KERALA AUTHORITY FOR ADVANCE RULING
GOODS AND SERVICES TAX DEPARTMENT
TAX TOWER, THIRUVANANTHAPURAM

KERALA GST State Goods & Services Tax

BEFORE THE AUTHORITY OF: Shri Jomy Jacob IRS &

: Shri Mansur M.I.

Legal Name of the applicant	AKSHARA
GSTIN	32ABJFA4188P1ZY
ARN	AD320824006345D
Address	12/625 Adukattu Veedu, Kandalloor South Kandalloor, ALLEPPEY- 690535.
Advance Ruling sought for	1. Whether the activity of the applicant of providing pure services of repairs and maintenance of Public street lighting infrastructure and supply of manpower based on the work order issued by the Local authorities of Kayamkulam Municipality is exigible to GST? 2. What is the applicable SCA entry and rate of tax if the 1st point is affirmative? 3. Whether the supply of Street Light Maintenance Services to various Departments under Local Authority provided by the applicant i.e., Kayamkulam Municipality is eligible for exemption from GST, as per Sr. 3 of Notification Number 12/2017- Central Tax (Rate) New Delhi, dated 28th June, 2017 as amended, being pure services as per the definition and the services

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	rendered thereby being listed in article 243G and 243W of Constitution as functions pertaining to Panchayat and Municipality. 4. Whether the services of Street Light Maintenance to various Government Authorities and Government Entities provided by the applicant, ie., Kayamkulam Municipality where ***the value of goods consumed is less than 25percentage of total contract value*** is eligible for exemption from GST, as provided under Sr. 3A of Notification Number 12/2017-Central Tax (Rate) New Delhi, dated 28th June,2017 as amended vide notification 16/2021 – Central tax (rate) dated 18-11-2021 being pure services as per the definition and the services rendered thereby being listed in article 243G and 243W of Constitution as functions pertaining to Panchayat and Municipality?
Date of Personal Hearing	16-04-2025
Authorized Representative	Sri.Harikumar, Advocate

ADVANCE RULING No.KER/09/2025 Dated 16.04.2025

1. The applicant entered into an agreement in the name of Partnership Firm Akshara for Electrical Maintenance contract with the Assistant Engineer, LID & EW of Kayamkulam Municipality on 28th day of April 2023. Kayamkulam Municipality duly deduct tax at the rate of one per cent from the payment made

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or credited to the supplier. The purpose of the Contract was to render pure services by providing repairs and maintenance of Public Street Lights Installed by the Local Authorities of Kayamkulam Municipality. The applicant has obtained necessary GST Registration Number from GST Department having GSTIN: 32ABJFA4188P1ZY for the purpose of providing such services.

2. In this Ruling, a reference hereinafter to the provisions of the CGST Act, Rules or the Notifications issued thereunder shall include a reference to the corresponding provisions of the KSGST Act, Rules or the Notifications issued thereunder.

3. The details of the questions on which advance ruling is sought are given above and are not being reproduced.

4. The contentions of the applicant:

4.1 The applicant is engaged in providing pure services to the Municipality. As per the terms of the agreement, the contractual value also includes a portion attributable to goods consumed by the applicant during the tenure of the contract. In their detailed submissions, the applicant has explained the applicability of Serial No. 3 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 and Serial No. 3A of the amended Notification No. 12/2017-Central Tax (Rate) dated 25.01.2018.

4.2 In support of their contention, the applicant has relied upon the decision of the Appellate Authority for Advance Ruling, West Bengal, in the case of *Shiv Flour Mill, In re* [2022] 143 taxmann.com 187 (AAAR-WEST BENGAL) [dated 22-08-2022], wherein a similar issue was adjudicated and exemption was granted to the appellant under the said notifications. The applicant has annexed and submitted the relevant notifications and the aforementioned ruling along with their application, marked as Annexures B, C, and D.

5. Comments of the Jurisdictional Officer

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The application was forwarded to the jurisdictional officer as per provisions of Section 98(1) of the CGST Act. The jurisdictional officer has not offered any comments and hence it is presumed that the jurisdictional officer has no specific comments to offer. It is also construed that there are no proceedings pending on the issue against the applicant.

6. Personal Hearing:

The applicant was granted an opportunity for a personal hearing on 16.04.2025. Shri.Harikumar, Advocate represented the applicant in personal hearing. In the hearing, the representative reiterated their contentions in the written application.

