

M/s. ROCKLINE CONSTRUCTIONS

Authority for Advance Ruling — Maharashtra

Order No. GST-ARA-67/2021-22/B-53

Dated **30.03.2026**

Q Questions Before the Authority

- Whether the supply being made is pure service or composite supply, where supply of goods does not exceed more than 25% of the value of the supply?
- Whether the recipient is Government, Local Authority, Governmental Authority or Government Entity?
- Whether supply is being made in relation to any function entrusted to a Panchayat or a Municipality under the Constitution?
- Whether the applicant is eligible for exemption of services being provided by way of pure service or composite supply based on Entry 3A w.e.f. 25.01.2018 vide Notification No. 2/2018-CT(R) which needs to be clarified by way of Advance Ruling?

F Facts

The applicant is a civil contractor executing an Underground Sewerage Scheme for Katol Nagar Parishad under the Urban Infrastructural Development Scheme for Small and Medium Towns. The project involves the supply of services and goods, including pipes, pumps, and civil works, integrated into a single works contract. The applicant sought a ruling on whether this activity qualifies for GST exemption under specific notifications for services provided to local authorities.

H Ruling

Nature of supply	Composite supply of goods and services in the nature of a works contract	Not a pure service
Recipient status	Local Authority	Katol Nagar Parishad qualifies under Section 2(69) of the CGST Act
Relation to constitutional function	Yes	Relates to public health, sanitation conservancy and solid waste management under Entry 6 of the Twelfth Schedule
Eligibility for exemption	Eligible	Subject to the condition that the value of goods does not exceed 25% of the total value on an aggregate basis at the time of contract conclusion

The Authority held that the activity is a composite supply of goods and services in the nature of a works contract, not a pure service. It ruled that the applicant is eligible for the exemption under Entry 3A of Notification No. 12/2017-Central Tax (Rate), provided the value of goods supplied does not exceed 25% of the total value of the composite supply on an aggregate basis at the time of contract conclusion.

R Reasoning

The Authority determined the activity is a works contract under Section 2(119) of the CGST Act because it involves the transfer of property in goods in the execution of immovable property. It analyzed the eligibility under Entry 3A of Notification No. 12/2017-Central Tax (Rate), noting that the exemption is cumulative and requires the supply to be a composite supply where the goods component does not exceed 25%. The Authority clarified that the 25% threshold must be calculated on an **aggregate basis** for the entire contract rather than sub-unit-wise. It emphasized that the exemption is subject to strict construction and the final entitlement depends on the actual ratio at the time of contract conclusion.

P Provisions Relied On

Section 2(30) of the CGST Act	Section 2(69) of the CGST Act
Section 2(119) of the CGST Act	Section 97(2) of the CGST Act
Entry 3 and 3A of Notification No. 12/2017-Central Tax (Rate)	
Notification No. 2/2018-Central Tax (Rate)	Article 243W of the Constitution of India

! For the Practitioner

This ruling confirms that civil works contracts for sewerage infrastructure provided to a local authority can qualify for exemption under Entry 3A, provided the **goods component remains below 25%** of the total contract value. Practitioners should note that the threshold is calculated on an aggregate basis for the entire project. However, the ruling cautions that this is an ongoing contract and the exemption remains contingent upon the final ratio of goods to services at the time of project completion.

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 -> 6-rockline constructions ara order compress.pdf

Prepared 11-10-2026.

About Patron Accounting LLP

Patron Accounting LLP is a CA and CS-led accounting and compliance firm working with businesses across India since 2019 — bookkeeping, GST, income tax, payroll, company and LLP compliance, audit and the certificates banks and regulators ask for.

Pune (HQ)

RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Delhi

3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Ahmedabad

Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp...

Mumbai

104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Gurugram

Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram...

Talk to us: **+91 94594 56700** | sales@patronaccounting.com | patronaccounting.com