NATION TAX MARKET	**KERALA AUTHORITY FOR ADVANCE RULING GOODS AND SERVICES TAX DEPARTMENT TAX TOWER, THIRUVANANTHAPURAM**	KERALA GST State Goods & Services Tax

BEFORE THE AUTHORITY OF: Smt.Gayathri.P.G.IRS &

: Shri. Abdul Latheef.K

Legal Name of the applicant	KERALA STATE GOVERNMENT INSURANCE DEPARTMENT
GSTIN	32AAAGK0072R1ZA
ARN	AD3202220018260
Address	Trans Towers, Vazhuthacaud, Thycaud - P.O., Thiruvananthapuram-695014.
Advance Ruling sought for	1. Whether the services provided by the Government Insurance Department to the employees of State Government are exempted from GST or not? 2. If the above answer is yes, then whether the department have to continue GST registration or not?
Date of Personal Hearing	20/12/2023
Authorized Representative	Smt. Bushra S. Deepa, Deputy Director

ADVANCE RULING No.KER/03/2024 Dated 29/10/2024

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. In this ruling, a reference to the provisions of the CGST Act, Rules and Notifications issued there under shall include a reference to the corresponding provisions of the KSGST Act, Rules and the Notifications issued there under.

3. The issues on which advance ruling sought are stated above.

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4. Contentions of the Applicant:

4.1. The applicant vide letter No.KSID/Audit/Au2/7887/17 dated 27/07/2023 informed that all the insurance services rendered by Kerala State Insurance Department (General Insurance and Life Insurance business) are exempted from GST. The applicant submitted the details showing the tax exemption of the services provided by the department as follows:

Serial No.	Description	Advance Ruling sought for	Current status
1	Insurance services under General Insurance Business	Exemption from GST	Exempted from GST vide letter No. C. No. IV 16.09.2017 GST dated 21.11.2017 (As per Sl.No.6 of Notification No.09/2017 Integrated tax (Rate) dated 28.06.2017 and Sl.No.6 of Notification No.10/2017 Integrated tax (Rate) dated 28.06.2017.
2	Insurance services under Life Insurance Business (State Life Insurance Policy and Group Insurance Scheme)	Exemption from GST	Exempted from GST vide letter No. Estta D2/200/2017/Fin dated 01/02/2020 (As per Sl.No.6 of SRO No.371/2017)
3	Insurance services under Group Life Insurance ORUMA (Kudumbasree) Business	Exemption from GST	Advance Ruling No. KER/130/2021 dated 18.02.2022 (As per Sl.No.6 of Notification No.12-2017 Central Tax (Rate) dated 28.06.2017

From the above, the applicant states that the services of the Insurance department does not come under the purview of GST Act. Hence Government have directed them to file advance ruling application on behalf of the Insurance

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department for getting clarification regarding the tax liabilities of the services provided by the department and for the cancellation of GST registration vide letter No. Estt.D2/200/2017/ Fin dated 07/06/2021.

4.2. The applicant also submitted a letter from the office of the Commissioner, Central GST and Central Excise informing them about GST clarification as per serial No. 6 of Notification No.09/2017 Integrated tax (Rate) dated 28.06.2017 and Sl.No.6 of Notification No.10/2017 Integrated tax (Rate) dated 28.06.2017, the GST liability on the general insurance service provided by the Insurance Department has to be discharged by the recipients of service, who are business entities. If the recipients are not business entities, then the service is covered by exemption under Sl. No. 6 of Notification No.9/2017 Integrated tax (Rate) dated 28.06.2017.

4.3. The Additional Chief Secretary, Finance Department vide letter No. Estt.D2/200/2017/ Fin dated 01/02/2020 informed them that as per SRO No. 371/2017 Sl. No. 6, the life insurance services such as SLI and GIS provided by the State Government are exempted from GST. The applicant states that the Additional Chief Secretary Finance Department vide letter No.Estt.D2/200/2017/ Fin dated 07/06/2021 directed the Insurance Department to apply for Advance Ruling u/s 97 of the GST Act for getting clarification regarding the tax liabilities of the services provided by the department and possibility of cancellation of GST registration.

4.4. The Insurance Director vide letter No.K.S.I.D/Audit/Au2/7887/17 dated 03/02/2022 informed the Commissioner, SGST Department that Government have made it clear that the services provided by the Department, Group Insurance and Life Insurance to the employees of State Government are exempted from GST. Hence the applicant states that being a registered tax payer, Advance Ruling U/sec 97 of the CGST Act 2017 is essential for the Department on the issues related to GST and they apply for the advance ruling for the above issues.

5. Comments of the Jurisdictional Officer

The application was forwarded to the jurisdictional officer as per provisions of section 98 (1) of the CGST Act. The Jurisdictional officer has not submitted any

remarks 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

The applicant was granted opportunity for personal hearing on 20/12/2023. Smt. Bushra S. Deepa, Deputy Director represented the applicant for personal hearing, which was conducted virtually. Another opportunity for personal hearing in view of the change in constitution of the Advance Ruling Authority was granted on 20.12.2023. The representative reiterated the contentions made in the application and requested to issue the ruling on the basis of the submissions made in the application.

