



IMPACT OF GST ON AVIATION INDUSTRY

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Definitions under GST

Continuous Journey

It means a journey for which a single or more than one ticket or invoice is issued at the same time, either by a single supplier of service or through an agent acting on behalf of more than one supplier of service, and which involves no stopover between any of the legs of the journey for which one or more separate tickets or invoices are issued.

Explanation.—For the purposes of this clause, the term “stopover” means a place where a passenger can disembark either to transfer to another conveyance or break his journey for a certain period in order to resume it at a later point of time.

Place of Supply

The place of supply of passenger transportation service to-

- A registered person, shall be the location of such person;
- A person other than a registered person, shall be the place where the passenger embarks on the conveyance for a continuous journey:

Provided that where the right to passage is given for future use and the point of embarkation is not known at the time of issue of right to passage. Explanation.—For the purposes of this subsection, the return journey shall be treated as a separate journey, even if the right to passage for onward and return journey is issued at the same time.

The place of supply of services provided on board a conveyance during the course of a passenger transport operation, including services intended to be wholly or substantially consumed while on board, shall be the first scheduled point of departure of that conveyance for the journey. Example: Supply of food during the course of transportation of passengers by air services shall be treated as supply of transportation of passengers by air.(composite supply).

Rate of Tax under GST

Descriptions	Rate of Tax
Transport of passengers by air in economy class	5% with ITC of input services
Transport of passengers, with or without accompanied belongings, by air, embarking from or terminating in a Regional Connectivity Scheme Airport.	5% with ITC of input services
Transport of passengers by air in other than economy class	12% With Full ITC

Leasing of Aircraft

Earlier there was no impact on Leasing of Aircraft by scheduled airlines, however, under GST Regime, Leasing of aircrafts under Schedule II [5 (f)] by a scheduled airlines for scheduled operations will be liable to tax @ 5% with ITC of Input Services.

Goods

Where the goods are supplied on board a conveyance, including a vessel, an aircraft, a train or a motor vehicle, the place of supply shall be the location at which such goods are taken on board. Rate of Tax on transportation of Goods by Air is 18% with Full ITC.

THANK YOU

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