



Ministry of Information and Broadcasting, Government of India



Frequently Asked Questions (FAQs) on issues related to services

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- Helicopter passenger transport

Q1. Whether the proposed exemption to passenger transport by helicopter on a seat-sharing basis is in addition to the existing exemption available to passenger transportation by air in economy class?

Ans. Yes, the existing GST exemption for passenger transportation by air in economy class embarking or terminating at specified airports will continue. In addition, the exemption will be extended to passenger transportation by helicopter on a seat-sharing basis from/to such airports.

Q2. Will the chartered helicopter services also qualify for this exemption?

Ans. No, the chartered helicopter services will not be covered by the proposed exemption. The proposed exemption is being extended only to passenger transportation by helicopter on a seat-sharing basis which is distinct from chartered helicopter services.

Q3. Whether helicopter passenger services from/to a helipad be covered under the exemption?

Ans. Yes. A helipad is covered within the scope of “aerodrome” under the Bharatiya Vayuyan Adhiniyam, 2024. Accordingly, passenger transportation by helicopter on a seat-sharing basis from/to the specified locations, including where the helicopter operates from a helipad, will be covered by the exemption.

- Import of services by Indian establishment of foreign shipping line

Q4. Whether the proposed exemption is available in case import of services from the overseas Head Office/establishment of a foreign shipping line to its Indian establishment is provided with consideration?

Ans. No. The proposed exemption is only in respect of import of services from the overseas Head Office/establishment of a foreign shipping line to its Indian establishment when such services are provided without consideration. Services provided against consideration will continue to be taxed in accordance with the applicable provisions.

Q5. What is meant by a “foreign company” for the purposes of the proposed exemption?

Ans. “Foreign company” would have the same meaning assigned to it under section 2(42) of the Companies Act, 2013.

Q6. What will be the treatment of the GST liability for the past period?

Ans. For the past period, the GST treatment of such transactions will be regularised on an “as is where is” basis since the exemption will come into effect from the date specified in the relevant notification. This means that the tax position already adopted by the taxpayers for the past period will be accepted; In cases where the GST was paid, no refund of such amount will be allowed.

Q7. Does the exemption for foreign shipping lines bring parity with the treatment of foreign airlines?

Ans. Yes. The exemption brings parity in the GST treatment of foreign shipping lines and foreign airlines in respect of services received by their Indian establishments from their overseas establishments, where such services are provided without consideration, subject to the prescribed conditions.

- **Electric Vehicle (EV) passenger transport / rental services**

Q8. Whether the GST treatment of passenger transportation services by electric vehicles and rental services (with operator) of electric vehicles for passenger/goods transport were earlier different from the corresponding services using conventional motor vehicles?

Ans. The earlier GST provisions for passenger transportation services and rental services of vehicles (with operator) linked the prescribed rate options to cases where the **cost of fuel was included in the consideration**. Since electricity used for charging an electric vehicle is not regarded as “fuel”, the same rate options were not available for EV-based passenger transportation and rental services. This resulted in differential GST treatment for otherwise similar services, based solely on the fact whether the vehicle was powered by conventional fuel or electricity.

Q.9 Whether the said disparity in GST treatment for passenger transportation and rental services with operator using electric vehicles vis-à-vis those using conventional vehicles, is being resolved?

Ans. Yes, the proposed change aligns the GST treatment of passenger transportation and rental services (with operator) using electric vehicles where cost of battery charging is included in the consideration, with the corresponding services using conventional vehicle, where cost of fuel is included in the consideration. Accordingly, the GST rates applicable for such services using an EV will be the same as those applicable to the corresponding conventional-vehicle services.

Q10. Whether the proposed GST rate also apply to leasing services of electric vehicles as goods (i.e. without an operator)?

Ans. No. This does not alter the existing GST treatment of services of leasing/rental of vehicles without an operator. Such services will continue to be taxed in accordance with the rate applicable to the underlying goods.

- **Statutory and ancillary recoveries in motor vehicle leasing**

Q11. What will be the GST rate applicable on registration charges, road tax, insurance, FASTag charges and other statutory or ancillary expenses recovered by the lessor from the lessee in a vehicle leasing arrangement?

Ans. Registration charges, road tax, insurance, FASTag charges and other statutory or ancillary expenses recovered by the lessor from the lessee in a leasing arrangement, will form part of the value of the composite supply of leasing of the vehicle and will be taxed at the GST rate applicable to the leasing service.

- **ECO-enabled transportation and delivery services**

Q12. What will be the GST rates for the services of transportation of goods by a GTA, where such goods are supplied/ordered through an ECO?

Ans. In cases where services of transportation of goods by GTA are in respect of goods, which are supplied/ordered through an ECO, GST @ 5% without ITC or 18% with ITC

will be applicable and the benefit of exemption under Entry no. 21A will not be available for such services.

Q13. Whether the ECO, through which goods are ordered/supplied, will be liable to pay GST under section 9(5) of CGST Act, 2017 for the services of transportation of such goods GTA?

