

Vaibhavi Dredging

Authority for Advance Ruling — Goa

GOA/GAAR/01 of 2023-24/3902

Dated **25.11.2025**

Q Questions Before the Authority

- Applicability of Exemption under Sl. No. 3 (for Pure Services) or 3A (for composite supply where supply of goods does not constitute more than 25% of the value) of the Exemption Notification.

F Facts

The applicant was awarded a contract by the Captain of Ports Department, Government of Goa, for the desilting of River Sal to facilitate the free movement of vessels. The applicant sought an advance ruling on whether this service qualifies for GST exemption under serial numbers 3 or 3A of Notification No. 12/2017-Central Tax (Rate).

H Ruling

Applicability of Exemption under Sl. No. 3 or 3A

Not eligible for exemption

The service is not in relation to a function entrusted to a Panchayat or Municipality under the Constitution.

The Authority ruled that the services of desilting a water body provided to the Captain of Ports Department are not eligible for exemption under serial number 3 or 3A of Notification No. 12/2017-Central Tax (Rate). The ruling concluded that the specific function of maintaining waterways has not been devolved to local bodies in the State of Goa.

R Reasoning

The Authority analyzed the requirements for exemption under Notification No. 12/2017-Central Tax (Rate), which requires the service to be in relation to a function entrusted to a Panchayat or Municipality under Article 243G or 243W of the Constitution. It found that while the Eleventh Schedule lists 'waterways', the State of Goa has not devolved this specific function to local bodies via legislation. Consequently, the **condition precedent** for the exemption is not satisfied, regardless of the recipient being a government department. The Authority also noted that the contract involves the supply of goods and preparatory works, making it ineligible for the 'pure services' exemption.

P Provisions Relied On

Section 97(2) of the CGST/SGST Act, 2017

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

Article 243G of the Constitution of India

Article 243W of the Constitution of India

Goa Panchayat Raj Act, 1994



For the Practitioner

This ruling clarifies that for GST exemptions linked to functions of local bodies, it is insufficient that the work relates to a subject listed in the Eleventh or Twelfth Schedules; the State must have **actually devolved** that function to the local body by law. Practitioners should verify the specific devolution of powers in the relevant State before claiming such exemptions. It does not decide the taxability of similar services in States where such functions have been formally devolved.

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 -> [11-order_advance_ruling_vaibhavi_dredging.pdf](#)

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