

MAHARASHTRA AUTHORITY FOR ADVANCE RULING
GST Bhavan, Old Building, 1st floor, B-Wing, Room No.107, Mazgaon,
Mumbai - 400010.

(Constituted under Section 96 of the Maharashtra Goods and Services Tax
Act, 2017)

BEFORE THE BENCH OF

(1) Shri. D. P. Gojamgunde, Joint Commissioner of State Tax, (Member)

(2) Ms. Priya Jadhav, Joint Commissioner of Central Tax, (Member)

ARN No.	AD271122031321U
GSTIN Number, if any/ User-id	27AARCS6914M1ZJ
Legal Name of Applicant	M/s. STHAPATYA CONSULTANTS (INDIA) PRIVATE LIMITED
Registered Address/ Address provided while obtaining user id	Stahpatya, 4 Shwanapshri Colony, Ashiyad Square, Sheegaon Road, Maharashtra, Amravati, 444604.
Details of application	GST-ARA, Application No. 92 Dated 20.12.2022
Concerned officer	AMR-706
Nature of activity(s) (proposed/present) in respect of which advance ruling sought	
A Category	Service Provision
B Description (in brief)	The applicant assists to Municipal Corporation for providing the property survey, numbering of properties, measurements and data collection. To evaluate the property taxation as per act.
Issue/s on which advance ruling required	<ul style="list-style-type: none">➤ Classification of any goods or services or both➤ Applicability of a notification issued under the provisions of this Act.➤ Determination of the liability to pay tax on any goods or services or both
Question(s) on which advance ruling is required	As reproduced in para 01 of the Proceedings below.

PROCEEDINGS

(Under Section 98 of the Central Goods and Services Tax Act, 2017 and the
Maharashtra Goods and Services Tax Act, 2017)

The present application has been filed under Section 97 of the Central Goods
and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017



[hereinafter referred to as "the CGST Act and MGST Act" respectively] by M/s. STHAPATYA CONSULTANTS (INDIA) PRIVATE LIMITED, the applicant, seeking an advance ruling in respect of the following questions.

1. Whether the services provided by the applicant are covered under Clause 1 & 2 of twelfth Schedule of Article 243W?
2. Whether the Services provided by the applicant fall under the Exemption Notification NO. 12/2017 dated 28th June, 2017 (Entry No. 3 of Exemption Notification) as amended from time to time as the services are in the nature of pure labour services.

At the outset, we would like to make it clear that the provisions of both the CGST Act and the MGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to any dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provision under the MGST Act. Further to the earlier, henceforth for the purposes of this Advance Ruling, the expression 'GST Act' would mean CGST Act and MGST Act.

1. FACTS AND CONTENTION - AS PER THE APPLICANT:

- 1.1. Assisting Municipal Corporation and municipal council for providing the property survey, numbering of properties, measurements and data collection. To evaluate the property taxation as per act.
- 1.2. Assisting Municipal Corporation and councils for computerization of property taxation data along with computerization of plans and linking photos of the properties and data along with computerization of plans and linking of the properties.
- 1.3. Assisting municipal councils and corporation for providing GIS-based mapping technology, techniques and drone image capturing services along with GIS based data management system and for logical mapping survey, special information, technology or any other environment for Government of India.

Here, 'Government of India' includes Central Government, State Governments, Municipal or Local Authorities including Gram Panchayat.



1.4. Scope of Work

The Municipal Corporation and municipal councils are functioning under the Maharashtra municipal Corporation act and the Maharashtra municipal councils Nagar Panchayat and industrial township Act, 1965. All the Municipal Council's and corporation have to levy and assess and impose the property and allied taxes to the entire properties, land and buildings within the municipal limits as their mandatory functions as per act.

It is also further mandatory under section 124 of Maharashtra Municipal Council and Nagar Panchayat and Industrial Township Act and chapter B of Maharashtra Municipal Corporation Act to revise and re-assess the entire properties within every five years regularly. Sthapathya Consultant India Private Limited to provide services for assisting the municipal Corporation and municipal councils to assess, measurement, capturing all the details by serving of the lands and buildings, along with necessary assistance for evaluation of the property taxes for the entire properties, as per the municipal acts as service provider and assisting to municipal councils and corporations to execute their mandatory function. So it is further submitted that the services provided by Sthapathya consultant India Private Limited, are purely the functions those are mandatory by for the Government Urban Local Bodies under the act.

