

No GST Registration required if Supplies Exempted from GST: The AAR, Maharashtra

Fact of the Case

The Maharashtra Jeevan Pradhikaran (MJP) has appointed applicant, Mekorot Development & Enterprise Ltd, the applicant (MDE) as a consultant for the study, survey, drafting, and formation of the Water Supply Master Plan (WSMP) to address the water drought problem in the Marathwada region and assist the Government of Maharashtra (GOM) to make a comprehensive strategy to solve the Marathwada (Aurangabad division) Water Crisis permanently.

MDE is a fully owned subsidiary of Mekorot, the national water company of Israel which is fully owned by the Government of Israel. MJP is a Government of Maharashtra undertaking established through The Maharashtra Jeevan Authority Act, 1976. MJP was constituted in 1977 under The Maharashtra Water Supply and Sewerage Board Act, 1976 (MWSSB Act), for rapid development and proper regulation of Water Supply and Sewerage service in the State of Maharashtra. The act was later changed to The Maharashtra Jeevan Authority Act, 1976. MJP being a GOM undertaking, the Maharashtra state government holds 100% controlling power in MJP.

The applicant has sought the advance ruling on the issue if it is concluded that the supplies made or proposed to be made by MDE to MJP qualifies for an exemption then the consequent question is whether MDE requires to obtain registration under GST law.

Decision of the Case

The Coram ruled that if the impugned supplies made or proposed to be made by the applicant to MJP are the only supplies undertaken by the applicant, in such a case, the applicant is not required to obtain registration under GST law, since the impugned supply is held to be exempt under the provisions of Notification No. 12/2017-C.T.(Rate) dated 28.06.2017.

However, if the applicant is undertaking or proposes to undertake any taxable supply of goods or services or both, then in such a scenario the applicant will be required to obtain GST registration under section 22 of the GST Act, on crossing the threshold turnover limit.

The Maharashtra Authority of Advance Ruling (AAR) ruled that no GST Registration was required if supplies were exempted from GST.