7. Discussion and Findings:

7.1 The applicant has submitted the facts of the issue and their contentions in this regard. The first question raised is whether the activity of the applicant, involving the provision of pure services for the repair and maintenance of public street lighting infrastructure and the supply of manpower based on the work order issued by the local authorities of Kayamkulam Municipality, is exigible to GST. The applicant has provided a copy of the agreement entered into with Kayamkulam Municipality, which stipulates that they are required to carry out maintenance of street lights in a time-bound manner using ISO-certified items. From the agreement, it is evident that the applicant is rendering services relating to the maintenance of street lights, which falls under 9987- [Maintenance, Repair and Installation (except construction) Services], and is liable to GST at the rate of 18% as per Sl. No. 29 of Notification No. 11/2017-Central Tax (Rate) dated 28-06-2017. Accordingly, the service involved is in the normal course exigible to GST. However, the exemptions available in this regard also need to be examined.

7.2 Entry No. 3 of Notification No. 12/2017-CT (Rate) dated 28-06-2017 exempts pure services (excluding works contract services or other composite supplies involving the supply of any goods) provided to the Central Government, State Government or Union Territory or local authority or a governmental authority by way of any activity in relation to any function entrusted to a Panchayat under Article 243G of the Constitution or to a Municipality under Article 243W. Further, Notification No. 2/2018-Central Tax (Rate) dated 25-01-2018 inserted Entry 3A, which exempts a composite supply of goods and services in which the value of supply of goods does not exceed 25% of the value of the composite supply, provided to the Central Government, State Government, Union Territory, local authority, governmental authority, or government entity by way of any activity in relation to any function entrusted to a Panchayat under Article 243G or a Municipality under Article 243W. In short, exemption requires: (a) supply to a Central Government, State Government, Union Territory, local authority, governmental authority, or government entity (b) supply of *pure service* (or composite with goods ≤25%); and (c) the service must relate to an activity in the 11th/12th Schedule (List of 243G/243W) function.

7.3 Under the GST law, a Municipality is treated as a local authority by virtue of the definition provided under Section 2(69) of the CGST Act, 2017, which states that *"local authority" includes a municipality as defined in clause (e) of Article 243P of the Constitution.* Therefore, for the purposes of GST exemptions under Entry 3 of Notification No. 12/2017-Central Tax (Rate), a Municipality qualifies as a local authority, as it is a constitutionally recognized body entrusted with functions under Article 243W. Accordingly, services provided to a Municipality are eligible for exemption when they relate to such constitutional functions.

7.4 Street lighting is a function of the municipality as per the Kerala Municipality Act, 1994 and is a function entrusted to municipalities under Article 243W of the Constitution. As per Article 243W of the Constitution read with the Twelfth Schedule, municipalities are entrusted with various functions, including the provision of public amenities. Specifically, Entry 17 of the Twelfth Schedule covers "**public amenities including street lighting, parking lots, bus stops and public conveniences.**" Accordingly, the maintenance of public street lighting

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by a municipality falls squarely within the constitutional functions assigned to local authorities.

7.5 Therefore, we are of the opinion that the applicant's pure services of repair and maintenance of public street lighting infrastructure and supply of manpower based on the work order issued by Kayamkulam Municipality are covered under the said exemption and are not exigible to GST. However, this exemption applies only to pure services or to a composite supply where the value of goods involved does not exceed 25% of the total value.

7.6 The second question pertains to the applicable SAC entry if the supply is taxable. While the nature of the supply is indeed taxable under GST as it falls under the category of services, it has been held to be exempt under Entry 3 and Entry 3A of Notification No. 12/2017-Central Tax (Rate) dated 28-06-2017. Therefore, the question of applicable tax rate does not arise. If the exemption under Notification No. 12/2017 is not applicable, the supply would be taxable under SAC Heading 9987- Maintenance, Repair and Installation (except construction) Services, based on the description provided by the applicant.

7.7 The third question is whether the supply of street light maintenance services to various departments under the local authority provided by the applicant, i.e., Kayamkulam Municipality, is eligible for exemption from GST as per Sr. No. 3 of Notification No. 12/2017-Central Tax (Rate) dated 28-06-2017, as amended, being pure services as per the definition and relating to the functions listed under Articles 243G and 243W of the Constitution. The legal provisions and analysis discussed in relation to Question No. 1 apply equally here and is not being reproduced. For the same reasons discussed earlier, we are of the view that the service is eligible for exemption under Entry No. 3 of Notification No. 12/2017-Central Tax (Rate) dated 28-06-2017, provided it is categorised as pure services.

