

## **18% GST payable on Construction of Buildings and Civil Structures necessary to House Data Centres, Nearline Data Centres, Disaster Recovery Station, Satellite Data Centre: The AAR, Maharashtra**

### **Fact of the Case**

The applicant, M/s Sterlite Technologies Limited, manufactures telecom products such as optic fiber, optic fiber cable, etc.; lays the optic fiber cables (either underground or hung overhead) to create a network, sets up control centers, installs equipment necessary to operate network for desired purpose, commissions network and any other ancillary activity that may be necessary for creation of network infrastructure for its customers in telecom industry by way of 'turnkey contracts'.

To establish countrywide IP/MPLS based multiprotocol converged network, Naval Communication Network, as core infrastructure for supporting strategic and operational needs, the Indian Navy has entrusted the setting up of these networks to Bharat Sanchar Nigam Limited (BSNL), which in-turn has contracted the work to the applicant who has to supply all material and services required; training services to operate the same and supply of satellite connectivity vehicles for ensuring seamless connectivity during breakdown of network.

The network to be created includes the key activities which are Construction of buildings and civil structures necessary to house data centres, nearline data centres, disaster recovery station, satellite data centre and connectivity equipment at Naval ports across mainland and coastal region in India. Installing rack, stack in the buildings and other civil infrastructures necessary to house the equipment and enable operation of all the centres/ports. Assemble/install all equipment and powering it up by connecting with power supply and back-up generators. Interconnecting and configuring all the equipment in all the data centres, nearline data centres, disaster recovery station, satellite data centre, etc. with each other to enable information exchange across the network as desired.

The applicant has sought the advance ruling on the issue in respect of the GST rate applicable on the activities.

### **Decision of the Case**

The Coram has held that activities of the applicant were covered under entry 3(ii) of the Notification No 11/2017 CGST (Rate) dated June 28, 2017 and thereafter with effect from 01.04.2019, the said activities are covered under Sr. No. 3 (xii) as amended by Notification No 03/2019 CGST (Rate) dated 29th March, 2019, taxable at the rate of 18%.

***The Maharashtra Authority of Advance Ruling (AAR) has ruled that 18% GST payable on Construction of buildings and civil structures necessary to house data centres, nearline data centres, disaster recovery station, satellite data centre.***