

18% GST payable on Manpower Services like Data Entry Operator, to City Corporation or Municipalities: The AAR, Karnataka

Fact of the Case

The Applicant, Madivalappa Karveerappa Belwadi is a Contractor providing manpower services to Zilla Panchayat and City Corporation, Educational institutions, Rural Water Supply Divisions. The nature of manpower services provided is in the form of 'D' Group, Data Entry Operators, Cooks, Assistant Cooks, Security Guards, cleaning staff, and clerical staff.

The Applicant stated that they are providing Manpower Services like Data Entry Operator, Drivers, "D" Group, etc. to Zilla Panchayat departments and they are claiming that manpower services provided to them are exempted from GST under Sl.No.3 of Notification No. 12/2017-Central Tax (Rate), dated 28th June 2017 as pure services. The Applicant contended that they are providing Manpower Services like Drivers and cleaners for a solid waste management systems to City Corporation / Municipalities. City Corporations / Municipalities are claiming that manpower services provided to them are exempted from GST under Sl.No.3 of Notification No. 12/2017-Central Tax (Rate), dated 28th June 2017 as pure services since the activity they are doing is covered under Public Health Sanitation Conservancy and solid waste management which is covered under article 243W of the Constitution.

The applicant has sought advance ruling on the issue of whether the Pure services provided to Zilla Panchayat, City Corporations, Education institutions, and Rural Water Supply Divisions are exempted under Article 243G and 243W.

Decision of the Case

The two-member bench ruled that Manpower services like Data Entry Operator, Drivers "D" Group etc to City Corporation/Municipalities/Zilla parishads and Manpower Services like clerical staff(FDA, SDA), Typists to Social welfare department are not by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution and hence attracts tax at the rate of 18 % of GST.

"Supply of manpower services like Drivers and cleaners for solid waste management system to City Corporation/Municipalities/zilla parishads and manpower services like cleaning staff, cook, assistant cook, teachers, staff nurse and watchman to hostels and residential schools working under Social welfare department is exempted since the manpower services provided are by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution," the AAR said.

The Karnataka Authority of Advance Ruling (AAR) ruled that 18% GST is payable on Manpower services like Data Entry Operator, to City Corporation or Municipalities.