



GOVERNMENT OF ODISHA  
FINANCE DEPARTMENT

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Memo. No. FIN-CT1-TAX-0048-2023- 33418 /F, Date 07.12.2023

To,

All Departments of Government  
All Heads of Department

*Sub: Regarding applicability of GST Rate by the service providers on renting of motor vehicle designed to carry passenger where cost of fuel is not included in the consideration charged from the service recipient- reg.*

Madam/Sir,

Instructions were issued by the Finance Department vide FD OM. No. 22924/F Dated 14.08.2023, wherein it was specifically instructed that *the hiring charges would not include fuel cost (petrol/diesel) which is to be paid separately basing on actual consumption as per norms and ceiling prescribed.*

In few instances, it is noticed that **Service Providers** providing vehicles on **hire basis** for use in Government Offices, Heads of Departments and Government Corporations and PSUs, where **cost of fuel is not included** in the hire charges, are charging GST @ 5% (CGST @ 2.5% + OGST @ 2.5%) in their Bill/Invoice instead of charging GST @ 18%. The appropriate rate of GST applicable in each case is clarified in the following paragraphs.

- As per F.D. Notification No. 19869-FIN-CT1-TAX-0022-2017 dated 29.06.2017 bearing SRO No. 305/2017 & Government of India Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017 (amended from time to time), renting of any motor vehicle designed to carry passengers with operator falls under Heading 9966 and where the **cost of fuel is included** in the consideration charged from the service recipient is taxable @ 5% with a condition that Input Tax Credit (ITC) charged on goods and services used in supplying the service, **other than** the input tax credit of input service in the same line of business (i.e. service procured from another service provider of transporting passengers in a motor vehicle or renting of a motor vehicle) has **not been availed**. Otherwise, renting of any motor vehicle with operator and where the **cost of fuel is included** in

the consideration charged from the service recipient is taxable @ 12% with the scope to avail full ITC subject to conditions as per GST Act and rules made thereunder.

- b. In rest of the cases, where the **cost of fuel is not included** in the consideration charged from the service recipient, then GST is chargeable @ 18%.

All subordinate offices under the control of respective Departments of Government may accordingly be instructed to ensure strict compliance of statutory provisions of Odisha Goods and Services Act, 2017 subject to amendments from time to time.

Difficulties, if any, in the implementation of this circular may be brought to the notice of Finance Department.

Yours faithfully



**Special Secretary to Government**