

GIB/WB/NEO BUILT/10.06.2019/AAR-278

Advance Ruling Category : Exemption

State : West Bengal

Order No.: GIB/WB/NEO BUILT/10.06.2019/AAR-278

Name of Entry :
NEO BUILT CORPORATION

Date : 10-06-2019

Breif Issue :

Issue & Fact of the Case:

The Applicant seeks, .ruling on whether emption under Sl.No' 3 or 34 of Notification No 9/2017-Integrated Tax (Rate) dated 28/06/2017 (hereinafter the Exemption Notification)', as amended from time to time, applies to the above supply?

Sl No. 3 of the Exemption Notification exempts from payment of GST any "pure service" (excluding works contract service or other composite supplies, involving supply of any goods) provided to the Central Government, State Government 'or Union territory or local authority or a Governmental authority or a Government Entity by way of any activity in relation to any function entrusted to panchayat under Article 243G of the constitution or in relation to any function entrusted to a Municipality under Article 243w of the constitution.

The Applicant submits that the recipient is the state Government' He submits a price schedule that describes the work and its value. He argues that the work involves pumping out the water, earthwork in excavation and re-excavation of the drainage channels., services related to the disposal of the excavated material, compacting earthwork in the embankment and is pure service or a composite supply where the supply of goods is negligible' He claims that the work is an activity in relation to a function entrusted to a panchayat under Article 243G.

In its circular No. 51/25/2018-GST dated 31/07/2018 the Central Government clarifies that the service tax exemption at serial No. 25(a of Notification No' 25/012 dated 20/06/2012 (hereinafter the ST Notification) has been substantially, although not in the same form, continued under GST vide Sl No. 3 and 3A of the Exemption Notification. sl No. 25(a) of the ST notification under the service tax exempts "services provided to the Government, a local authority or a governmental authority by way of water supply, public health' sanitation' conservancy, solid waste management or slum improvement and up-gradation'.

These functions are in the nature of public welfare service that the governments on their own, and sometimes through governmental authorities/entities, do provide to the citizens. When the activity is in relation to any such function, the supply to the governments or governmental authorities/entities or

local authorities is exempt from paying GST under SI No. 3 or 3A of the Exemption Notification, provided it is a pure service or a composite supply where supply of goods does not constitute more than 25% of the value.

Decision of Advance Ruling Authority :**Decision:**

The Applicant's supply to the irrigation and Waterways Directorate, Govt. of West Bengal, as mentioned in para 1.1, is exempt from the payment of GST under SI No.34 of Notification No 9/2017 - Integrated Tax (Rate) dated 2810612017 , as amended from time to time.

This Ruling is valid subject to the provisions under Section 103 until and unless declared void under Section 104(1) of the GST Act.