NATIONAL SECURITY SERVICES

Authority for Advance Ruling — Maharashtra

NO.GST-ARA- 58/2018-19/B- 132, Mumbai, dt. 24/10/2018 Dated **24.10.2018**

Q Questions Before the Authority

- Whether Exemption Notification No. 12/2017-Central Tax (Rate) dated 28/06/2017 (Entry No. 3 of the Notification) is applicable to the applicant for the pure services, i.e. security services rendered to Pimpri Chinchwad Municipal Corporation in relation to functions entrusted to a Municipality under Article 243W of the Constitution, thereby exempting the applicant service provider from the whole of GST.

F Facts

The applicant supplies security personnel to Pimpri Chinchwad Municipal Corporation (PCMC) under an agreement covering water pump houses, purification plants, hospitals, solid waste management, slum improvement and urban planning sites. The contract describes the personnel as 'Assistants' (Madatnis) to PCMC's own security guards, and the invoice describes the service as 'round the clock helper to security service'. The department contended that this is mere manpower supply and not a service in relation to an Article 243W function.

H Ruling

Whether Notification 12/2017-CT(Rate) Sl. No. 3 exempts the applicant's security services supplied to PCMC under Article 243W	**Yes. Exempt from GST (Nil rate)**	Applies to pure services (no goods supplied) provided to a Municipality in relation to a function entrusted under Article 243W. The Authority relied on the PCMC clarification and the agreement's duty list.

The Authority answered the question in the affirmative and held that the applicant is entitled to the Nil-rate exemption under Sl. No. 3 of Notification No. 12/2017-CT(Rate). It found that the personnel assist PCMC's security guards in activities relating to functions entrusted to the Municipality under Article 243W, so the services are **pure services in relation to such functions** . The Authority rejected the department's view that the services are only manpower supply.

R Reasoning

The Authority accepted that the applicant's personnel help PCMC's security guards and asked whether that activity is 'in relation to any function entrusted to a Municipality under article 243W'. It noted that the Twelfth Schedule includes urban planning, public health, sanitation, fire services, water supply and slum improvement, and that the duty list covers fire, theft and emergency coordination at these sites. It also relied on a clarification from PCMC's Assistant Commissioner (Security) that the personnel perform security work for urban planning and public safety. On that basis it held that Sl. No. 3 of Notification 12/2017-CT(Rate) applies.

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 Tax (Rate) dated 28.06.2017, Sl. No. 3 (Chapter 99), Nil rate

Article 243W of the Constitution of India

Twelfth Schedule to the Constitution (Article 243W)

Section 98 of the CGST Act, 2017 and the MGST Act, 2017 (advance ruling)

Sections 97 of the CGST Act, 2017 and the MGST Act, 2017 (application for advance ruling)

! For the Practitioner

This ruling supports a contractor supplying security staff to a municipal body who argues the services fall within Sl. No. 3 even though the contract calls the staff assistants. It turns on a finding about the actual duties and the municipality's own clarification. The ruling binds only the applicant and does not decide whether pure manpower supply to other municipal bodies or for other functions is exempt. A practitioner should compare the duty list and invoice wording in their own contract, and note that an appeal lies to the Maharashtra Appellate Authority for Advance Ruling.

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 -> ara_order_58_2018_maharashtra_nat._sec._ser.pdf

Prepared 26-10-2026.

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

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

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

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

Ahmedabad
Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp…

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