All the process assessment shall be fixed by the company but the company shall work under the supervision and control of the Government Authority for the site work.

The company is authorized to use the official records, registers, data etc. and shall maintain the inward and outward record of such documents.

For the above work, the company is authorized to employ Surveyors, Technical and Non-Technical staff, assistants, representatives, etc. They shall have the status of 'On Municipal DUW' Officer.



Following is the flowchart of work undertaken by the company.

Assisting municipal councils and corporation for providing undertake the preparation and demarcation of Ward/Prabhag Municipal



Assisting municipal councils and corporation for providing Old data and Documents available with Government Authority are provided to the company, #



Assisting municipal councils and corporation for providing conduct survey and allot the new numbers for old as well as new properties as per ward/prabhag boundaries as directed by the Government Authority@



The company shall note any changes in the Name of Occupier, Floor wise gradation of property, prepare the single line site plan showing all room sizes, floor, toilets, staircase, sign of owner, etc. of all properties. ##



The fresh data collected by the company shall be used for correction and computerization of updated site plan.



Assisting municipal councils and corporation for providing in preparation of GIS based tax zone map for tax assessment as directed by Chief Officer, preparation of database for assessment of taxes, submission of draft assessment list and case papers to Government Authority for verification and correction of mistakes.



Assisting municipal councils and corporation for providing Property case papers, primary tax assessment list, providing individual notices of taxes, 2% Spot inspection and correction of lists given during hearings, providing final assessment of lists.



Old data includes Name of Occupier of Property, declared renter and rent, Floor wise structural Gradation, year of construction, etc.

@ Numbering team shall include one ward Clerk (Ward Tax Inspector/ collector/ representative) as provided by the Government authority.

The government party provides the company with one experienced and concerning staff for all type of site work with every team. The company shall maintain its register of staff as provided by the Government Authority including the name of the staff provided by the Authority.

The Government authority issues notices (public or individual) and advertisement to all property owners and Layout owners for cooperating with the surveying team.

The distribution of work and taking signatures of receiver on the Tax notices or bill or any work like handling of the records and its updation is the responsibility of the Government Authority.

The company only provides the staff to the Government Authority to carry out the work entrusted on it as per the 12th Schedule to Article 243W of the Indian Constitution.

The work which is performed by the company is the primary responsibility of the Municipal Corporation and Municipal Council.

However Municipal Corporation and Municipal Council has the discretion to outsource such work to another agency.

Also, as per Section 66A of Chapter VI cover were duties and powers of the Municipal Authorities and Officers the Maharashtra Municipal Corporations Act-

When any duty has been imposed on, or any function has been assigned to, a Corporation and council under this Act or any other law for the time being in force, or a Corporation and council has been entrusted with the implementation of a scheme, by the State Government or any other authority,-

(i) the Corporation and council may, either discharge such duty or perform such function or implement such schemes by itself; or



(ii) subject to such directions as may be issued and the terms and conditions as may be determined by the State Government, cause it to be discharged, performed or implemented by any agency:

Provided that, the Corporation and council may also specify terms and conditions, not inconsistent with the terms and conditions determined by the State Government for such agency arrangements.]

1.5. To arrive at a decision as to whether the nature of services provided by the applicant falls under 12th Schedule of Article 243 W of the Indian Constitution, we iterate the following:-

Article 243W

Powers, authority and responsibilities of Municipalities, etc.

Subject to the provisions of this Constitution, the Legislature of a State may, by law, endow

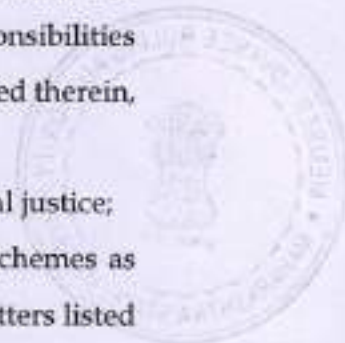
(a) the Municipalities with such powers and authority as may be necessary to enable them to function as institutions of self-government and such law may contain provisions for the devolution of powers and responsibilities upon Municipalities, subject to such conditions as may be specified therein, with respect to

- I. the preparation of plans for economic development and social justice;
- II. the performance of functions and the implementation of schemes as may be entrusted to them including those in relation to the matters listed in the Twelfth Schedule;

(b) the Committees with such powers and authority as may be necessary to enable them to carry out the responsibilities conferred upon them including those in relation to the matters listed in the Twelfth Schedule.

