Super Wealth Financial Enterprises Private Ltd. (Appellant)

Appellate Authority for Advance Ruling — Odisha

Order No. 04/ODISHA-AAR/2018-19, dated 05.03.2019 (Odisha Appellate… Dated **05.03.2019**

Q Questions Before the Authority

- Whether the services of energy-efficient street lighting, including operation and maintenance of street lighting installations, supplied to Bhubaneswar Municipal Corporation (BMC) qualify as pure services exempt under entry (Sl. No.) 3 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, and the corresponding Odisha notification.

F Facts

The appellant installed energy-saving LED street lighting on existing poles in Bhubaneswar under a 10-year Energy Performance Contract dated 05.10.2013 with BMC, and has operated and maintained the installations since then. It is paid an Energy Performance fee and an O&M fee, and the contract requires it to replace non-functional fittings at its own cost and to hand over the installed system to BMC in working condition at the end of the term. The appellant claims it retains ownership and control of the equipment and that its activity is a pure service.

H Ruling

Whether energy-saving street lighting and O&M services to BMC are exempt under Sl. No. 3 of Notification 12/2017-CT (Rate)	**Not exempt. Appeal rejected and AAR ruling upheld.**	The rate of GST payable is not stated in the order. The ruling rests on the goods involved, the works contract character of the contract, and the transfer of business assets to BMC at contract end.

The Appellate Authority rejected the appeal and upheld the AAR ruling that the services are not pure services, because they involve significant use of goods and constitute a works contract. The exemption under Sl. No. 3 is therefore not available, and the appellant must pay GST as per the rulings. The order does not separately decide the applicability of Sl. No. 3A.

R Reasoning

The authority held that Sl. No. 3 covers only pure services, and that supply involving goods, or a works contract or composite supply involving goods, falls outside it. It treated the contract as a works contract under Section 2(119) of the CGST Act, given replacement, installation, repair and maintenance of immovable street light poles, and held that the large volume of goods moved to the project (about Rs. 3.90 crore) is substantial use of goods. It relied on Schedule II, para 4(a), which treats transfer of business assets as a supply of goods, and read the contract clause requiring hand-over of the installed system at term-end as such a transfer. It applied the FAQ on Government Services (Q.25) and the principle that exemption notifications are construed strictly. It distinguished the EGIS India AAR decision as a consultancy case and the Meghalaya High Court VAT decision as concerning VAT, not GST.

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

P Provisions Relied On

- Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, Sl. No. 3 (pure services exemption to Government and Munici…
- Notification No. 2/2018-Central Tax (Rate), inserting Sl. No. 3A (composite supply where goods value is not more than 25 per…
- Section 2(119) CGST Act, 2017 (works contract)
- Section 2(30) CGST Act, 2017 (composite supply), as referred to by the appellant
- Section 7(1A) CGST Act, 2017 and Schedule II, para 4(a) (transfer of business assets)
- Schedule II, para 4-A, as cited in the order's text
- CBIC FAQ on GST for Government Services, Question 25
- Odisha GST Act, 2017 and corresponding Odisha notification

! For the Practitioner

This order supports the view that Sl. No. 3 of the 28.06.2017 exemption is narrowly confined to pure services. It is useful to tax authorities and practitioners where an energy-performance or O&M contract with a municipality involves replacement of fittings and an end-of-term hand-over of installed assets. It does not decide whether Sl. No. 3A applies on the facts, does not state a rate, and is a first appellate ruling on this contract structure, so the full order should be read before relying on it.

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 -> odisha-aaar-4_2018-19-super_wealth_financial_ent_pl.pdf

Prepared 31-10-2026.

About Patron Accounting LLP

Patron Accounting LLP is a CA and CS-led accounting and compliance firm working with businesses across India since 2019 — bookkeeping, GST, income tax, payroll, company and LLP compliance, audit and the certificates banks and regulators ask for.

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

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

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

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

Ahmedabad
Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp…

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