

M/s. TP Paradeep Transmission Limited

Authority for Advance Ruling — Odisha

ORDER NO.03/ODISHA-AAR/2026-27, Dated: 11/06/2026

Dated **11.06.2026**

Q Questions Before the Authority

- Whether statutory deposits of Net Present Value (NPV), Compensatory Afforestation, Dwarf Plantation, Site Specific Wildlife Conservation plan, Plantation of Dwarf Species and various other charges as specified in detail at Table- 1 at para 21 of statement of facts with Compensatory Afforestation Fund Management and Planning Authority, Government of Odisha / Govt of India ("CAMPA Fund") for obtaining forest clearance certificate is a "consideration" against "supply of services" under section 7 of the CGST Act and corresponding OGST Act?
- Alternatively, If the answer to the question (A) is affirmative i.e NPV being of the nature of consideration against supply of service, then whether same is exempted, vide entries at Sl. Nos. 4 & 5 of Notification No.12/2017-CT (Rate) dated.28.06.2017?
- If the answer to the question (A) is affirmative and (B) is negative, whether such deposits will liable to Goods and Service Tax as forward charges or under reverse charge basis as provided in Section 9(4) CGST & corresponding OGST Act 2017 and rules made thereunder?

F Facts

The applicant is engaged in the transmission of electricity and is in the process of establishing substations and transmission lines in Odisha. To proceed with this project, the applicant is required to obtain forest clearance from the Ministry of Environment, Forest & Climate Change. As a mandatory condition for this clearance, the applicant must deposit various charges, including Net Present Value (NPV) and compensatory afforestation costs, into the CAMPA Fund.

H Ruling

Whether deposits are consideration for supply of services	Yes	The deposits are a mandatory condition for obtaining forest clearance and constitute consideration under Sections 7 and 2(31) of the CGST/OGST Act.
Whether deposits are exempted under Notification No. 12/2017-CT (Rate)	Negative	The services do not fall under the exemption for municipal or panchayat functions.
Whether liable to GST under forward or reverse charge	Reverse Charge Mechanism (RCM)	Liable under Entry No. 5 of Notification No. 13/2017-Central Tax (Rate) dated 28.06.2017.

The authority ruled that the mandatory deposits made for obtaining forest clearance constitute a consideration for a supply of services by the Government. Consequently, these payments are not exempt from GST and are liable to tax under the Reverse Charge Mechanism (RCM). The applicant, as the recipient of the service, is responsible for discharging this tax liability.

R Reasoning

The authority determined that the grant of forest clearance is not a passive sovereign act but a specific activity undertaken in favour of the applicant, falling within the definition of 'service' under Section 2(102) of the CGST Act. The payments are mandatory, creating a direct nexus between the payment and the grant of approval, thus qualifying as 'consideration' under Section 2(31). The authority rejected the claim for exemption under Notification No. 12/2017-CT (Rate), noting that the activity is a regulatory function rather than a municipal or panchayat function. Finally, it held that the transaction falls under the scope of Entry No. 5 of Notification No. 13/2017-CT (Rate), making the recipient liable to pay tax under the **Reverse Charge Mechanism**.

P Provisions Relied On

Section 7 of the CGST Act, 2017

Section 2(31) of the CGST Act, 2017

Section 2(102) of the CGST Act, 2017

Section 9(3) of the CGST Act, 2017

Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017

Notification No. 13/2017-Central Tax (Rate) dated 28.06.2017

Forest (Conservation) Act, 1980

Compensatory Afforestation Fund Act, 2016

! For the Practitioner

This ruling confirms that mandatory statutory deposits for forest clearance are subject to GST under the **Reverse Charge Mechanism**. It settles the position that such payments are not merely compensatory but constitute consideration for a taxable supply of service by the Government. Practitioners should advise clients in infrastructure sectors to account for GST liability on all such mandatory regulatory payments.

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 -> [tp_paradeep.pdf](#)

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