

18% GST applicable on Construction of Directors Bungalow and Construction of Staff or Faculty Quarters in IIT, Bhubaneswar: AAR

Fact of the Case

- The applicant, M/s NBCC (India) Limited has been awarded construction of Directors Bungalow, staff Quarters, Faculty Quarters in the IIT Campus, Bhubaneswar. The civil construction of residential quarters is not the primary work entrusted to IIT, Bhubaneswar.

The advance ruling was sought on the issue which was related to the issue of construction of Directors Bungalow and construction of staff or faculty quarters.

Decision of the Case

- The Coram said that the intention of the Legislature has been to allow concessional rate to such work which has been entrusted to a Government entity for public interest in general, but extrapolating and extending this concessional rate to any or all activities of IIT, Bhubaneswar will not only be unwarranted but also defeat the very purpose of concessional rate.
- The AAR ruled that construction of Directors Bungalow and construction of staff/faculty quarters is out of purview of exemption provided under Notification No. 11/2017 C.T. (Rate), dated June 28, 2017 and would attract 18% GST.
- The AAR ruled that the works entrusted to the Applicant by IIT, Bhubaneswar under contract/agreement dated May 2, 2016, cannot be termed as composite supply and thus entire work under the said contract shall not be entitled to concessional rate in terms of Notification No. 11/2017-C.T. (R), dated June 28, 2017. However, the AAR also held that the supply of goods and/or services or both which squarely fall within the ambit of the scope of work entrusted to HT, Bhubaneswar by Government of India shall be entitled to a concessional rate under Sr. No. 3(vi) to Notification No. 11/2017-C.T. (R). Accordingly, each and every supply under the subject contract shall be treated separately for determining the rate of tax under the CGST Act, 2017 read with the provisions of the GST Tariff and respective exemption notifications.

The Odisha Authority of Advance Ruling (AAR) ruled that 18% GST applicable on the construction of the Director's Bungalow and the construction of staff or faculty quarters in IIT, Bhubaneswar.