



**KERALA AUTHORITY FOR ADVANCE RULING  
GOODS AND SERVICES TAX DEPARTMENT  
TAX TOWER, THIRUVANANTHAPURAM**

**BEFORE THE AUTHORITY OF:** *Shri. S. Anil Kumar IRS &  
: Shri. B.S. Thyagarajababu B.Sc, LL.M*

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|-----------------------------|--|
| Legal Name of the applicant | M/s. Kerala State Construction Corporation Ltd.                    |
| GSTIN                       | 32AABCK1314K1Z0  |
| Address                     | Door No.30/1521/A, Vyttila, Kochi - 19.                            |
| Advance Ruling sought for   | The GST rate applicable for centage charges / consultancy charges. |
| Date of Personal Hearing    | 12.04.2019   |
| Authorized Representative   | The Finance Manager  |

**ADVANCE RULING No. KER/ 46 /2019 Dt.12.04.2019**

M/s. Kerala State Construction Corporation Ltd. is being accredited agency of Government of Kerala engaged in the construction of road, building, bridges etc.

The applicant has been selected as the Construction Agency / Project Management Consultant / Special Purpose vehicle for preparation of DPR, tendering of work, executing agreement with contractor, supervision of construction, recording measurements in M-Book, preparation of bill etc. for which they are eligible to a centage charge / consultancy charge calculated on the estimated value / value of work done in respect of the following projects;

1. Construction of Model Residential School, Hostel for Boys and Girls, Kitchen Block and Staff Quarters at Aralam in Kannur District for SCSTDD.
2. Construction of Building for Pre-Examination Training Centre in Kannur District for SCSTDD.
3. Construction of Pre-Metric Hostel for Boys at Kadirur in Kannur District for SCSTDD.
4. Construction of Model Residential School, Hostel, Kitchen Block and Staff Quarters at Peringome in Thaliparamba Taluk in Kannur District for SCSTDD.
5. Construction of Sub -Registrar Office at Thiruvananthapuram for Registration Department.

Applicant requested advance ruling on the following:

- i. The GST rate applicable for centage charges / consultancy charges.

In respect of the building works under taken by the applicant, the soil investigation and structural design works for DPR preparation are entrusted to outside consultants. These services rendered by the outside consultants to the applicant is eligible for exemption under Sl No. 3 of Notification No.12/2017

Central Tax (Rate) dated 28.06.2017 being pure services provided to Government Entity by way of any activity in relation to any function entrusted to a Panchayat / Municipality under article 243G /243W of the Constitution. As per Sl No. 3 of Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017 'Pure services' (excluding works contract service or other composite supplies involving supply of any goods) provided to the Central Government, State Government or Union territory or local authority or a Governmental Authority or a Government Entity by way of any activity in relation to any function entrusted to a Panchayat / Municipality under article 243G / 243W of the Constitution is exempted from GST. Para 2 (zfa) of the Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017 defines "Government Entity" as an authority or a board or any other body including a society, trust, corporation, set up by an Act of Parliament or State Legislature; or established by any Government, with 90 per cent. or more participation by way of equity or control, to carry out a function entrusted by the Central Government, State Government, Union Territory or a local authority.

The applicant is rendering pure services falling under the Service Classification Code 998339. The explanatory notes in respect of the Service Classification Code 998339 reads as follows;

**Project management services for construction projects.**

This service code includes services of assuming overall responsibility for the successful completion of a construction project on behalf of a client, including organizing the financing and the design, requesting tenders, and performing management and control functions; project management services provided by engineers or architects.

This service code does not include:-

general construction services, cf. 99541, 99542.

The services rendered by the applicant in respect of the projects at Sl Nos.1, 2, 3 and 4 will be covered under the exemption under Sl No.3 of the above notification as promotion of cultural, educational and aesthetic aspects falls under Twelfth Schedule [Article 243W] and Welfare of the weaker sections, and in particular, of the Scheduled Castes and Scheduled Tribes fall under Eleventh Schedule [Article 243G] of the Constitution.

The services provided to the Project at Sl No. 5 being not in relation to any activity in relation to any function entrusted to a Panchayat / Municipality under article 243G /243W of the Constitution does not come under the purview of the above exemption.


The applicant being a corporation established by the State Government and incorporated under the Companies Act, 1956 with full control of the State Government to carry out functions entrusted by the State Government satisfies the definition of "Government Entity" and accordingly, the out sourced

Services of soil investigation and structural design works for DPR preparation received by the applicant in respect of the projects listed at Sl No. 1 to 4 will be covered by the exemption under Sl No. 3 of the above notification.

In view of the observations stated above, the following rulings are issued:

The GST rate applicable for Centage charges / Consultancy charges.

The Centage Charges / Consultancy Charges received by the applicant in respect of the works at Sl Nos. (1) to (4) above being in relation to pure services provided to the State Government by way of activity in relation to function entrusted to a Panchayat / Municipality under 243G / 243W of the Constitution is exempted from goods and services tax as per Sl No. 3 of Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017. The out sourced services of soil investigation and structural design works for DPR preparation received by the applicant in respect of the projects listed at Sl No. 1 to 4 will be covered by the exemption under Sl No. 3 of the above notification as pure services provided to a Government Entity by way of any activity in relation to a function entrusted to a Panchayat / Municipality under 243G / 243W of the Constitution. The services supplied / received by the applicant in respect of the project at Sl No.5 above are taxable at the rate of 18%.



**S. Anil Kumar, IRS**  
**Additional Commissioner of Central Tax**  
**Member**



**B.S. Thyagarajababu, B.Sc, LL.M**  
**Joint Commissioner of State Tax**  
**Member**

To

M/s. Kerala State Construction Corporation Ltd.  
Door No.30/1521/A, Vyttila, Kochi - 19.

