M/s Rudhrabhishek Enterprises Ltd., A-6, Sector 58, Noida, Uttar Pradesh 201301 (GSTIN 09AAGCR1735A1ZP)

Authority for Advance Ruling — Uttar Pradesh

Order No. 22 dated 25/01/2019 (order number and date handwritten; partl… Dated **25.01.2019**

Q Questions Before the Authority

- Whether the Project Development Service (Detailed Project Report service) and Project Management Consultancy services provided to the recipient under the SUDA contract, and the Project Management Consultancy services under the PMAY contract, qualify as an activity in relation to a function entrusted to a Panchayat or Municipality under Article 243G or Article 243W of the Constitution of India.
- If the answer to the first question is affirmative, whether such services qualify as 'pure services (excluding works contract service or other composite supplies involving supply of any goods)' under serial number 3 of Notification No. 12/2017-Central Tax (Rate) dated 28 June 2017, as amended by Notification No. 2/2018-Central Tax (Rate) dated 25 January 2018, and the corresponding UP notification, where the project cost includes the cost of the service along with reimbursement of the cost of procurement of goods, so as to be exempt from CGST and UPGST.

F Facts

The applicant provides infrastructure, urban planning and project management consultancy, including turnkey and construction management services, to private and government bodies. Under a contract with the State Urban Development Authority (SUDA), Uttar Pradesh, it prepares Detailed Project Reports for slum-related housing under Vertical IV of PMAY (Urban), including door surveys, beneficiary consent, design and estimates. It also holds a Project Management Consultancy contract under PMAY, covering construction supervision, quality control, MIS and beneficiary coordination.

H Ruling

Q1: Whether DPR and PMC services under SUDA and PMAY contracts relate to functions under Art. 243G / 243W	**Yes. Consultancy services are in relation to functions entrusted to Municipalities (Art. 243W) and Panchayats (Art. 243G).**	Based on the SUDA and PMAY scope of work described in the order; the 11th and 12th Schedule matters were relied on.
Q2: Whether the services are 'pure services' exempt under Sr. No. 3 of Notification 12/2017-CT(Rate), as amended, and the UP corresponding notification	**Exempt. The services qualify as pure services and are exempt from CGST and UPGST.**	**Exemption applies where the project cost includes the cost of service along with reimbursement of the cost of procurement of goods for rendering the service.** Rate and HSN not stated in the order's ruling.

The authority held, by a unanimous decision of both members, that the consultancy services rendered under the SUDA and PMAY contracts are in relation to functions entrusted to Municipalities under Article 243W and to

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Panchayats under Article 243G. It further held that the services are **pure services** within the meaning of serial number 3 of Notification 12/2017-CT(Rate), as amended, and the corresponding UP notification, and are therefore exempt from CGST and UPGST, where the project cost includes reimbursement of goods procured for the service.

R Reasoning

The authority compared the objectives of SUDA and the purpose of PMAY (Urban) with the matters listed in the Eleventh and Twelfth Schedules to the Constitution, including urban planning, slum improvement and poverty alleviation. It then examined the applicant's contract scope and found the DPR and PMC work to be in relation to those municipal and panchayat functions under Articles 243W and 243G. On the second question, the authority reviewed the agreement and scope of work and concluded that the services are pure services, with goods reimbursed only as part of the project cost. On that basis it held the services exempt under the cited CGST and UPGST notifications.

P Provisions Relied On

Article 243G of the Constitution of India	Article 243W of the Constitution of India

Eleventh Schedule and Twelfth Schedule of the Constitution (as referred to in the order)

Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, serial number 3

Notification No. 2/2018-Central Tax (Rate) dated 25.01.2018, serial number 3A

Notification KA.N.I.-2-843/X1-9(47)/17-UP Act-1-2017 Order (10) 2017 dated 30.06.2017 under the UPGST Act, 2017

Central Goods and Services Tax Act, 2017 (CGST Act)

Uttar Pradesh Goods and Services Tax Act, 2017 (UPGST Act)

Section 98 of the CGST Act, 2017 (advance ruling)

! For the Practitioner

This ruling helps consultants engaged by state urban development agencies or under PMAY (Urban) on DPR and project management work, as it treats such services as tied to municipal and panchayat functions and as exempt pure services. It is a Uttar Pradesh ruling and binds only the applicant, so it is persuasive elsewhere. It does not decide the position where goods are supplied as a principal component, nor does it address services outside the SUDA and PMAY contracts. The order is also under the pre-amendment notification framework, so later amendments to serial number 3 should be checked before reliance.

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 -> up_aar_22_25.01.2019_rel.pdf

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