7. Discussion and conclusion.

7.1. The issue was examined in detail. The question is admissible under subsection (2) of section 97 of the CGST Act. The questions to be clarified are about the applicability of GST on the insurance services offered by the Government Insurance Department to the employees of State Government and the possibility of cancellation of their GST registration.

7.2. The first issue to be decided is whether the services provided by the Government Insurance Department to the employees of the State Government are exempted from GST or not. The exemption from GST to the services provided by the Government is contained in entry at S1.No.6 of Notification No.12/2017 Central Tax (Rate) dated 28-06-2017, as amended from time to time, which reads as follows;

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition



6	Chapter 99	Services by the Central Government, State Government, Union territory or local authority excluding the following services- (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; (b) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (c) transport of goods or passengers; or (d) any service, other than services covered under entries (a) to (c) above, provided to business entities.	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 the services that are provided by the Government Insurance Department to the employees of State Government are exempted from

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GST under the entry except any other services covered under entries (a) to (c) provided to business entities.

7.4. Now it is to be decided whether the department has to continue GST registration or not. Sub-section (1) of section 22 of the CGST Act provides that every supplier shall be liable to be registered under CGST Act from where he makes a taxable supply of goods or services or both, if his aggregate turnover in a financial year exceeds 40 lakhs in case of exclusively engaged in the supply of goods or 20 lakhs in case of supply of services included in the business.

7.5. Section 24 of the CGST Act prescribes compulsory registration in certain cases which is reproduced below;

Compulsory registration in certain cases.— Notwithstanding anything contained in sub-section (1) of section 22, the following categories of persons shall be required to be registered under this Act,—

(i) persons making any inter-State taxable supply;
(ii) casual taxable persons making taxable supply;
(iii) persons who are required to pay tax under reverse charge;
(iv) person who are required to pay tax under sub-section (5) of section 9;
(v) non-resident taxable persons making taxable supply;
(vi) persons who are required to deduct tax under section 51, whether or not separately registered under this Act;
(vii) persons who make taxable supply of goods or services or both on behalf of other taxable persons whether as an agent or otherwise;
(viii) Input Service Distributor, whether or not separately registered under this Act;
(ix) persons who supply goods or services or both, other than supplies specified under sub-section (5) of section 9, through such electronic commerce operator who is required to collect tax at source under section 52;
(x) every electronic commerce operator who is required to collect tax at source under section 52;
(xi) every person supplying online information and data base access or retrieval services from a place outside India to a person in India, other than a registered person;

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(xia) every person supplying online money gaming from a place outside India to a person in India; and

(xii) such other person or class of persons as may be notified by the Government on the recommendations of the Council.

7.6. Section 23 of the CGST Act also provides that persons not liable for registration;

(1) The following persons shall not be liable to registration, namely:-

(a) any person engaged exclusively in the business of supplying goods or services or both that are not liable to tax or wholly exempt from tax under this Act or under the Integrated Goods and Services Tax Act;

(b) an agriculturist, to the extent of supply of produce out of cultivation of land.

(2) The Government may, on the recommendations of the Council, by notification, specify the category of persons who may be exempted from obtaining registration under this Act.

This section provides that certain categories of persons are exempt from the requirement of registration under GST. These include persons who are exclusively engaged in supplying non-taxable goods or services, those exclusively supplying exempted goods or services (or both), and agriculturists, to the extent that their supplies consist of produce resulting from the cultivation of land.

7.7. The applicant has not submitted a comprehensive list of their goods and services supplied. Hence, it is impossible to determine whether they are required to maintain GST registration. However, if the applicant's entire business is exempt from GST, they would not be required to register under the GST Act.

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

RULING

Question 1. Whether the services provided by the Government Insurance Department to the employees of the State Government are exempted from GST or not?

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Ruling: Exempted by virtue of entry no. 6 of notification no. 12/2017-Central Tax (Rate) dated 28.06.2017, as amended from time to time.

Question 2. If the above answer is yes, then whether the department have to continue GST registration or not?

Ruling: A ruling cannot be issued as the applicant has failed to provide a comprehensive list of their goods and services supplied.

Gayathri.P.G, IRS
Joint Commissioner of Central Tax
Member

Abdul Latheef. K
Joint Commissioner of State Tax
Member

To,

Kerala State Government Insurance Department,
Trans Towers, Vazhuthacaud,
Thycaud - P.O., Thiruvananthapuram-695014.

Copy submitted to,

1. The Chief Commissioner of Central Tax and Central Excise, Thiruvananthapuram Zone, C.R.Building, I.S.Press Road, Cochin-682018. [E-mail ID: cccochin@nic.in; ccu-cexcok@nic.in]
2. The Commissioner of State Goods and Services Tax Department, Tax Towers, Karamana, Thiruvananthapuram – 695002.
3. The Commissioner of Central Tax & Central Excise, Thiruvanthapuram Commr.'te, GST Bhavan, Statue, Thiruvanthapuram (E-mail id : commr-tvmhqrs@gov.in)

Copy to:

1. The Joint Commissioner, TPS, HQ, Thiruvananthapuram.
2. The Deputy Commissioner, ITMD, Thiruvananthapuram.
3. Tax payer services Circle, Kowdiar, Thiruvananthapuram.
4. The Supdt. Central Tax, Chalai Range, South Division.

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