M/s Uttar Pradesh Avas Evam Vikas Parishad, 104 Mahatma Gandhi Marg, Lucknow, Uttar Pradesh - 226001 (GSTN 09AAAJU0103AFZF)

Authority for Advance Ruling — Uttar Pradesh

Order No. 45, dated 13-12-19 (Authority for Advance Ruling, Uttar Prade… Dated **13.12.2019**

Q Questions Before the Authority

- What is the time of supply in case of 'Deposit Works' being executed by the applicant: whether it is the time of receipt of funds from the client government department, or the time when expenditure incurred towards execution of the work is debited to the 'Deposit Works' account?
- What shall be the value of supply in the aforementioned two alternatives?

F Facts

The applicant is a Board constituted under the UP Avas Evam Vikas Parishad Adhiniyam, 1965, which executes housing and improvement works for others, including the State Government, on what it calls 'Deposit Works'. For these works it receives funds in lump sum before the work starts, may spend them only on the specified project, and charges 12.5% as supervision and centage charges. The applicant contends that the funds are a deposit rather than an advance, so that tax arises only when expenditure is debited to the deposit account.

H Ruling

Time of supply for 'Deposit Works' executed by the applicant: receipt of funds from the client government department, or debit of expenditure to the 'Deposit Works' account	**Time of receipt of funds from the client government department**	The debit of expenditure to the Deposit Works account is not the time of supply. The ruling is subject to Section 103(2) until declared void under Section 104(1).
Value of supply under the two alternatives	**The amount of advance received by the applicant towards that particular work or supply**	The ruling does not expressly address whether the 12.5% supervision and centage charges form part of the value of supply, although the applicant had argued they should.

The authority held that the amount received for Deposit Works is an advance received for supply of service and not a deposit, so the applicant's contention is not tenable. **The time of supply is the time of receipt of funds from the client government department** , and the value of supply is **the amount of advance received towards that particular work or supply** .

R Reasoning

The authority admitted the application under Section 97(2)(c) as a matter concerning time and value of supply. It

found the receipts to be advances, not security deposits, distinguishing advances (recorded as a liability until work is done) from deposits refundable after completion. The proviso to Section 2(31) was held inapplicable because it covers only deposits refundable after completion of the work. Applying Section 13(2), the time of supply is the earliest of invoice date or receipt of payment, so receipt of the advance fixes the time of supply irrespective of whether supply has been made. The value was taken from the transaction value under Section 15(1) as the advance received, and the authority relied on the CBIC flyer on advance received for future supply, which cites the Section 12 explanation.

P Provisions Relied On

- Section 97(2)(c) of the CGST Act, 2017 (admission of application on time and value of supply)
- Section 13(2) of the CGST Act, 2017 (time of supply of services, including explanation)
- Proviso to Section 2(31) of the CGST Act, 2017 (deposits not treated as payment unless applied as consideration)
- Section 15(1) of the CGST Act, 2017 (transaction value)
- Explanation 1 to Section 12 of the CGST Act, 2017 (as quoted in the CBIC flyer on advance received for future supply)
- Section 103(2) and Section 104(1) of the CGST Act, 2017 (binding effect and voiding of the ruling)

! For the Practitioner

This ruling is useful for contractors executing government deposit works who receive lump-sum funds in advance, as it fixes the time of supply at receipt of funds rather than at debit of expenditure. It settles that funds of this kind are treated as advances and not security deposits, so the proviso to Section 2(31) does not apply. The order does not decide the treatment of genuine refundable security deposits, and it does not expressly resolve whether supervision and centage charges fall within the value of supply. As a ruling of a state authority it binds only the applicant and is persuasive for others.

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_45_13.12.2019_upaevp.pdf

Prepared 15-11-2026.

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