

	<b>KERALA AUTHORITY FOR ADVANCE RULING GOODS AND SERVICES TAX DEPARTMENT TAX TOWER, THIRUVANANTHAPURAM</b>	
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**BEFORE THE AUTHORITY OF** : Dr S. L. Sreeparvathy, IRS &  
: Shri Abraham Renn S., IRS

Legal Name of the applicant	KERALA STATE GOVERNMENT INSURANCE DEPARTMENT
GSTIN	32AAAGK0072R1ZA
Address	Trans Towers, Vazhuthacaud, Thycaud – P.O., Thiruvananthapuram - 695014.
Advance Ruling sought for	Whether GST is applicable for the services offered on MOU for a scheme providing ‘Subscription-based benefit’ for compensation in the event of death to the members of the ‘Kudumbasree’ which is State Government Agency.
Date of Personal Hearing	05/11/2021
Authorized Representative	Smt. Bushra S. Deepa

**ADVANCE RULING No.KER/130/2021 Dtd.18-02-2022**

**1.** The Kerala State Insurance Department [KSID] (hereinafter referred to as the applicant) is a Department of the Government of Kerala administering various insurance and other benefit schemes.

**2.** At the outset, it is clarified that the provisions of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as CGST Act) and the Kerala State Goods and Services Tax Act, 2017 (hereinafter referred to as KSGST Act) are the same except for certain provisions. Accordingly, a reference hereinafter to the provisions of the CGST Act, Rules and the notifications issued thereunder shall include a reference to the corresponding provisions of the KSGST Act, Rules and the notifications issued thereunder.

**3. The applicant had requested an advance ruling on the following**

3.1. Whether GST is applicable for the services offered on MOU for a scheme to provide ‘Subscription-based benefit’ for compensation in the



event of death to the members of the 'Kudumbasree' which is State Government Agency.

#### **4. Contentions of the applicant:**

4.1. The applicant submits that they have introduced a scheme by MOU dated 28.01.2021 between the applicant and Kudumbasree Mission to provide 'Subscription-based benefit' for compensation in the event of death to the members of the 'Kudumbasree' which is a State Government Agency for an annual subscription of Rs.146/- per member. The Kudumbasree will provide the consideration to the State Insurance Department with all the necessary information regarding the beneficiary /members and nominee in the specified format. The applicant shall maintain complete details of the members so that the services can be provided to the members in the best possible manner. The applicant shall transfer the benefits in force at the time when a member has paid subscription and is included in the list of beneficiaries provided by Kudumbasree in the event of death of the member. The applicant shall transfer the benefit amount to Kudumbasree and they shall pass on the benefit to the nominee of the deceased member. The applicant is a Department the Govt. of Kerala that is administering various insurance and other benefit schemes and Kudumbasree is a mission for poverty eradication and women empowerment implemented by the Govt. of Kerala.

#### **5. Remarks of the Jurisdictional officer**

5.1. The application was forwarded to the jurisdictional officer as per provisions of Section 98(1) of the CGST Act. The jurisdictional officer has not offered any comments and hence it is presumed that the jurisdictional officer has no specific comments to offer. It is also construed that no proceedings are pending on the issue against the applicant.

#### **6. Personal hearing**

6.1. The applicant was afforded an opportunity for a personal hearing on 05.11.2021. The applicant reiterated the contentions made in the application and requested to issue a ruling based on the submissions made in the application. The applicant also submitted that they are filing some additional documents in support of their claim.

#### **7. Discussion and Findings**

7.1. The issue was examined in detail. The question is admissible under subsection (2) of section 97 of the Act. The issue to be decided is the applicability of GST on the insurance services offered under an MoU for a subscription-based benefit for compensation in the event of death to the members of Kudumbasree a mission for poverty eradication and women



empowerment of the Government of Kerala by the Department of Insurance of the Government of Kerala.

7.2. The exemption from GST to the services provided by the Government is contained in entry at Sl.No.6 of Notification No.12/2017 Central Tax (Rate ) dated 28-06-2017 which reads as follows;

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
6	Chapter 99	<p><i>Services by the Central Government, State Government, Union territory or local authority excluding the following services—</i></p> <p><i>(a) 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;</i></p> <p><i>(b) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;</i></p> <p><i>(c) transport of goods or passengers; or</i></p> <p><i>(d) any service, other than services covered under entries (a) to (c) above, provided to business entities.</i></p>	Nil	Nil

7.3. The above entry in Notification No. 12/2017 Central Tax (Rate) dated 28-06-2017 generally exempts the services provided by the State Government, Central Government, Union territory or local authority. However, the following services are excluded from the exemption;

1. 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;
2. Services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;



3. Transport of goods or passengers;
4. Any service, other than services covered under entries (a) to (c) above, provided to business entities.

Therefore, it follows that any service that is provided to a business entity is excluded from the exemption under the entry.

7.4. In the instant case, the service is provided by the applicant; a Department of the State Government, which is administering various insurance and other benefit schemes of the Government of Kerala. On perusal of the MoU entered by the applicant with Kudumbasree, it is seen that Kudumbasree is collecting the annual subscription and paying to the applicant along with all the necessary information regarding the beneficiary /members and nominee in the specified format and in the event of death of the insured member the benefit is transferred to the member through Kudumbasree. From the MoU it is evident that Kudumbasree is acting only as an agent for the collection of premium and disbursement of benefit to its members and the service is provided by the applicant to the members. Hence the recipient of the services provided by the applicant is the individual members of Kudumbasree and accordingly the services are covered by the exemption under Sl.No.6 of Notification No.12/2017 Central Tax (Rate) dated 28.06.2017.

7.5. Given the observations stated above, the following rulings are issued:

#### RULING

1. Whether GST is applicable for the services offered on MOU for a scheme to provide 'Subscription-based benefit' for compensation in the event of death to the members of the 'Kudumbasree' which is a State Government agency?

**Ruling:** No. The applicant being a department of the State Government, the services provided under the MoU is exempted as per the entry at Sl.No.6 of Notification No.12/2017 Central Tax (Rate) dated 28.06.2017 for the reasons as discussed above.

~~Sreeparvathy S. L.  
Joint Commissioner  
Member Central Tax~~



Abraham Renn S.  
Additional Commissioner  
Member State Tax

To,

M/s. KERALA STATE GOVERNMENT INSURANCE DEPARTMENT  
Trans Towers, Vazhuthacaud, Thycaud – P.O.,  
Thiruvananthapuram 695014.

1. The Chief Commissioner of Central Tax and Central Excise, Thiruvananthapuram Zone, C.R.Building, I.S.Press Road, Cochin- 682018. [E-mail ID: [cccocchin@nic.in](mailto:cccocchin@nic.in); [ccu-cexcok@nic.in](mailto:ccu-cexcok@nic.in)]
2. The Commissioner of State Goods and Services Tax Department, Tax Towers, Karamana, Thiruvananthapuram – 695002.
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