

FREQUENTLY ASKED QUESTION (FAQ)

Date -05/08/2017

1. Whether GST will be applicable on the freight, which is included in the cost of principal supply?

Ans:- If the cost of freight is included in the cost of principal supply, such service will be taxable under section 8 of the CGST Act 2017 which says "a composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply".

Hence freight is being a component of a package supply may be taxed at the applicable rate of GST on principal supply for which freight is being charged.

2. Whether GST will be applicable on the Packaging and forwarding supply??

Ans:- Packaging and forwarding Charges shall be included in the value of supply and is subject to GST, as mentioned in Section 15(2)(c) of CGST Act 2017.

3. Whether GST will be applicable on outward supply of services provided by the railway for a consideration up to Rs 5000/- only?

Ans- Services provided by Central Government, State Government, Union territory or a local authority where the consideration for such services does not exceed five thousand rupees shall be exempt: [Entry 9 of notification 12/2017 Central tax (Rate) Dated 28/06/2017]

Provided that nothing contained in this entry shall apply to –

- I. Services by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than the Central Government, State Government, Union territory;
- II. Services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;
- III. Transport of goods or passengers.

Provided further that in case where continuous supply of service, as defined in sub-section (33) of section 2 of the Central Goods and Services Tax Act, 2017, is provided by the Central Government, State Government, Union territory or a local authority, the exemption shall apply only where the consideration charged for such service does not exceed five thousand rupees in a financial year.


05.08.17