

GST payable on Telecom Services provided by Airtel to Greater Hyderabad Municipal Corporation: The AAR, Telangana

Fact of the Case

The applicant, M/s. Bharti Airtel Limited is engaged in providing telecommunication services and in the course of its business it is also providing these services to GHMC by way of data/voice telecommunication services SAC 9984.

According to their submissions, these services provided to GHMC are not related to any specific project or specific scheme of Government and are provided to GHMC to be used by employees for general office and administrative purposes. Further under serial no.3 of Notification No. 12/2017 dated 28.06.2017 their services qualify to be pure services rendered in relation to functions entrusted to a municipality under Article 243W of constitution of India. In light of the said notification the applicant finds that such services are exempt from tax under GST.

The applicant has sought the advance ruling on the issue

- Whether telecom services provided by Airtel to Greater Hyderabad Municipal Corporation (GHMC) are Nil rated under GST as per the S. No. 3 of Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017 by considering the service as a pure service as they are in relation to functions entrusted under article 243W. Invoices for telecommunication services are to be issued with (or) without GST.

Decision of the Case

The Coram ruled that the applicant is providing data and voice services to GHMC and to the employees of the municipalities and general purpose for office and administrative purposes. Thus there is no direct relation between the services provided by the applicant and the functions discharged by the GHMC under Article 243W read with schedule 12 to the Constitution of India. Therefore, these services do not qualify for exemption under Notification No. 12/2017.

The Telangana Authority of Advance Ruling (AAR) ruled that GST payable on telecom services provided by Airtel to Greater Hyderabad Municipal Corporation.