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GIB/KN/N.C PRAKSASH/30.09.2019/AAR-277

Advance Ruling Category : Taxability

State : Karnataka

Order No.: GIB/KN/N.C PRAKSASH/30.09.2019/AAR-277

Name of Entry :
N.C PRAKSASH (WISDOM SECURITY SERVICE)

Date : 30-09-2019

Breif Issue :

Issue & fact of the Case:

The Applicant is a Proprietary concern and is registered under the Goods and Services Act, 2017. The applicant has sought advance ruling in respect of the following question:

Is GST Applicable on man power services provided to Karnataka Rural Road Development Agency?

The KRRDA is a Governmental Authority as it is involved in the creation of rural infrastructures like Roads in the villages which is a function entrusted to a Panchayat under Article 243W of the Constitution and is established by the Government – The words "in relation to" is defined in the Oxford Dictionary as to mean "in the context of' or "in connection with". When two activities are directly linked to each other, then they are said to be in connection with or in the context of.

The applicant states that as per **Notification No. 12/2017 – Central Tax (Rate) dated 28.06.2017**, Serial No. 3, which reads "Pure Services (excluding works contract services or other composite supplies involving supply of any goods) provided to the Central Government, State Government or Union Territory or local authority or a Government Authority by way of any activin relation to any function entrusted to a Panchayat under article 243G of the constitution or in relation to any function entrusted to a Municipality under article 243W of the constitution, the rate of tax applicable is – NIL. Since the services provided to M/s Karnataka Rural Road Development Agency, to their various officers in Karnataka, from their company is Manpower Services, they feel that the above referred Notification can be applied and GST is not chargeable.

Decision of Advance Ruling Authority :

Decision:

The activity of providing manpower like Data Entry Operators, Field Engineers, Diploma Field Engineers, Senior Software Professionals, Software Engineers for IT Cell, Graduate Assistant, Office Assistant, Peon and Watchman are to manage the back end work and managing the offices of the KRRDA and hence are not involved directly in the activity of maintaining or construction of roads.

This activity is not directly connected to the work entrusted to a Panchayat under Article 243G of the Constitution, is only for a support service which is not project specific and hence cannot be considered to be “by way of an activity in relation to a function entrusted