

## **No GST payable on Supply of Service by Govt. controlled Association to State Govt., Local Authorities against consideration in Form of Grants: Karnataka AAR**

### **Fact of the Case**

The applicant, Bellary Nirmiti Kendra provides the services of civil works contract and states that the supply of service by a Government controlled Association to State Government, Local Authority or any person specified by the State Government, Local Authority against consideration received from State Government, Local Authority in the form of grants is not liable for GST based on the Notification No.32/2017- CGST (Rate) dated October 13, 2017.

The applicant states that Bellary Nirmiti Kendra is established under the national network programme of building centres scheme launched by the Government of India under HUDCO, and promoted and implemented by Government of Karnataka by establishing under State Government Grants with assistance of Housing Department.

The District Administration of Bellary has established the Organisation under the Chairmanship of Deputy Commissioner / District Collector, Bellary, which is heading Nirmiti Kendra Bellary to take up all the Government elated Housing and other development works in the district by way of providing various alternative building technologies and innovative building products to minimise the cost of construction and speedy construction.

The applicant has sought the advance ruling on the issue that whether supply of service by a Government controlled Association to State Government, Local Authority or any person specified by State Government, Local Authority against consideration received from State Government, Local Authority, in the form of grants is liable to GST.

### **Decision of the Case**

The Coram of Members ruled that the supply of service by a Government controlled Association to State Government, Local Authority or any person specified by State Government, Local Authority against consideration received from State Government, Local Authority, in the form of grants is not liable to GST only if the Government controlled Association is covered under the definition of "Government Entity" and if not, then the same is liable to tax.

***The Karnataka Authority of Advance Ruling (AAR) ruled that no GST is payable on supply of service by Government controlled Association to State Government and Local Authorities against consideration in form of grants.***