

Info Capsule

Friday
June 18, 2021

President : CS Nagendra D. Rao

Vice President : CS Devendra V. Deshpande

Goods and Services Tax

- **Clarification regarding applicability of GST on supply of food in Anganwadis and Schools - Circular No. 149/05/2021 - GST (June 17, 2021)**

As per recommendation of the GST Council, it is clarified that services provided to an educational institution by way of serving of food (catering including mid- day meals) is exempt from levy of GST irrespective of its funding from government grants or corporate donations. Educational institutions as defined in the notification include aganwadi.

For details:

https://www.cbic.gov.in/resources//htdocs-cbec/gst/Circular_Refund_149.pdf



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भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

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(Under the jurisdiction of Ministry of Corporate Affairs)

❖ Indirect Tax

- **Clarification regarding applicability of GST on the activity of construction of road where considerations are received in deferred payment (annuity) - Circular No. 150/05/2021 - GST (June 17, 2021)**

GST is exempt on service, falling under heading 9967 (service code), by way of access to a road or a bridge on payment of annuity. Heading 9967 covers “supporting services in transport” under which code 996742 covers “operation services of National Highways, State Highways, Expressways, Roads & streets; bridges and tunnel operation services”. Entry 23 of said notification exempts “service by way of access to a road or a bridge on payment of toll”. Together the entries 23 and 23A exempt access to road or bridge, whether the consideration are in the form of toll or annuity. It is hereby clarified that Entry 23A of notification No. 12/2017-CT(R) does not exempt GST on the annuity (deferred payments) paid for construction of roads.

For details:

https://www.cbic.gov.in/resources//htdocs-cbec/gst/Circular_Refund_150.pdf

- **Clarification regarding GST on supply of various services by Central and State Board (such as National Board of Examination) - Circular No. 151/05/2021 - GST (June 17, 2021)**

GST is exempt on services provided by Central or State Boards (including the boards such as NBE) by way of conduct of examination for the students, including conduct of entrance examination for admission to educational institution. Therefore, GST shall not apply to any fee or any amount charged by such Boards for conduct of such examinations including entrance examinations. GST is also exempt on input services relating to admission to, or conduct of examination, such as online testing service, result publication, printing of notification for examination, admit card and questions papers etc, when provided to such Boards.

For details:

https://www.cbic.gov.in/resources//htdocs-cbec/gst/Circular_Refund_151.pdf

- **Clarification regarding rate of tax applicable on construction services provided to a Government Entity, in relation to construction such as of a Ropeway on turnkey basis - Circular No. 152/05/2021 – GST (June 17, 2021)**

Works contract service provided by way of construction such as of rope way shall fall under entry at sl. No. 3(xii) of notification 11/2017-(CTR) and attract GST at the rate of 18%.

For details: https://www.cbic.gov.in/resources//htdocs-cbec/gst/Circular_Refund_152.pdf

- **GST on milling of wheat into flour or paddy into rice for distribution by State Governments under PDS - Circular No. 153/05/2021 – GST (June 17, 2021)**

In case the supply of service by way of milling of wheat into flour or of paddy into rice, is not eligible for exemption under Sl. No. 3 A of Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017 for the reason that value of goods supply in such a composite supply exceeds 25%, then the applicable GST rate would be 5% if such composite supply is provided to a registered person, being a job work service (entry No. 26 of notification No. 11/2017- Central Tax (Rate) dated 28.06.2017). Combined reading of the definition of job-work [section 2(68), 2(94), 22, 24, 25 and section 51] makes it clear that a person registered only for the purpose of deduction of tax under section 51 of the CGST Act is also a registered person for the purposes of the said entry No. 26, and thus said supply to such person is also entitled for 5% rate.

For details: https://www.cbic.gov.in/resources//htdocs-cbec/gst/Circular_Refund_153.pdf

- **GST on service supplied by State Government to their undertakings or PSUs by way of guaranteeing loans taken by them - Circular No. 154/05/2021 – GST (June 17, 2021)**

Entry No. 34A of Notification no. 12/2017-Central Tax (Rate) dated 28.06.2017 exempts “Services supplied by Central Government, State Government, Union territory to their undertakings or Public Sector Undertakings (PSUs) by way of guaranteeing the loans taken by such undertakings or PSUs from the banking companies and financial institutions.”

