

**GOVERNMENT OF KARNATAKA**  
(Department of Commercial Taxes)

No. KSA/GST.CR-05/2019-20

Office of the Commissioner of  
Commercial Taxes  
Vanijya Therige Karyalaya,  
Gandhinagar,  
Bengaluru-560009, Dated: 23-06-2021

**COMMISSIONER OF COMMERCIAL TAXES CIRCULAR No. GST-07/2021**

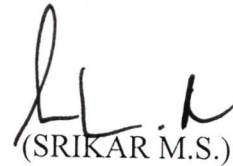
**Sub: GST on service supplied by State Govt. to their undertakings or PSUs  
by way of guaranteeing loans taken by them –reg.**

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 43<sup>rd</sup> meeting held on 28<sup>th</sup> May, 2021.

2. Entry No. 34A of Notification (12/2017) No FD 48 CSL 2017 (Tax Rate) dated: 29th June, 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 the above instructions may please be brought to the notice of this office.

  
(SRIKAR M.S.)

Commissioner of Commercial Taxes  
(Karnataka), Bengaluru.

Commissioner of Commercial Taxes  
Karnataka, Bangalore.

To,  
All Officers of the Department in the state