M/s Madhya Pradesh Paschim Kshetra Vidyut Vitran Co. Ltd.

Authority for Advance Ruling — Madhya Pradesh

Order No. 04/2020 Dated **16.01.2020**

Q Questions Before the Authority

- Whether the exemption at Sl. No. 3 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 applies to services received by the applicant from M/s Primeone Work Force Private Limited, being pure services (excluding works contract services or other composite supplies involving supply of any goods).

F Facts

The applicant is a distribution company engaged in the supply and distribution of electricity in the Indore and Ujjain commissionerates, including rural electrification work. It is a wholly owned subsidiary of M.P. Power Management Co. Ltd., which is in turn wholly owned by the Government of Madhya Pradesh. The applicant engages M/s Primeone Work Force Private Limited to supply unskilled, semi-skilled and skilled manpower for work directly connected with electricity distribution.

H Ruling

Exemption under Sl. No. 3 of Notification 12/2017-CT(Rate) for pure manpower services received from M/s Primeone Work Force Pvt. Ltd.	****Applicable (exempt)****	Available only for services received in areas covered by Panchayat limits, as the function falls under Article 243G (rural electrification) and not Article 243W. Applies because the applicant is a Government Entity and the services involve no supply of goods.

The authority ruled that the Sl. No. 3 exemption under Notification No. 12/2017-CT(Rate), as amended by Notifications No. 32/2017 and 02/2018-CT(Rate), applies to the manpower services received from Primeone, as pure services relating to a function entrusted under Article 243G. The benefit is limited to services received in areas covered by Panchayat limits.

R Reasoning

The authority held that the applicant is a Government Entity, since the Government of Madhya Pradesh has full control over it through its holding company, and the definition in Notification No. 32/2017-CT(Rate) covers such bodies performing functions entrusted by a State Government. It found that the services are pure services because they involve no supply of goods. It then treated the work of rural electrification including distribution of electricity as a function under Article 243G, read with Entry 13 of the Eleventh Schedule, and not a function under Article 243W. On that basis it held that the Sl. No. 3 exemption, as amended by Notification No. 02/2018-CT(Rate), is available, but only for services received in Panchayat areas.

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
- Notification No. 32/2017-Central Tax (Rate) dated 13.10.2017 (definition of Government Entity)
- Notification No. 02/2018-Central Tax (Rate) dated 25.01.2018 (amendment to Sl. No. 3 and insertion of Sl. No. 3A)
- Article 243G of the Constitution of India
- Article 243W of the Constitution of India
- Eleventh Schedule to the Constitution, Entry 13 (rural electrification, including distribution of electricity)
- Section 98(4) of the CGST Act, 2017 and the corresponding MPGST Act, 2017 provision
- Section 103(2) and Section 104(1) of the CGST Act, 2017 (binding effect and voidness of the ruling)

! For the Practitioner

A State electricity distribution utility wholly controlled by the State Government can use this ruling to claim exemption on pure manpower services received for Panchayat-area rural electrification work. The ruling does not extend the exemption to urban or municipal work under Article 243W, and it does not cover works contract or composite supplies that involve goods. Practitioners should confirm whether the specific services fall within Panchayat limits before relying on the ruling.

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 -> mp_aar_04_2020_16.01.2020_mppkvvcl.pdf

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