M/s. BSNL, Office of CGMT, TS Circle, Door Sanchar Bhavan, Nampally, Abids, Hyderabad – 500001 (GSTIN 36AABCB5576G1ZM)

Authority for Advance Ruling — Telangana

TSAAR Order No. 01/2019, A.R.Com/34/2018, Date 16-12-2019 Dated **16.12.2019**

Q Questions Before the Authority

- Whether the supply of telephone service to Greater Hyderabad Municipal Corporation (GHMC) is exempted?
- Telephone invoices are to be issued with/without GST?

F Facts

The applicant, BSNL, provides telecommunication services to GHMC and has been issuing invoices with GST at 18%, remitting the tax to the Government. GHMC refused to pay GST, contending that the services are exempt under entry No. 3 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 because the telephones are used for functions under Article 243W of the Constitution.

H Ruling

Whether supply of telephone service to GHMC is exempt under entry No. 3 of Notification 12/2017-CGST (Rate) dated 28.06.2017	**Not exempted under entry No. 3 of Notification No. 12/2017-CGST (Rate), dated 28.06.2017**	The authority found no evidence that the service is a pure service (no contract produced), and held that telephone service used by GHMC staff in their offices has no relation to the Twelfth Schedule functions under Article 243W.
Whether telephone invoices are to be issued with or without GST	**Invoices to be issued with GST, indicating the amount of tax**	Follows from the services being taxable; the order cites Section 33 of the CGST Act, 2017.

The supply of telephone service to GHMC is **not exempt** under entry No. 3 of Notification No. 12/2017-CGST (Rate). The applicant's invoices must **indicate the amount of tax** , meaning GST is to be charged.

R Reasoning

The authority accepted that GHMC is a local authority under Section 2(69) of the CGST Act, but held that the other two limbs of entry No. 3 were not met. The applicant produced no contract or document showing that the services involved no supply of goods, so they could not be treated as pure services. Applying the Bombay High Court's reading of 'in relation to' in Indian National Shipowners' Association, the authority held that telephone services used by GHMC personnel in their offices have no direct or proximate link to the Twelfth Schedule functions. It also relied on the Supreme Court's ruling in Dilip Kumar & Company that exemption notifications are construed strictly and the burden lies on the assessee.

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

P Provisions Relied On

- Section 11(1) of the CGST Act, 2017
- Section 9(1) of the CGST Act, 2017
- Section 2(69) of the CGST Act, 2017 (definition of local authority)
- Section 33 of the CGST Act, 2017
- Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, entry No. 3 (Chapter 99)
- Notification No. 12/2017-(Telangana) State Tax (Rate) dated 30.06.2017
- Article 243W and Twelfth Schedule of the Constitution
- Article 243G of the Constitution (referred to in the entry)
- CBEC FAQ on Government Services, Q. No. 25 (pure services)
- Indian National Shipowners' Association v. Union of India (Bombay HC)
- Commissioner of Customs (Import), Mumbai v. Dilip Kumar & Company (Supreme Court)

! For the Practitioner

This ruling helps tax officers and government-facing suppliers see that the entry No. 3 exemption for services to municipalities is narrow. It requires proof that the service is a pure service and has a proximate link to a listed Article 243W or 243G function, and a bare supply of telephone connectivity to municipal offices did not meet that test. It does not decide the position for a supplier that produces a contract showing pure services with a demonstrable functional nexus. The order binds only the applicant and can be appealed to the TSAAR within 30 days under Section 100(1).

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 -> tsaar_order_no._01-2019_bsnl_1.pdf

Prepared 15-11-2026.

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