Dr. Dathu Rao Memorial Charitable Trust

Authority for Advance Ruling — Tamil Nadu

ORDER No. 3/AAR/2018 Dated **30.07.2018**

Q Questions Before the Authority

- Whether liable to pay GST for materials purchased and construction services availed, as they fall under exempted category.

F Facts

The applicant is a registered charitable trust providing education to mentally retarded children. To protect and maintain its premises, the trust proposed to award works contracts to registered GST vendors for constructing a boundary wall, painting buildings, and renovating toilets. The vendors would charge GST on materials and installation-cum-labour charges. The trust sought an advance ruling to determine whether it is liable to pay GST on these inward supplies given its exempt charitable status.

H Ruling

The Authority for Advance Ruling rejected the application at the admission stage for lack of jurisdiction. It held that an advance ruling can only be sought by a supplier in relation to supplies undertaken or proposed to be undertaken by the applicant. Since the trust is merely a **recipient of services** , the application does not fall within the statutory scope of an advance ruling.

R Reasoning

Section 95(a) of the CGST Act and TNGST Act defines an advance ruling as a decision in relation to the supply of goods or services or both being undertaken or proposed to be undertaken by the applicant. The applicant is the proposed recipient of the works contract services rather than the supplier. As the statutory framework restricts advance rulings to outward supplies made or to be made by the applicant, the authority held that the application **lacks jurisdiction** and is not maintainable under Section 98(2) of the CGST Act and TNGST Act.

P Provisions Relied On

Section 95(a) of CGST Act, 2017	Section 95(a) of TNGST Act, 2017
Section 97(2) of CGST Act, 2017	Section 98(2) of CGST Act, 2017
Section 98(2) of TNGST Act, 2017	

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

! For the Practitioner

This order highlights that **recipients cannot maintain an advance ruling application** regarding GST payable on their inward purchases or contracts. Advance rulings are legally restricted to outward supplies undertaken or proposed by the applicant. It leaves open the substantive tax position regarding whether charitable trusts must bear GST charged by contractors on repair and construction work.

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 -> tn.3aar_2018-drmct.pdf

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