

M/s Varanasi Development Authority

Authority for Advance Ruling — Uttar Pradesh

Order No. 08

Dated 31.05.2018

Q Questions Before the Authority

- Seeking clarification on whether the Development Authorities formed & constituted under "Uttar Pradesh Urban Planning & Development Act, 1973" are to be treated as "Exempt Entity" under new GST Law.

F Facts

The applicant is a statutory development authority constituted under Section 4 of the Uttar Pradesh Urban Planning & Development Act, 1973 to perform urban development and civic planning functions. It sought a ruling on whether statutory development authorities formed under the 1973 Act are treated as exempt entities under the GST regime.

H Ruling

Status of Development Authorities as an Exempt Entity under GST

No entity is an Exempt Entity; applicant is a Governmental Authority subject to GST except on specifically exempted supplies

Only supplies specifically covered by exemption notifications are exempt, remaining supplies are taxable under rules

The Authority held that **no entity is categorized as an Exempt Entity** under the CGST or UPGST Act. However, the applicant qualifies as a **Governmental Authority** under GST exemption notifications, meaning only those specific goods and services expressly exempted by notification are tax-free, while all other supplies remain taxable.

R Reasoning

The AAR noted that GST law does not recognize blanket entity-level exemptions. Under clause (zf) of Notification No. 12/2017-Central Tax (Rate), a Governmental Authority includes any authority set up by an Act of State Legislature to perform functions entrusted to a municipality under Article 243W of the Constitution. As the applicant was established under the UP Urban Planning & Development Act, 1973 and carries out Article 243W functions, it meets the criteria of a **Governmental Authority**. Consequently, taxability applies on a transaction basis unless a specific notification exempts the particular supply.

P Provisions Relied On

Section 2(17)(i) of CGST Act, 2017

Section 2(84) of CGST Act, 2017

Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017

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

Article 243W of the Constitution of India

Uttar Pradesh Urban Planning & Development Act, 1973

! For the Practitioner

This ruling establishes that urban development authorities cannot claim complete tax immunity as **entity-level exemptions do not exist** under GST. Practitioners should note that such bodies are classified as Governmental Authorities, requiring itemized assessment of each service or supply against specific exemption notifications.

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_08_31.05.2018_vda.pdf

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