

VPSSR Facilities

Authority for Advance Ruling — Delhi

ADVANCE RULING NO. 06/DAAR/2018

Dated **23.04.2018**

Q Questions Before the Authority

- Whether the contract for Railway station sanitation and / or cleaning, Train cleaning & Railway Premises cleaning involving: (a) Mechanized/ Comprehensive cleaning at Railway Stations, (b) Mechanized cleaning of sheds, (c) Providing On-Board Housekeeping Services in Trains, (d) Railway Building & Office cleaning, (e) Mechanized Cleaning of Trains, (f) Comprehensive Mechanized cleaning of railway colonies, (g) Removal and disposal Garbage etc from railway colonies, (h) Removal and disposal of Garbage etc from railway stations, would be exempt from GST vide S. No. 3 of Notification No. 9/2017 - Integrated Tax (Rate) dated 28.06.2017, and what would be the impact of GST exemption, if the above contract is pure service contract or work contract.

F Facts

The applicant was awarded contracts by Northern Railway for sanitation, cleaning, waste management, housekeeping, and locomotive washing across railway stations, trains, sheds, offices, and residential colonies. Northern Railway refused to pay GST on these bills, contending that the service is exempt under S. No. 3 of Notification No. 9/2017-Integrated Tax (Rate) dated 28.06.2017. The applicant approached the Authority for Advance Ruling to determine whether these services qualify for exemption.

H Ruling

Exemption for mechanized cleaning, housekeeping, sanitation, and garbage disposal services provided to Northern Railways under S. No. 3 of Notification No. 09/2017-IT(R)

Not exempt; taxable at 18% under Heading 9994

Services provided to Railways are not in relation to functions entrusted to a Municipality under Article 243W of the Constitution

The Authority held that the cleaning and sanitation services supplied by the applicant to Northern Railways are **not exempt** under S. No. 3 of Notification No. 09/2017-Integrated Tax (Rate) or parallel notifications. Such services do not relate to functions entrusted to a Municipality under Article 243W of the Constitution. Consequently, the services are taxable at the rate of **18% under Service Classification Code heading 9994**.

R Reasoning

Exemption under S. No. 3 of Notification No. 9/2017-Integrated Tax (Rate) requires three conditions: the service must be a pure service, supplied to Government or local authority, and performed in relation to a function entrusted to a Municipality under Article 243W of the Constitution. Although Northern Railway is part of Central Government and the cleaning contract constitutes a pure service (consumables like detergent/chemicals are consumed in process without property transfer), Railways are governed by Entry 22 of List I (Union List) of the

Seventh Schedule. Railway premises and operational activities do not fall under municipal functions or municipal jurisdiction. Therefore, the requirement of being in relation to a function entrusted to a Municipality under Article 243W read with the Twelfth Schedule is not met.

P Provisions Relied On

Notification No. 9/2017-Integrated Tax (Rate) dated 28.06.2017 (S. No. 3)

Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 (S. No. 3)

Notification No. 2/2018-Central Tax (Rate) dated 25.01.2018

Notification No. 2/2018-Integrated Tax (Rate) dated 25.01.2018

Article 243W of the Constitution of India

Article 243P of the Constitution of India

Article 243Q of the Constitution of India

Twelfth Schedule to the Constitution of India

Seventh Schedule (List I, Entry 22) to the Constitution of India

! For the Practitioner

This ruling establishes that **cleaning and sanitation contracts awarded by Indian Railways** do not qualify for pure service GST exemption under Article 243W municipal entry notifications. Government contractors providing housekeeping to public sector bodies operating under Union List functions cannot claim municipal-function exemption. It clarifies that consumable material like chemicals fully consumed in cleaning services does not convert a pure service contract into a works contract.

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 -> [delhi-order-6.pdf](#)

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