Ans. No. The ECO is not liable to pay GST under section 9(5) of CGST Act, 2017 for the services of transportation of goods by GTA even if the said service is supplied in relation to goods which are supplied/ordered through an ECO. In such cases, GTA will be liable to

pay GST, as applicable.

Q14. Whether the proposed change in Entry 21A of Notification No. 12/2017-CTR will impact the tax treatment on the services of transportation of goods by GTA if the said services are not in relation to goods ordered/supplied through an ECO.

Ans. No. The proposed change will not affect the exemption available for transportation of goods by a GTA, under entry 21A of the Notification No. 12/2017-CTR, in relation to goods which are not ordered or supplied through an ECO.

Q15. What will be the applicable GST rate for supply of delivery service if such service is supplied in relation to goods supplied/ordered through ECO?

Ans. GST at the rate of 5% without ITC will be levied on such services.

Q16. What will be the applicable GST rate for delivery services supplied through an ECO and who will be liable to pay GST in such cases?

Ans. If the delivery service provider is not liable to be registered, then the GST at the rate of 5% without ITC will be applicable and ECO will be liable to pay such GST under the provisions of section 9(5) of CGST Act, 2017.

If the delivery service provider is liable to be registered, then the GST on such services is payable by the delivery service provider at the rate of 5% without ITC in accordance with the provisions applicable for delivery services.

Q17. Whether the proposed changes will affect the GST treatment on services of transportation of goods by individual truck owners/operators?

Ans. No. The changes do not affect the GST treatment on services of transportation of goods by individual truck owners/operators.

Grant of Right to collect and appropriate tolls from Users

Q18. What is the implication of proposed exemption in relation to upfront payment made by concessionaire for highway projects under Toll-Operate and Transfer (TOT) model?

Ans. The exemption will be available to leasing services by way of grant of exclusive rights to access, use, operate, collect, demand and appropriate toll where the upfront payment is made for receiving such services by the concessionaire. Hence, the upfront payment made in such projects under TOT model will be covered by the exemption.

Q19. Whether the services (mentioned in Question No. 19) of grant of exclusive rights are different from the services of allowing access to a bridge/road on payment of toll?

Ans. Yes, both are different services. The latter service for toll charges is already exempt under Entry No. 23 of Notification number 12/2017 – CT(Rate).

Q20. What will be the GST implication if payment made by the concessionaire is not upfront but periodic?

Ans. The exemption will also be available for such periodic payments made by concessionaire for receiving the services by way of grant of exclusive rights as mentioned in Question number 19.

Q21. Whether the exemption is available if such rights (as mentioned in Question No. 19) are granted by private entity?

Ans. No, the exemption will be available only in cases where such rights are granted by the Government, local authority, governmental authority or government entity.

• **Time of payment of tax and valuation of operations & maintenance (O&M) services**

Q22. Who is eligible to avail the special procedure being provided regarding time of payment of tax and valuation of O&M services?

Ans. The special procedure being provided under Section 148 of CGST Act applies to a registered person who is a concessionaire under a TOT Concession Agreement with the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity, wherein the concessionaire is required to supply Operations & Maintenance (O&M) services of the road or highway and the expenditure towards such services is adjusted out of the upfront concession fee paid by the said concessionaire.

Q23. Why this special procedure has been prescribed for valuation and taxability of O&M services provided under TOT model?

Ans. The value for O&M services is not generally determinable in a TOT project, where the upfront consideration paid by the concessionaire to the concessioning authority is adjusted for the expected cost to be incurred for O&M services to be provided by the concessionaire.

Q24. When does the liability to pay GST arise with respect to such O&M services?

Ans. GST is required to be paid by the concessionaire in a tax period in which the expenses incurred for O&M services are debited/ charged from the Escrow Account being maintained for collection of the toll proceeds by the Concessionaire.

Q25. How the value of O&M services on which GST is payable is ascertained?

Ans. The methodology proposed to determine the value of O&M services is linked to the periodic actual expenditure incurred towards O&M services by the concessionaire which is charged/debited from the Escrow Account maintained with the concessioning authority (NHAI). For example, if ₹100 is actually incurred towards O&M services by the concessionaire and the same amount is debited from the Escrow Account in a particular tax period, GST shall be discharged on ₹100 at the applicable rate.

Q26. Is GST on the entire O&M component required to be paid at the commencement of the concession period?

Ans. No. In cases covered by the proposed notification, GST on O&M services will require to be paid in accordance with the special procedure under Section 148 of CGST Act, to the extent of the actual O&M expenditure charged/debited from the Escrow Account during the relevant tax period.

Q27. Does the special procedure apply to every O&M contract for roads or highways?

Ans. No. The special procedure applies only where the registered person is a concessionaire under a Toll-Operate-Transfer (TOT) Concession Agreement and is required to undertake O&M of the road or highway during the concession period and where the O&M expenditure is adjusted from the upfront amount paid by the concessionaire to the concessioning authority

- **Input Tax Credit for the reseller of certain services**

Q28. Whether ITC is to be allowed to Reseller of certain services (leviable at 5% without ITC) where the ITC is presently blocked at successive stages of supply?

