M/s Space Combine, 11th Floor, House No. 1101, EC-II, Eldeco Corporate Chamber-II, Vibhuti Khand, Gomti Nagar, Lucknow, Uttar Pradesh (GSTIN 09ABTPS2635P1ZM)

Authority for Advance Ruling — Uttar Pradesh

Order No. 51, dated 21-01-2020 (Authority for Advance Ruling, Uttar Pra… Dated **21.01.2020**

Q Questions Before the Authority

- Whether the Project Development Service (Detailed Project Report service) and Project Management Consultancy services provided under the contract with the State Urban Development Agency (SUDA), and the Project Management Consultancy services under the contract for Pradhan Mantri Awas Yojana (PMAY), 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 composite supplies involving supply of 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 Uttar Pradesh notification dated 30 June 2017.

F Facts

The applicant is a registered GST assessee in Lucknow that prepares Detailed Project Reports and provides project management consultancy under a contract with SUDA and under a contract for PMAY (Vertical IV, Urban). The scope includes door surveys, beneficiary documentation, design and estimates, approvals, construction supervision, quality control, progress reporting and MIS work. The project cost includes reimbursement of the cost of goods procured for rendering the service.

H Ruling

Whether DPR and PMC services under SUDA and PMAY contracts relate to functions entrusted to Municipalities or Panchayats (Art. 243W / 243G)	****Yes.** Services are in relation to functions entrusted to Municipalities under Art. 243W and Panchayats under Art. 243G**	Based on the scope of work under the DPR and PMC contracts and the objectives of SUDA and PMAY, read with the 11th and 12th Schedules.
Whether such services are pure services under Sl. No. 3 of Notification 12/2017-CT(Rate), as amended, and the corresponding UPGST notification	****Qualify as pure services and are exempt from GST** (CGST and UPGST)**	Exempt under Sl. No. 3 of Notification 12/2017-CT(Rate) as amended by 2/2018-CT(Rate). Excludes works contract or composite supplies involving supply of goods. The project cost includes reimbursement of the cost of goods procured for the service, and the ruling rests on that basis.

The authority held that the consultancy services under the SUDA and PMAY contracts are in relation to functions entrusted to Municipalities under Article 243W and to Panchayats under Article 243G. It further held that these

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services are pure services, excluding works contract or composite supplies involving supply of goods, and are therefore exempt from CGST and UPGST under serial number 3 of Notification 12/2017-CT(Rate) as amended. The members ruled unanimously.

R Reasoning

The authority examined the scope of work in the DPR and PMC contracts, SUDA's Memorandum of Association objectives, and the PMAY objectives. It found that the functions performed fall within the 11th and 12th Schedule matters relating to Panchayats and Municipalities, including urban planning, slum improvement and urban poverty alleviation. On the second question, it reviewed the sample contract and concluded that the services are pure services, since the project cost includes reimbursement of goods procured for rendering them. The jurisdictional GST officer had reported that the services appear exempt, and the authority admitted the application under Section 97(2)(b) CGST Act as a matter concerning applicability of a notification.

P Provisions Relied On

- Section 97(2)(b) CGST Act, 2017 (admissibility of application)
- Section 103(2) and Section 104(1) CGST Act, 2017 (binding effect and voidness of ruling)
- Article 243G of the Constitution of India (Panchayats)
- Article 243W of the Constitution of India (Municipalities)
- 11th and 12th Schedules to the Constitution of India
- Notification No. 12/2017-Central Tax (Rate), dated 28.06.2017, Sl. No. 3
- Notification No. 2/2018-Central Tax (Rate), dated 25.01.2018, Sl. No. 3A
- Corresponding UP notification KA.N.I.-2-843/X1-9(47)/17-UP.Act-1-2017-Order-(10)-2017 Lucknow, dated 30.06.2017 (UPG…

! For the Practitioner

Consultants providing DPR and project management services under SUDA or PMAY municipal and panchayat schemes can cite this ruling for the position that such services relate to Article 243G or 243W functions and qualify as exempt pure services where goods cost is reimbursed within the project cost. The order does not decide the position for other consultancy contracts, for services where no goods are procured, or for works contract or composite supply arrangements. It binds only the applicant within Uttar Pradesh, subject to Sections 103(2) and 104(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 -> up_aar_51_21.01.2020_sc.pdf

Prepared 17-11-2026.

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