

M/s. National Dairy Development Board

Authority for Advance Ruling — Gujarat

GUJ/GAAR/RULING/2019/02 dated 22.2.2019

Q Questions Before the Authority

- Whether NDDB would be qualified as 'Governmental Authority' from GST perspective?
- Whether renting of immovable property service provided by NDDB to an educational institute would be exempted under Sl. No. 4 of Notification No. 12/2017-Central Tax (Rate)?

F Facts

The applicant is a statutory body constituted by the National Dairy Development Board Act, 1987. It has leased its premises to the Anandalaya Educational Society, a trust created by the applicant, at a nominal rent to promote educational activities. The applicant sought a ruling on whether it qualifies as a governmental authority and whether this leasing arrangement is exempt from GST.

H Ruling

Qualification as Governmental Authority	Conditional	Must satisfy 90% equity or control condition for Article 243W functions
Exemption for renting of property	Exempt	Subject to the applicant qualifying as a governmental authority

The authority ruled that the applicant qualifies as a governmental authority only if it satisfies the condition of having 90% or more participation by way of equity or control to carry out functions entrusted to a municipality under Article 243W. Consequently, the renting service is exempt only if the applicant qualifies as a governmental authority under this interpretation.

R Reasoning

The authority examined the definition of governmental authority in the Explanation to Section 2(16) of the IGST Act, 2017, as adopted by Notification No. 12/2017-Central Tax (Rate). It rejected the applicant's reliance on a Patna High Court judgment, stating that the 90% equity or control condition applies to the body. The authority concluded that the exemption is contingent upon the applicant fulfilling this specific **statutory condition** regarding participation and functional mandate.

P Provisions Relied On

Section 97(2)(e) of CGST/GGST Act, 2017

Section 2(16) of IGST Act, 2017

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



For the Practitioner

This ruling clarifies that the **90% equity or control condition** is mandatory for an entity to qualify as a governmental authority under the current GST framework. It serves as a warning that reliance on older service tax jurisprudence regarding the interpretation of 'or' in the definition is not accepted by this authority. Practitioners should ensure their clients can document the required level of government control before claiming this exemption.

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 -> guj_02-2019_dtd.22.02.19-nddb_15-2019.pdf

Prepared 20-10-2026.

About Patron Accounting LLP

Patron Accounting LLP is a CA and CS-led accounting and compliance firm working with businesses across India since 2019 — bookkeeping, GST, income tax, payroll, company and LLP compliance, audit and the certificates banks and regulators ask for.

Pune (HQ)

RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Delhi

3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Ahmedabad

Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp...

Mumbai

104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Gurugram

Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram...

Talk to us: **+91 94594 56700** | sales@patronaccounting.com | patronaccounting.com