

M/s JAYESH ANIL KUMAR DALAL

Appellate Authority for Advance Ruling — Uttar Pradesh

Appeal Order No. 17/AAAR/02/7/2021 dated 02.07.2021

Q Questions Before the Authority

- Whether the Project Development Service and Project Management Consultancy services provided by the applicant to the State Urban Development Authority would qualify as an activity in relation to function entrusted to Panchayat or Municipality under Article 243G or Article 243W respectively, of the Constitution of India?
- If answer to first question is in affirmative then, whether such services provided by the applicant would qualify as Pure services as provided in serial number 3 of Notification No. 12/2017- Central Tax (Rate) dated 28 June, 2017, as amended?

F Facts

The Appellant is a proprietorship firm providing Project Development Report and Project Management Consultancy services to the State Urban Development Authority (SUDA) for the Pradhan Mantri Awas Yojana (PMAY). The Appellant sought an advance ruling on whether these services qualify as an activity in relation to functions entrusted to Panchayats or Municipalities under the Constitution and whether they qualify as Pure Services eligible for tax exemption.

H Ruling

Classification of services	Services are in relation to functions entrusted to Municipalities and Panchayats under Article 243W and 243G	None
Eligibility for exemption	Qualify as Pure Service	Exempt from levy of CGST and UPGST under Notification No. 12/2017-Central Tax (Rate)

The Appellate Authority held that the services rendered by the Appellant to SUDA for PMAY are in relation to functions entrusted to Municipalities and Panchayats under Article 243W and 243G of the Constitution of India. Consequently, the services qualify as Pure Services and are eligible for exemption from the levy of CGST and UPGST.

R Reasoning

The Authority determined that SUDA acts as a state-level nodal agency for PMAY, which is a scheme for urban development and slum rehabilitation, falling under the functions listed in the 11th and 12th schedules of the Constitution. It observed that the services provided are professional consultancy services without the supply of goods, thus meeting the criteria for **Pure Services**. The decision relies on the exemption provided under **Serial**

No. 3 of Notification No. 12/2017-Central Tax (Rate) , as amended, for services provided to a Governmental authority or entity in relation to functions entrusted to a Panchayat or Municipality.

P Provisions Relied On

Article 243G of the Constitution of India

Article 243W of the Constitution of India

Section 51 of the CGST Act, 2017

Serial number 3 of Notification No. 12/2017-Central Tax (Rate) dated 28 June 2017

Notification No. 2/2018-Central Tax (Rate) dated 25 January 2018

! For the Practitioner

This ruling confirms that consultancy services provided to state-level nodal agencies for government housing schemes like PMAY can qualify as **exempt Pure Services** . It helps practitioners argue that such activities are in relation to constitutional functions of local bodies. However, it does not apply to contracts involving the supply of goods or composite supplies that do not meet the strict definition of Pure Services.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> up_aaar_17_2021-22_02.07.2021_jd.pdf

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Pune (HQ)

RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Delhi

3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Ahmedabad

Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp...

Mumbai

104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Gurugram

Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram...

Talk to us: **+91 94594 56700** | sales@patronaccounting.com | patronaccounting.com