

No GST Exemption on Operation and Maintenance of High Quality Treated Drinking Water Plant for the 'Amma Kudineer Project': AAR

Fact of the Case

The Applicant, Unique Aqua System has stated that they have entered into a contract with the Greater Chennai Corporation based on which they have been awarded with the project of Operation and Maintenance of High Quality Treated Drinking Water Plant for the "Amma Kudineer (Drinking Water Plant) Project". As per the Contractual conditions of work order, they have supplied, installed and commissioned high quality drinking water plants at different locations as required by the Greater Chennai Corporation (GCC) on the land allotted to them.

They have been provided with raw water and electricity free of cost for the operation and maintenance of the drinking water plant to dispense treated water to the General Public. The consideration for the above-mentioned service is paid based on the quantity of treated water dispensed to the General Public. The beneficiaries are identified by GCC based on their residential status of the Ward in which the water treatment plant is located. The treated water is distributed by way of smart cards issued to the beneficiaries by GCC.

The applicant has sought the advanced ruling on the issue whether the Services provided by the applicant to the recipient i.e. The Greater Chennai Corporation is a pure service provided to the local authority by way of activity in relation to functions entrusted to a Panchayat under article 243G and Municipality under article 243W of the Constitution and eligible for benefit of exemption provided under Serial No. 3 of Notification No. 12/2017- Central Tax (Rate) dated June 28, 2017.

Decision of the Case

The Coram ruled that the Supply provided by the applicant to the recipient i.e. The Greater Chennai Corporation based on the agreement to provide RO Plant and undertake O&M of the same, being not a "Pure service" but a composite supply of goods & Services, they are not eligible for benefit of exemption provided at Serial No. 3 of Notification No. 12/2017- Central Tax (Rate) dated June 28, 2017.

The Tamil Nadu Authority of Advance Ruling (AAR) ruled that No GST Exemption on Operation and Maintenance of High Quality Treated Drinking Water Plant for the "Amma Kudineer Project."