

GST ON POSTAL SERVICES IN INDIA

By Ashok Bayanwala

Service Tax is the forerunner of Goods & Services Tax (GST) in India. Service Tax was introduced in Department of Posts on & from 17th May 2006. The Service Tax gave way to GST on & from 1st July 2017. The GST is applicable on Speed Post, Express Parcel Post, Life Insurance and Agency Services provided by the Department of Posts. Then the question arose, whether GST is applicable on such postal services provided to Central Government, State Government and Union Territory Administration. A clarification was issued vide letter no. PA/Book-1/GST/2016-17 dated 7th August 2017, stating that such Government bodies would be exempt from GST. A copy of such letter is shown here as fig.1.

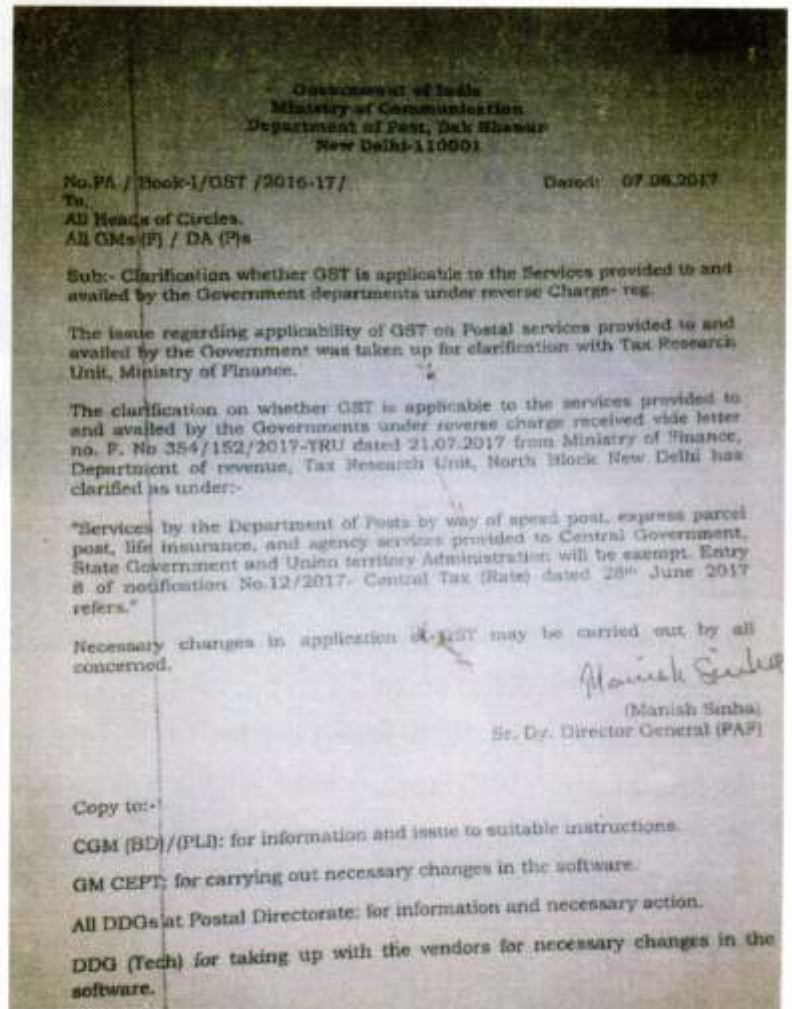


Figure 1.

The GST rate was 18% on Speed Post which remained same till date in November 2019. Then what is the interesting part in it? Actually, the interesting part is with 50gms weight for All India rate and Local rate of Speed Post. The All India Speed Post rate for 50gms is Rs.35/- plus 18% GST, which comes to Rs.41.30/- (Rs.35 + Rs.6.30). The GST was divided in between Centre and State, so the amount of GST was divided into CGST & SGST. For convenience sake (which I presume) the GST on All India S.P. was taken as Rs.6/= (RS.3 CGST + Rs.3 SGST) as fig. 2a & 2b instead of Rs.6.30/-.



Figure 2a.



Figure 2b.

This practice continued till June 2018. The SP receipts from Naroda I.E.S.O. dated 4/7/2018 shows a payment of Rs.41.30p instead of Rs.41/- and the tax paid is Rs.6.30 instead of Rs.6/- as fig.3a. The other SP receipt from Gandhi Ashram S.O. dated 30th January 2019 shows that 30 paise was paid as cash and Rs.41/- by the way of stamps as fig.3b. Thus we see that the GST amount on All India SP of 50 gms was corrected to Rs.6.30 instead of Rs.6/- within one year.



Figure 3a.



Figure 3b.

In Local rate of SP for 50 gms is Rs.15/-+ 18% GST, which comes to Rs.17.70 (Rs.15+ Rs.2.70). But India Post was charging Rs.18/- for SP and the GST was Rs.3/- only. The GST was divided into CGST of Rs1.50p. and SGST of Rs.1.50p. as per fig.4. This practice continued till June 2018 approx. the receipt dated 21st October 2018, shows the Tax as Rs.2.70p. instead of Rs.3/-. This clarity is being seen in the SP receipt dated 19th January 2019 as fig.5. It shows the payment of SP is of Rs.17.70 and the tax part is Rs.2.70 only. Thus we see that the charges of SP letter were reduced from Rs18/- (Rs.15+Rs.3) to Rs.17.70p. (Rs.15 + Rs.2.70 Tax) within one year. The above information is based on my own collection of SP receipts.



Figure 4.

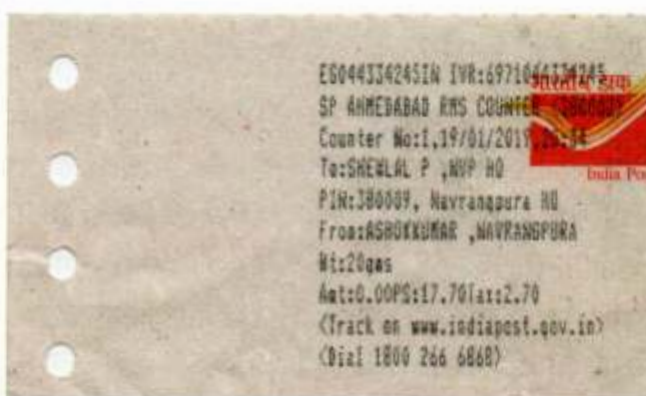


Figure 5.

Before concluding, I must admit that one question lingers in my mind, Why India Post is issuing Postage Stamps in denomination of RS.41/-, when speed post charges for "One India Rate" with GST is Rs.41.30 only. How a payment of 30 paise is possible when small coins are not minted on this day and no stamp is being printed in denomination of 30 paise or less than 25 paise. It appears to me that either Re.1/- is being paid by the sender of the SP instead of 30 paise or 30 paise is paid or adjusted by the counter clerk. This fact cannot be proved, because the receipt is either 41.30/- or Rs.42/-.

- JAI PHILATELY -