

Free banking services out of GST net: FinMin official

PTI



Representational image

NEW DELHI, MAY 15

Free banking services like cheque book issuance and ATM withdrawals is likely to remain out of the ambit of the GST, a senior finance ministry official said.

The Department of Financial Services had approached its revenue counterpart to clear the confusion over the levy of Goods and Services Tax (GST) on some of the free services offered by banks to their customers.

“The revenue department is likely to tell the financial services department that GST will not be levied on free banking services,” an official told PTI.

Amid banks getting service tax notice for non-payment of the levy on free services, the Department of Financial Services (DFS) had approached the revenue department seeking clarity on whether such services would attract GST.

The DFS was of the opinion that services such as issuance of cheque books, account statements and ATM withdrawals are free up to a certain limit and not commercial activities which cannot be brought under the ambit of GST.

The Indian Banks Association (IBA) on behalf of the management of banks too had made representation to the tax authorities.

The service tax notice for period 2012-2017 was served as tax officials were of the view that banks were not offering ‘free services’ but actually charging customers by asking them to maintain a minimum account balance.

Every bank offers a different slab of minimum balance to customers, based on which some free services are provided.

GST was rolled out from July 1, 2017, prior to which central excise and service tax was levied on goods and services.

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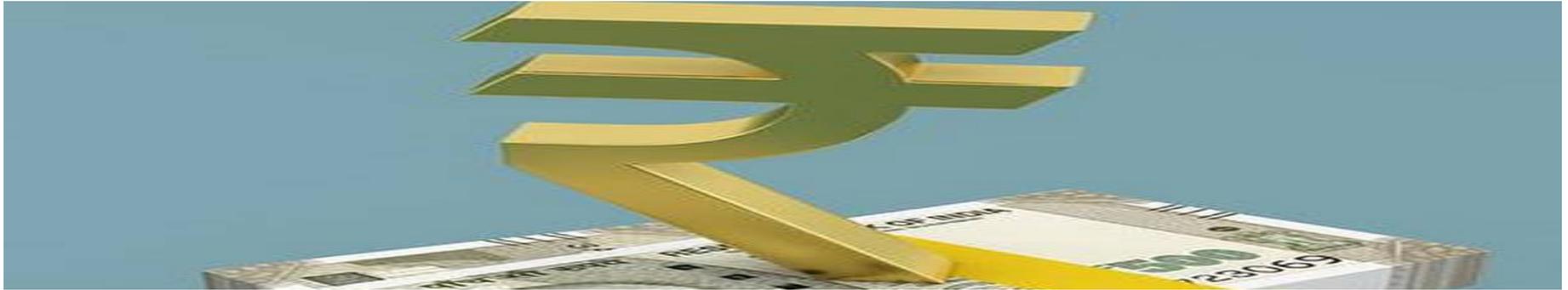
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