

M/s. The Kerala State Ex-service League

Authority for Advance Ruling — Keralam

ADVANCE RULING No.KER/31/2025

Dated **09.10.2025**

Q Questions Before the Authority

- Whether GST is applicable for the payments like wages/ interim payments received from Vikram Sara Bhai Space Center (VSSC) during lock down period?
- Whether any GST exemption is available for the amount received as wages from VSSC during lock down period?

F Facts

The applicant is a charitable society providing manpower services to government departments, including VSSC, on a contract basis. During the COVID-19 lockdown, the applicant's employees were unable to perform duties, but VSSC made interim payments to them as 'on duty' wages per Central Government directives. The applicant seeks to determine if these specific payments are subject to GST despite no actual services being rendered during that period.

H Ruling

Applicability of GST on interim payments during lockdown	Yes, GST is applicable	Applicable to manpower services provided under the mutual agreement
Availability of GST exemption for lockdown wages	No, GST exemption is not available	The amount is treated as duty

The Authority ruled that GST is applicable to the payments received from VSSC as they constitute consideration for manpower services provided under a continuing contract. It further held that no GST exemption is available for these payments, as the period was legally treated as 'on duty' and the payments are considered part of the taxable supply.

R Reasoning

The Authority determined that the payments were made under a subsisting contract for manpower services and were not ex-gratia or damages. Relying on Ministry of Finance Office Memorandums, it concluded that the period was legally deemed 'on duty', thereby maintaining the quid-pro-quo nature of the supply. Consequently, the payments form part of the value of taxable supply under Sections 7 and 15 of the CGST Act, 2017. In the absence of any specific exemption under Notification No. 12/2017-CT(R), the full amount is subject to GST.

P Provisions Relied On

Section 7 of the CGST Act, 2017

Section 15 of the CGST Act, 2017

Section 98(1) of the CGST Act, 2017

Notification No. 12/2017-CT(R)

Office Memorandum F.No. 23(4)/E.Coord/2020/I dated 23.03.2020

! For the Practitioner

This ruling clarifies that **interim payments** made to outsourced staff during a lockdown, when treated as 'on duty' wages by the service recipient, are **taxable as manpower services**. It confirms that the lack of physical service performance does not negate the taxability if the underlying contract remains in force. Practitioners should note that such payments are not considered pure grants or ex-gratia assistance.

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 -> 3-the kerala ex-service league.pdf

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