Act, 1934 and the rules prescribed thereunder. Therefore, the approved flying training courses conducted by FTOs approved by DGCA, wherein the DGCA mandates the requirement of a completion certificate, are covered under Sl. No. 66 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 and are hence, exempt.

5. Regularizing payment of GST on transport of passengers by helicopter:

5.1 54th GST Council has recommended that the GST rate on transportation of passengers, with or without accompanied baggage, by air, in a helicopter on seat share basis may be notified at 5%. Accordingly, notification No. 07/2024- Central Tax (Rate) dated 08.10.2024 effective from 10.10.2024 has been issued.

5.2 The Council further recommended to regularize payment of GST on transportation of passengers, with or without accompanied baggage, by air, in a helicopter on seat share basis on ‘*as is where is*’ basis.

5.3 In addition to above, the Council also recommended to clarify that charter of helicopter would continue to attract GST at the rate of 18%.

5.4 Thus, as recommended by the 54th GST Council, payment of GST on transportation of passengers, with or without accompanied baggage, by air, in a helicopter on seat share basis is hereby regularized on ‘*as is where is*’ basis for the period from 01.07.2017 to 09.10.2024.

5.5 Further, as recommended by the 54th GST Council, it is hereby clarified that transport of passengers by helicopter on other than seat share basis i.e., for charter operations will continue to attract GST at the rate of 18%.

6. Whether incidental/ ancillary services such as loading/ unloading, packing, unpacking, transshipment, temporary warehousing etc., provided in relation to transportation of goods by road is to be treated as part of Goods Transport Agency service, being composite supply, or these services are to be treated as separate independent supplies:

6.1 Representations have been received to clarify whether incidental/ ancillary services such as loading/ unloading, packing, unpacking, transshipment, temporary warehousing etc., provided in relation to transportation of goods by road is to be treated as part of Goods Transport Agency (GTA) service, being composite supply, or these services are to be treated as separate independent supplies.

6.2 It has been brought to notice that enforcement agencies are raising demands for such services holding them leviable to GST at the rate of 18% by interpreting last para of Question No. 6 of the FAQ issued by CBIC which states that ***“If such incidental services are provided as separate services and charged separately, whether in the same invoice or separate invoices, they shall be treated as separate supplies”***, to mean that if a GTA shows packing charges, loading, unloading charges etc., separately in the invoice, the GTA becomes liable to pay GST at the rate of 18% on these services by treating them as cargo handling services.

6.3 After deliberations on the issue and based on recommendations of the 54th GST Council, it is hereby clarified that ancillary or incidental services provided by GTA in the course of transportation of goods by road, such as loading/unloading, packing/unpacking, transshipment, temporary warehousing etc. will be treated as composite supply of transport of goods. The method of invoicing used by GTAs will not generally alter the nature of the composite supply of service. However, if such services are not provided in the course of transportation of goods and are invoiced separately, then these services will not be treated as composite supply of transport of goods.

7. Regularizing payment of GST on import of services by an establishment of a foreign airlines company from a related person or any of its establishment outside India, when made without consideration:

7.1 54th GST Council has recommended to exempt import of services by an establishment of a foreign airlines company from a related person or any of its establishment outside India, when made without consideration. Accordingly, notification No. 08/2024-Integrated Tax (Rate) dated 08.10.2024 effective from 10.10.2024 has been issued.

7.2 The Council further recommended to regularize payment of GST on import of services by an establishment of a foreign airlines company from a related person or any of its establishment outside India, when made without consideration for the past period on ‘as is where is’ basis.

7.3 Therefore, on recommendations of the 54th GST Council, the payment of GST on import of services by an establishment of a foreign airlines company from a related person or any of its establishment outside India, when made without consideration is hereby regularized for the period from 01.07.2017 to 09.10.2024 on '*as is where is*' basis.

8. Applicability of GST on Preferential Location Charges (PLC) collected along with consideration for sale/ transfer of residential / commercial properties:

8.1 Allowing choice of location of apartment is integral part of supply of construction services and therefore, location charge is nothing but part of consideration charged for supply of construction services before issuance of completion certificate. Being charged along with supply of construction services for the apartment, the same attract GST at same rate as of construction services before issuance of completion certificate.

8.2 Therefore, based on the recommendations of the 54th GST Council, it is hereby clarified that location charges or Preferential Location Charges (PLC) paid along with the consideration for the construction services of residential /commercial/industrial complex forms part of composite supply where supply of construction services is the main service and PLC is naturally bundled with it and are eligible for same tax treatment as the main supply of construction service.

9. Regularizing payment of GST on certain support services provided by an electricity transmission or distribution utility:

9.1 GST Council in its 54th meeting held on 09th September, 2024 has recommended to exempt **supply of services by way of providing metering equipment on rent, testing for meters/ transformers/capacitors etc., releasing electricity connection, shifting of meters/service lines, issuing duplicate bills etc., which are incidental or ancillary to the supply of transmission and distribution of electricity provided by transmission and distribution utilities to their consumers.**

9.2 The same have been exempted vide notification No. 08/2024- Central Tax (Rate) dated 08.10.2024 effective from 10.10.2024.

9.3 The GST Council in its 54th meeting has also recommended to regularize the payment of GST for supply of such services for the period i.e., from 01.07.2017 to 09.10.2024 on '*as is where is*' basis.

9.4 Therefore, as recommended by the 54th GST Council, the payment of GST on services provided by an electricity transmission or distribution utility which are incidental or ancillary to the supply of transmission and distribution of electricity by such utility, such as those listed in para 9.1 above is hereby regularized on '*as is where is*' basis from 01.07.2017 to 09.10.2024.

10. Regularizing payment of GST on services of film distributors or sub-distributors who act on a principal basis to acquire and distribute films:

10.1 Representations have been received to clarify regarding the GST liability for the period from 01.07.2017 to 01.10.2021 on transaction between distributors and exhibitors wherein the distributors grant the theatrical rights to the exhibition centers. Field formations have viewed that such transaction are classifiable under SAC 9996 and attracts GST at the rate of 18%.

10.2 Prior to 1st October 2021, GST at the rate of 18% was leviable on “*Motion Picture, videotape and television programme distribution services*” under Heading 9996 whereas 12% rate of GST was leviable on “*temporary or permanent transfer or permitting the use or enjoyment of intellectual property right in respect of goods other than IT technology software*” under Heading 9973. It was observed that both entries apparently covered services by way of licensing of rights to broadcast or show films. This issue was discussed in the 45th GST Council meeting held on 17.09.2021 wherein, the Council recommended to keep a uniform rate of 18% on both these entries with effect from 01.10.2021.

10.3 The GST Council in its 54th meeting held on 09th September 2024 has recommended to regularize the payment of GST on transaction between distributors and exhibitors wherein the distributors grant the theatrical rights to the exhibition centers on ‘*as is where is*’ basis from 01.07.2017 to 30.09.2021.

10.4 Therefore, as recommended by the GST Council, the payment of GST on transaction between distributors and exhibitors wherein the distributors grant the theatrical rights to the exhibition centers is regularized for the period from 01.07.2017 to 30.09.2021 on ‘*as is where is*’ basis.

11. Difficulties, if any, in the implementation of this circular may be brought to the notice of the Board.

Yours faithfully,

(Sachin Jain)
Joint Secretary, TRU-II