

M/s Latest Developers Advisory Ltd.

Authority for Advance Ruling — Rajasthan

ADVANCE RULING NO. RAJ/AAR/2019-20/32 dated 07.02.2020

Q Questions Before the Authority

- Whether the applicant is required to pay GST on water charges collected from the customers for supply of water under Contract II?

F Facts

The applicant provides maintenance services to housing societies under a contract (Contract I). They proposed a separate contract (Contract II) with individual residents to supply water, which they claimed was a separate supply of goods. The applicant argued that this water supply should be exempt from GST under Notification No. 2/2017.

H Ruling

GST liability on water charges under Contract II

The applicant is required to pay GST as applicable on Contract I

The authority found the contracts to be linked and rejected the claim of a separate supply of water

The Authority ruled that the two contracts are directly linked and that there is no case of direct supply of water to individual residents. Consequently, the applicant is required to pay GST as applicable on the maintenance services provided under Contract I.

R Reasoning

The Authority observed that the applicant is attempting to split a single service into two contracts to avoid GST thresholds or registration requirements. They noted that the water is stored in common tanks maintained by the society and that charges are collected based on square footage rather than actual water consumption. Therefore, the supply of water is considered part of the overall maintenance services provided to the society. The ruling relies on the interpretation of composite supply and the nature of services provided to Resident Welfare Associations.

P Provisions Relied On

Section 97(2) of the CGST/SGST Act, 2017

Section 2(52) of the CGST Act, 2017

Notification No. 2/2017-Central Tax (Rate) dated 28.06.2017

Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017

Circular No. 109/28/2019-GST dated 22.07.2019



For the Practitioner

This ruling serves as a warning against **artificial bifurcation of contracts** to circumvent GST liability or registration thresholds. It clarifies that when services are intrinsically linked to maintenance provided to a society, they will be treated as a single composite supply. Practitioners should note that the Authority will look past the form of separate agreements to the **substance of the transaction**.

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 -> [raj_aar_32_2019-20_07.02.2020_idal.pdf](#)

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