

# Banchu Das

Authority for Advance Ruling — West Bengal

**13/WBAAR/2022-23 dated 21.10.2022**

## Q Questions Before the Authority

- Whether conservancy/solid waste management services provided by us is exempt from GST?

## F Facts

The applicant is engaged in providing conservancy and solid waste management services to the Howrah Municipal Corporation under the trade name PEAU TRANSPORT. The work involves the annual operation and maintenance of capacity portable compactors and hook loaders, which includes the supply of spare parts.

## H Ruling

**Exemption of conservancy/solid waste management services**

**Eligible for exemption under serial number 3A of Notification No. 12/2017 – Central Tax (Rate)**

Subject to the condition that the value of goods involved in the composite supply does not exceed 25% of the total value of supply

The Authority ruled that the supply is a composite supply of goods and services rather than a pure service. It is eligible for exemption under serial number 3A of the specified notification, provided the value of goods involved does not exceed 25% of the total value of the supply.

## R Reasoning

The Authority determined that the annual maintenance of machinery involves the supply of spare parts, disqualifying it as a 'pure service' under serial number 3 of the exemption notification. However, it qualifies as a 'composite supply' under serial number 3A of the same notification. The Authority confirmed that sanitation and solid waste management are functions entrusted to a municipality under the Twelfth Schedule of Article 243W of the Constitution. Therefore, the exemption applies if the goods component remains within the 25% threshold.

## P Provisions Relied On

Section 97(2)(e) of the GST Act

Article 243W of the Constitution

Twelfth Schedule of the Constitution

Notification No. 12/2017 – Central Tax (Rate) dated 28/06/2017

West Bengal State Notification No. 1136 – FT dated 28/06/2017



### For the Practitioner

This ruling clarifies that maintenance contracts involving machinery for municipal functions are treated as **composite supplies** rather than pure services. It provides a clear **25% value threshold** for goods in such contracts to qualify for tax exemption. Practitioners should ensure that the value of spare parts or goods used in similar municipal maintenance contracts is strictly monitored to maintain eligibility for this exemption.

#### 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) -> [banchu das advance ruling.pdf](#)

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