M/s VFS Global Services Private Limited

Authority for Advance Ruling — Maharashtra

NO.GST-ARA-16/2019-20/B-109, Mumbai, dated 4.10.2019 (order number… Dated **04.10.2019**

Q Questions Before the Authority

- Whether the work for 'Operating Citizen Facilitation Centre (CFC) at various Locations of MCGM on per transaction/receipt basis' involving the aforesaid Scope of Work would be exempt from GST vide Sr. No. 3 & 3A of amended Notification No. 12/2017-Central (Rate) as on 31st Dec, 2018.

F Facts

The Municipal Corporation of Greater Mumbai (MCGM) awarded VFS Global a five-year contract to operate Citizen Facilitation Centres at MCGM ward locations, paid per transaction at Rs. 29.45 after a two-month pilot. Under the arrangement, VFS Global accepts cash from citizens on MCGM's behalf, issues MCGM receipts, and deposits the cash in MCGM's bank account. The applicant uses its own computers, printers, consumables and CCTV, and MCGM separately invoices citizens for services under Article 243W, with water and property tax collections treated as exempt.

H Ruling

Exemption under Sr. No. 3 and 3A of Notification No. 12/2017-CT (Rate) for CFC operation on per-transaction/receipt basis for MCGM	****Answered in the negative.** Not exempt.**	Supply is pure services with no goods supplied, so Sr. No. 3A is inapplicable. However, the activity is post-MCGM service and not 'in relation to a function entrusted to a Municipality under Article 243W', so Sr. No. 3 does not apply. The officer's contention of 18% GST is recorded in the body, but the operative ruling does not state a rate.

The Authority answered the question in the negative, so the CFC work is not exempt under Sr. No. 3 or Sr. No. 3A of Notification No. 12/2017-Central (Rate). It held that the applicant's supply is one of pure services and not a composite supply of goods and services, but that the applicant's role begins only after MCGM has rendered the services to citizens. Because the activity is not in relation to a function entrusted to a municipality under Article 243W, the entry 3 exemption is unavailable, and Sr. No. 3A does not apply.

R Reasoning

The Authority accepted that the consumables and equipment were used by the applicant for its own service and were not supplied to MCGM, so the arrangement is pure services rather than composite supply under Sr. No. 3A. It agreed with the applicant that MCGM's services to citizens are the Article 243W functions, while the applicant's cash collection and receipting occurs only after MCGM has issued its invoices. Since the applicant's activity is not itself a function entrusted to the Municipality, Sr. No. 3 of the notification was not satisfied. The Authority also noted that the contract did not separately price any goods supply.

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

P Provisions Relied On

- Notification No. 12/2017-Central (Rate), Sr. No. 3 (as amended on 31 Dec 2018), exemption for pure services to a local autho…
- Notification No. 12/2017-Central (Rate), Sr. No. 3A (as amended on 31 Dec 2018), composite supply where goods are not m…
- Article 243W of the Constitution and the Twelfth Schedule
- Section 97 and Section 98 of the CGST Act, 2017 and the MGST Act, 2017

! For the Practitioner

This ruling is useful for municipal contractors who run cash-collection or citizen counters for a corporation and claim the Sr. No. 3 exemption. It indicates that the exemption requires the contracted activity itself to be a function under Article 243W, not merely a downstream collection or handling service. The order does not decide the applicable GST rate, which the officer's contention put at 18 per cent, and it does not resolve how a mixed contract with bundled consumables should be valued beyond holding that no goods were supplied.

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 -> mh_aar_16_2019-20_b-109_04.10.2019_vfs_gspl.pdf

Prepared 12-11-2026.

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