For details: https://www.cbic.gov.in/resources//htdocs-cbec/gst/Circular_Refund_154.pdf

- **Clarification regarding GST rate on laterals/parts of Sprinklers or Drip Irrigation System - Circular No. 155/05/2021 – GST (June 17, 2021)**

The GST rate on Sprinklers or Drip Irrigation System along with their laterals/parts are governed by S.No. ‘195B’ under Schedule II of notification No. 1/2017- Central Tax (Rate), dated 28th June, 2017 which is 6%. The intention of this entry has been to cover laterals (pipes to be used solely with sprinklers/drip irrigation system) and such parts that are suitable for use solely or principally with 'sprinklers or drip irrigation system', as classifiable under heading 8424 as per Note 2 (b) to Section XVI to the HSN. Hence, laterals/parts to be used solely or principally with sprinklers or drip irrigation system, which are classifiable under heading 8424, would attract a GST of 12%, even if supplied separately

For details: https://www.cbic.gov.in/resources//htdocs-cbec/gst/Circular_Refund_155.pdf

❖ *Banking and Insurance*

• **Awaiting RBI directions on lifting curbs: HDFC Bank (June 18, 2021)**

HDFC Bank is hoping the Reserve Bank of India (RBI) will lift restrictions on onboarding new customers. The country's largest private lender said on June 17, 2021, it was awaiting directions from the regulator on the temporary halt on sourcing of new credit card customers and digital launches.

For details:

<https://www.financialexpress.com/industry/banking-finance/awaiting-rbi-directions-on-lifting-curbs-hdfc-bank/2273561/>

• **Bank staff seek job security assurance after privatization (June 18, 2021)**

The proposed privatization of two state-run lenders has cast a pall of gloom over bank employees who fear loss of jobs and pensions, with unions vowing indefinite strikes to counter any adverse announcement. People who joined government-owned banks with job security in mind believe that while mergers largely did not lead to job losses, privatization will.

For details:

<https://www.livemint.com/industry/banking/bank-staff-seek-job-security-assurance-after-privatization-11623957323248.html>

❖ *Market Watch*

Stock Market Indices as on 18.06.2021	
S & P BSE Sensex	52344.45 (+21.12)
Nifty 50	15683.35 (-8.05)

Foreign Exchange Rates as on 17.06.2021 <i>(https://www.geojit.com/currency-futures/rbi-reference-rate)</i>			
INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR / 1 JPY
73.34	88.69	103.22	0.67

❖ **Business and Economic News**

• **Government approves restructuring of OFB into 7 new corporate entities (June 17, 2021)**

The Ordnance Factory Board (OFB) will be dissolved, and replaced by seven new Defence Public Sector Undertakings, which will oversee the 41 ordnance factories across the country. The Cabinet on June 16, 2021 approved the creation of the entities, which will be 100 per cent owned by the government. The transformation is likely to take place by the end of the year.

For details:

<https://indianexpress.com/article/india/govt-approves-restructuring-of-ofb-into-7-new-corporate-entities-7362296/>

• **Ministry of Micro, Small and Medium Enterprises Extends Validity of Udyog Aadhaar Memorandum from 31st March, 2021 to 31st December, 2021 (June 17, 2021)**

Ministry of Micro, Small and Medium Enterprises has issued an amendment to the original notification No. S.O. 2119 (E) dated 26.06.2020 vide 2347(E) dated 16.06.2021, extending the validity of EM Part-II and UAMs from 31.03.2021 to 31.12.2021. This would facilitate the holders of EM Part-II and UAMs to avail benefits of the provisions under various existing schemes and incentives including Priority Sector Lending benefits of MSME.

Considering the hardships faced by MSMEs during the prevailing COVID-19 situation and the representations received from the various MSME associations, financial institutions and Government departments dealing with the interest of MSME Sector, the said amendment has been carried out.

For details:

<https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=1727980>

Prepared by Directorate of Academics

For any suggestions, please write to academics@icsi.edu, or call at 01204082116

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