

# M/s Uttar Pradesh Avas Evam Vikas Parishad

Appellate Authority for Advance Ruling — Uttar Pradesh

**Order No. 12/AAAR/29/06/2020 dated 29-06-2020**

## Q Questions Before the Authority

- What is the time of supply in case of 'Deposit Works' being executed by the applicant whether it is the time of receipt of funds from the client government department or the time when expenditure incurred towards execution of the work is debited to 'Deposit Works account'?
- What shall be the value of supply in aforementioned two alternatives?

## F Facts

The applicant is a state board entrusted with executing housing and improvement schemes, often undertaking 'Deposit Works' for the government. They receive funds in advance for these projects, which are subject to strict conditions, including that funds must be used only for the specific project and any interest earned must be returned to the government. The applicant argued these funds are not 'advance payments' but rather 'deposits' and should not be subject to GST until utilized.

## H Ruling

|                                          |                                                                                             |                                                                                               |
|------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| <b>Time of supply for Deposit Works</b>  | <b>The time of receipt of funds from the client government department.</b>                  | The authority rejected the contention that the time of supply is when the funds are utilized. |
| <b>Value of supply for Deposit Works</b> | <b>The amount of advance received by the applicant towards that particular work/supply.</b> | The authority held that the advance is taxable upon receipt.                                  |

The Appellate Authority upheld the original ruling, confirming that the funds received for 'Deposit Works' constitute advance payments for the supply of services. Consequently, the time of supply is the date of receipt of funds, and the value of supply is the amount of advance received.

## R Reasoning

The authority reasoned that the funds received are for the provision of services and fall under the definition of advance payments. It relied on Section 13 of the CGST Act, which mandates that the time of supply for services is the earliest of the date of invoice or the date of receipt of payment. The authority noted that the applicant's own accounting practices reflect these amounts as liabilities, confirming their nature as advances. It further clarified that the proviso to Section 2(31) of the CGST Act does not exempt these funds from being treated as consideration for supply.

## P Provisions Relied On

Section 2(31) of the CGST Act, 2017

Section 12 of the CGST Act, 2017

Section 13 of the CGST Act, 2017

Section 31 of the CGST Act, 2017

## ! For the Practitioner

This ruling clarifies that government agencies receiving funds for 'Deposit Works' must treat such receipts as **advance payments** subject to GST at the time of receipt. It settles the debate by confirming that strict conditions on fund usage do not alter the taxability of the advance. Practitioners should advise clients that such deposits are **taxable upon receipt** regardless of whether the funds are immediately utilized for project expenditure.

### 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](http://www.gstcouncil.gov.in) -> up\_aaar\_12\_2021-22\_29.06.2021\_upaevp.pdf

Prepared 13-10-2026.

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