

Commissionerate of CT and GST, Odisha (At Cuttack)  
(Finance Department, Government of Odisha)

No. 13804/CT

Dated 19/10/2019

To, POL-41/1/2017-Policy-CT.

Heads of all CT & GST Territorial Ranges

Heads of all CT & GST Enforcement Ranges & Units

Heads of all CT & GST Territorial Circles & AUs

**CIRCULAR**

**Subject- GST on license fee charged by the States for grant of Liquor licences to vendors-reg.**

Madam/Sir,

Services provided by the Government to business entities including by way of grant of privileges, licences, mining rights, natural resources such as spectrum etc. against payment of consideration in the form of fee, royalty etc. are taxable under GST. Same was the position under Service Tax regime also with effect from 1<sup>st</sup> April, 2016. Tax is required to be paid by the business entities on such services under reverse charge.

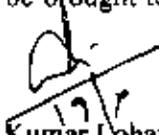
2. GST Council in its 26<sup>th</sup> meeting held on 10.03.2018, recommended that GST was not leviable on license fee and application fee, by whatever name it is called, payable for alcoholic liquor for human consumption and that this would apply mutatis mutandis to the demand raised by Service Tax/Excise authorities on license fee for alcoholic liquor for human consumption in the pre-GST era, i.e. for the period from 01-04-2016 to 30-06-2017.

3. Grant of liquor licences by State Government against payment of consideration in the form of licence fee, application fee etc. was a taxable service under Service Tax, therefore to implement GST Council's recommendation, Central Government decided to exempt service provided or agreed to be provided by way of grant of liquor licence by the State Government, against consideration in the form of licence fee or application fee, by whatever name called, during the period from 01.04.2016 to 30.06.2017. Clause No. 117 of Finance (No. 2) Act, 2019 may be referred in this regard.

4. GST Council in its 37<sup>th</sup> meeting held on 20.09.2019 further recommended that the decision of the 26<sup>th</sup> GST Council meeting be implemented by notifying service by way of grant of alcoholic liquor licence, against consideration in the form of licence fee or application fee or by whatever name it is called, by State Government as neither a supply of goods nor a supply of service. Therefore, in exercise of powers conferred under sub-section 2 (b) of section 7 of CGST/OGST Act, 2017, Notification No. 25/2019-Central Tax (Rate) dated 30<sup>th</sup> September, 2019 and FD Notification No. 33446-FIN-CT1-TAX-0043/2017 Dated 30.09.2019 have been issued.

5. GST Council further decided in the 37<sup>th</sup> meeting held on 20.09.2019, to clarify that this special dispensation applies only to supply of service by way of grant of liquor licenses by the State Governments as an agreement between the Centre and States and has no applicability or precedence value in relation to grant of other licenses and privileges for a fee in other situations, where GST is payable.

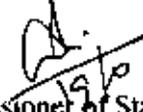
6. Difficulty, if any, in the implementation of this circular may be brought to the notice of the undersigned.

  
(Sushil Kumar Lohani, I.A.S)  
Commissioner of State Tax  
Odisha, Cuttack

Memo No. 13805/C.T

Dated 19 / 10 /2019

Copy to Additional Secretary in charge of CT-1 Branch, Government of Odisha, Finance Department for information with reference to CBIC Circular No.121/40/2019-GST dated 11/10/2019.

  
Commissioner of State Tax  
Odisha, Cuttack