

Office of the
Commissioner of State Tax.
Maharashtra State, 8th Floor,
GST Bhavan, Mazgaon,
Mumbai-400 010.

TRADE CIRCULAR

No. JC (HQ)-1/GST/2021/ADM-8 dated **2.7** 2021.

Trade Circular No. **17T** of 2021.

To,

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Subject: GST on service supplied by State Govt. to their undertakings or PSUs by way of guaranteeing loans taken by them

Ref: Circular No. 154/10/2021-GST dated the 17 th June, 2021 issued by the CBIC

Central Board of Indirect Taxes and Customs (CBIC) has issued the above referred circular. For the uniformity, it has been decided that the said circular issued by the CBIC is being made applicable, *mutatis mutandis*, in implementation of the MGST Act, 2017. Copy of the referred CBIC circular is attached herewith.

This Trade Circular is clarificatory in nature. Difficulty if any, in the implementation of this Circular may be brought to the notice of the office of the Commissioner of State Tax, Maharashtra.

Yours faithfully,


(RAJEEV KUMAR MITAL)
Commissioner of State Tax,
Maharashtra State, Mumbai.


No. JC (HQ)-1/GST/2021/ADM-8 dated **2.7**, 2021.

Trade Circular No. 17T of 2021.

Copy forwarded to the Joint Commissioner of State Tax (Mahavikas) with a request to upload this Trade Circular on the Departments Web-site.

Copy submitted with compliments to,-

- (a) The Deputy Secretary, Finance Department, Mantralaya, Mumbai-21 for information.
- (b) Accounts Officer, Sales Tax Revenue Audit, Mumbai and Nagpur.


(VISHAKHA BORSE)
Joint Commissioner of State Tax-HQ-1,
Maharashtra State, Mumbai.

CBIC-190354/36/2021-TRU Section-CBEC
Government of India
Ministry of Finance
Department of Revenue

North Block, New Delhi,
Dated the 17th June, 2021

To,

**The Principal Chief Commissioners/ Chief Commissioners/ Principal Commissioners/ Commissioner of Central Tax (All) /
The Principal Director Generals/ Director Generals (All)**

Madam/Sir,

**Sub: GST on service supplied by State Govt. to their undertakings or PSUs
by way of guaranteeing loans taken by them –reg.**

Certain representations have been received requesting for clarification regarding applicability of GST on supply of service by State Govt. to their undertakings or PSUs by way of guaranteeing loans. The issue was examined by GST Council in its 43rd meeting held on 28th May, 2021.

2. 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.”*

3. Accordingly, as recommended by the Council, it is re-iterated that guaranteeing of loans by Central or State Government for their undertaking or PSU is specifically exempt under said entry No. 34A.

4. Difficulty, if any, in the implementation of this circular may be brought to the notice of the Board.

Yours faithfully,

Shashikant Mehta
Technical Officer (TRU)
Email: shashikant.mehta@gov.in