7.8 The last question is whether the services of street light maintenance provided to various government authorities and government entities by the applicant, i.e., Kayamkulam Municipality, where the value of goods consumed is less than 25% of the total contract value, are eligible for exemption from GST as provided under Sr. No. 3A of Notification No. 12/2017-Central Tax (Rate) dated 28-06-2017, as amended by Notification No. 16/2021-Central Tax (Rate) dated 18-11-2021, being pure services as per the definition and relating to the functions listed under Articles 243G and 243W of the Constitution. As discussed earlier, in cases where the value of goods involved does not exceed 25% of the total contract value, the supply falls under the NIL rate of tax as per Notification No. 12/2017-Central Tax (Rate) dated 28-06-2017 as amended by Notification No. 2/2018-Central Tax (Rate) dated 25-01-2018. Notification No. 16/2021-Central Tax (Rate) dated 18.11.2021 amended Entries 3 and 3A of Notification No. 12/2017-Central Tax (Rate) by omitting the words "or a Governmental authority or a Government Entity" from the list of eligible recipients. However, this amendment does not affect the exemption for supplies made to a "local authority", which continues to be covered under both Entry 3 and Entry 3A, provided the supply is either of pure services or a composite supply involving goods not exceeding 25% of the total contract value, and the services relate to functions entrusted to Panchayats or Municipalities under Article 243G or Article 243W of the Constitution.

In the light of the facts and legal position as stated above, the following ruling is issued:

RULING

Question:1. Whether the activity of the applicant of providing pure services of repairs and maintenance of Public street lighting infrastructure and supply of manpower based on the work order issued by the Local authorities of Kayamkulam Municipality is exigible to GST?

Ruling- The said activity falls within the purview of GST. However, the same is exempted under Notification No. 12/2017-Central Tax (Rate) dated 28-06-2017.

Question:2. What is the applicable SCA entry and rate of tax if the 1st point is affirmative.

Ruling- Not applicable since the supply is exempted.

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Question:3. Whether the supply of Street Light Maintenance Services to various Departments under Local Authority provided by the applicant i.e., Kayamkulam Municipality is eligible for exemption from GST, as per Sr. 3 of Notification Number 12/2017- Central Tax (Rate) New Delhi, dated 28th June, 2017 as amended, being pure services as per the definition and the services rendered thereby being listed in article 243G and 243W of Constitution as functions pertaining to Panchayat and Municipality.

Ruling- The supply is eligible for exemption from GST, as per Sr. 3 of Notification Number 12/2017- Central Tax (Rate) New Delhi, dated 28th June, 2017

Question:4. Whether the services of Street Light Maintenance to various Government Authorities and Government Entities provided by the applicant, ie., Kayamkulam Municipality where ***the value of goods consumed is less than 25percentage of total contract value*** is eligible for exemption from GST, as provided under Sr. 3A of Notification Number 12/2017-Central Tax (Rate) New Delhi, dated 28th June,2017 as amended vide notification 16/2021 – Central tax (rate) dated 18-11-2021 being pure services as per the definition and the services rendered thereby being listed in article 243G and 243W of Constitution as functions pertaining to Panchayat and Municipality.

Ruling- The services of Street Light Maintenance to various Government Authorities and Government Entities provided by the applicant, ie., Kayamkulam Municipality where ***the value of goods consumed is less than 25percentage of total contract value*** is eligible for exemption from GST, as provided under Sr. 3A of Notification Number 12/2017-Central Tax (Rate) New Delhi, dated 28th June, 2017 as amended vide notification No. 2/2018-Central Tax (Rate) dated 25-01-2018.

OFFICE OF THE COMMISSIONER STATE G.S.T.D KERALA THIRUVANANTHAPURAM

Jomy Jacob IRS
Addl. Commissioner of Central Tax
Member

Mansur M.I.
Joint Commissioner of State Tax
Member

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To

M/s Akshara,

12/625 Adukattu Veedu,

Kandalloor South

Kandalloor,

ALAPUZHA- 690535

Copy submitted to:-

1. The Chief Commissioner of Central Tax and Central Excise, Thiruvananthapuram Zone, C.R.Building, I.S.Press Road, Cochin- 682018. [E-mail ID: cccochin@nic.in; ccu-cexcok@nic.in]
2. The Commissioner of State Goods and Services Tax Department, Tax Towers, Karamana, Thiruvananthapuram – 695002.
3. The Commissioner of Central Tax and Central Excise, Thiruvananthapuram Commissionerate, GST Bhavan, Statue, Thiruvananthapuram. (E-mail id: commr-tvmhqrs@gov.in)

Copy to:-

1. Additional Commissioner, TPS (HQ), Thiruvananthapuram.
2. The Deputy Commissioner, ITMD, Thiruvananthapuram.
3. The State Tax Officer, Tax Payer services Circle, Harippad, Alappuzha.
4. The Superintendent, Central Tax, KayamkulamRange, Alappuzha Division.

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