

IMPORTANT GST UPDATES



Issued in case of Rudrabhishek Enterprises Limited Lucknow Authority of Advance Ruling (AAR)
Advance Ruling No: UP ADRG 20/2023 | Date: 02-03-2023

Ruling

Lucknow Authority for Advance Ruling (AAR) has declared that the Detailed Project Report Service (DPR) and Project Management Consultancy services (PMCS) offered under contracts by State Urban Development Agency (SUDA) are exempt from GST.

Observations & Findings

Rudrabhishek Enterprises Limited, the applicant, was selected by SUDA to provide services for the "Preparation of Detailed Project Report" and "Project Management Consultancy." As a result, an agreement was established between SUDA and the applicant. Seeking clarity on whether the Project Development Service (comprising Detailed Project Report Service and Project Management Consultancy services) offered by the applicant to the recipient under the contract from SUDA for PMAY-U was exempt from GST, the applicant sought an advance ruling from the AAR.

The applicant, argued that services provided by a subcontractor to the main contractor relating to DPR and PMCS should also be eligible for GST exemption as long as they were provided to SUDA under PMAY, regardless of whether they were provided by the main contractor or a subcontractor.

The Lucknow AAR made observations based on Notification No. 12/2017-CT (Rate) dated 28.06.2017, specifically Clause 3, which exempts certain services. These services are pure services provided to the Central Government, State Government, Union territory, local authority, or a Governmental authority.

The exemption applies to any activity related to the functions entrusted to a Panchayat under Article 243G of the Constitution or to a Municipality under Article 243W of the Constitution, as amended by notification no. 16/2021-central tax (rate) effective from 1.1.2022. However, this exemption does not include works contract services or other composite supplies involving the supply of goods.

To qualify for the mentioned exemption, the particular services must be provided to the Central Government, State Government, Union territory, local authority, or a Governmental authority. The notification does not impose a condition that these services must be provided directly to the entities mentioned above.

Based on these observations, the AAR ruled that the applicant would be eligible for exemption if the particular services were provided to SUDA under a sub-contract with the main contractor.