Ans. Yes. Input tax credit is to be allowed to reseller of certain services which are facing cascading because of ITC blockage in respect of the same category of service used as an input service for supplying the same category of output service, in respect of specified services taxable at 5%.

Q29. What are the services on which such ITC block is to be lifted?

Ans. The relaxation would apply to the following reselling services:

- hotel accommodation services up to ₹7,500 per unit per day;
- restaurant and outdoor catering services; and
- gym/fitness services.

Q30. Whether all ITC where the GST is leviable at 5% without ITC, is now proposed to be allowed in such cases?

Ans. No, only the limited input tax credit in respect of same category of input service is allowed as has been allowed for passenger transportation, tour operator services and renting of motor vehicles services.

- **Services Provided by Seamen's Provident Fund Organisation (SPFO)**

Q31. What are the services on which exemption is provided for SPFO?

Ans. An exemption is being provided for the services provided by the Seamen's Provident Fund Organisation (SPFO) in administering the Seamen's Provident Fund Scheme to the persons governed by the Seamen's Provident Fund Act, 1966, on the lines of the existing exemptions available to EPFO and CMPFO.

- **Research and development Services**

Q32. How will it be determined whether an activity is in the nature of research and development or consultancy for the purpose of availing the GST exemption?

Ans. For the purpose of distinguishing research and development services from consultancy services, the concerned Head of the Government Entity, research association, university, college or other eligible institution notified under clauses (ii) or (iii) of sub-section (1) of section 35 of the Income Tax Act, 1961, undertaking the research has been entrusted to issue a certificate that the work undertaken is in the nature of research and development and not in the nature of consultancy. It is also proposed that the field formations may accept such certification as the basis of exemption claim for such R&D services.

This mechanism is intended to support research and promote ease of compliance in availing the exemption.

Q33. Is self-certification required to be furnished in every case where the exemption for Research and Development services is claimed?

Ans. Self-certification is required to be issued by the concerned Head of the Government Entity, research association, university, college or other eligible institution as and when an exemption to such effect is claimed. However, the same is not required to be submitted along with the monthly returns. This certificate is to be kept in records by the concerned organization/institution/entity. It is required to be furnished only in cases where the same is sought by the tax authorities during scrutiny, audit, investigation, etc.

Q34. Is any specific format prescribed for furnishing the self-certification in respect of Research and Development activities?

Ans. No specific format has been prescribed for such self-certification.

- Coffee curing services

Q35. What is meant by curing of coffee?

Ans. As per the Coffee Act, 1942, *curing* means application of mechanical processes, other than pulping, to raw coffee for the purpose of preparing it for marketing. Coffee curing may involve processes such as drying, hulling, cleaning, sorting, grading and polishing of coffee beans.

Q36. Whether the process of coffee curing not covered under the existing exemption?

Ans. Under the existing exemption, specified processes such as drying, cleaning, curing, sorting and grading of agricultural produce are exempt when carried out at an agricultural farm.

Coffee curing, however, owing to climatic and geographical considerations, ordinarily cannot be undertaken at the farm and is generally carried out at coffee curing works. This is an intermediate process required to make coffee marketable and does not

appear to alter the essential character of the coffee beans. Hence, a specific exemption is being provided for coffee curing services supplied to cultivators.

Q37. What is the scope of this exemption?

Ans. The exemption is specifically for services by way of curing of coffee provided to coffee cultivators. It does not extend to roasting or other processing which is not in the nature of coffee curing.

Q38. Whether the exemption is available if the coffee curing work is carried out at Coffee Estates/Farms?

Ans. Yes. The exemption for services by way of curing of coffee provided to coffee cultivators would apply irrespective of whether the curing is carried out at a coffee estate/farm or at a separate curing works.

Q39. Who will be the intended beneficiaries of the exemption being extended to the services of coffee curing?

Ans. The exemption for the services of coffee curing provided by the coffee curer to the coffee cultivators will benefit primarily the coffee cultivator, by reducing its cost of getting the coffee processed/curied.

- Storage and warehousing of seeds

Q40. What change has been made in respect of storage or warehousing of seeds?

Ans. A specific exemption from GST is being provided for services by way of storage or warehousing of seeds meant for sowing, irrespective of the fact whether such seeds are covered by the definition of 'agricultural produce' or not.

Q41. Which seeds are covered by the exemption?

Ans. The exemption will apply only to the seeds meant for sowing, as defined for the purposes of the relevant notification. Seeds not meant for sowing and processed products derived from seeds or seeds processed for consumption, industrial or any other non-sowing use would not be covered.

Q42. Is the exemption for storage or warehousing available only for agricultural seeds, or does it cover all seeds?

Ans. The exemption is available in respect of all seeds meant for sowing and is not restricted only to seeds used for agricultural crops. For this purpose, the expression “seeds” has been defined in paragraph 2 of Notification No. 12/2017-Central Tax (Rate). Accordingly, all seeds falling within the said definition and meant for sowing are covered by the exemption.

Q43. Who will be the intended beneficiaries of the exemption being provided to the services of storage/warehousing of seeds meant for sowing?

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— on **25th October, 2026** —

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6th to 23rd October, 2026