Now, the 12th Schedule of the Indian Constitution enumerates the following activities,

- a) Urban planning including town planning.
- b) Regulation of land-use and construction of buildings.
- c) Planning for economic and social development.
- d) Roads and bridges.



- e) Water supply for domestic, industrial and commercial purposes.
- f) Public health, sanitation conservancy and solid waste management.
- g) Fire services.
- h) Urban forestry protection of the environment and promotion of ecological aspects.
- i) Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.
- j) Slum improvement and up gradation.
- k) Urban poverty alleviation.
- l) Provision of urban amenities and facilities such as parks, gardens, playgrounds.
- m) Promotion of cultural, educational and aesthetic aspects.
- n) Burials and burial grounds; cremations, cremation grounds; and electric crematoriums.
- o) Cattle pounds; prevention of cruelty to animals.
- p) Vital statistics including registration of births and deaths.
- q) Public amenities including street lighting parking lots, bus stops and public conveniences.
- r) Regulation of slaughter houses and tanneries.



As per explanation to clause L6 of section 2 of Integrated Goods and Service Tax Act, 2017, the expression "governmental authority" means an authority or a board or any other body,- (i) set up by an Act of Parliament or a State Legislature; or (ii) established by any Government, with ninety per cent or more participation by way of equity or control, to carry out any function entrusted to a Panchayat under article 243G or to a municipality under article 243W of the Constitution.

The relevant extract of Sl. No. 3 of Notification No. 12/2017 Central Tax dated 28/06/2017:

Sr. No.	Tariff	Description of Services
1	Chapter 99	Pure services (excluding works contract service or other composite supplies involving supply of any goods)

		provided to the Central Government, State Government or Union territory or local authority or a Governmental authority [or a Government Entity] 1 by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution.
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The Company is engaged in the following activities of the Twelfth Schedule:

- a) Urban planning including town planning.
- b) Regulation of land-use and construction of buildings.

1.6. Following are the dictionary meanings of the above phrases: -

As per Encyclopaedia

The term urban planning refers to the attempt to control the character and location of housing, industry, and recreational developments according to a preconceived pattern or design. Such designs are thought necessary in the context of urban development because of the externalities or third-party effects associated with the close contiguity of urban life. In densely populated areas, for example, the location of major industrial developments close to the places in which people live may result in objectionable pollution. Urban planning is considered necessary to ensure the appropriate separation of different land uses in order to improve the quality of urban life.

As per Oxford Dictionary

The term urban planning refers to the planning and regulation of building, development, reconstruction, etc., in an urban area.

As per Oxford Dictionary

Town planning is the planning and design of all the new buildings, roads, and parks in a place in order to make them attractive and convenient for the people who live there.

As per Encyclopaedia

Land-use planning is the process of regulating the use of land in an effort to promote more desirable social and environmental outcomes as well as a more efficient use of resources. Goals of land-use planning may include



environmental conservation, restraint of urban sprawl, minimization of transport costs, prevention of land-use conflicts, and a reduction in exposure to pollutants.

In urban planning, land-use planning seeks to order and regulate land use in an efficient and ethical way, thus preventing land-use conflicts. Governments use land-use planning to manage the development of land within their jurisdictions. In doing so, the governmental unit can plan for the needs of the community while safeguarding natural resources. It is the systematic assessment of land and water potential, alternatives for land use, and economic and social conditions in order to select and adopt the best land-use options. Often one element of a comprehensive plan, a land-use plan provides a vision for the future possibilities of development in neighbourhoods, districts, cities, or any defined planning area.

1.7 For the purpose of Town Planning and Regulation of Land use in Maharashtra following acts have been made, inter alia: -

1. Maharashtra Regional and Town Planning Act, 1966
2. Bombay Town Planning Act, 1954

The main objectives as mentioned in the preamble of the Maharashtra Regional and Town Planning Act, 1966 are as follows:

- a. To make provision for planning the development and use of land in "regions" established for that purpose and for the constitution of Regional Planning Boards
- b. To make better provisions for the preparation of Development Plans with a view to ensuring that Town Planning Schemes are made in a proper manner and their execution is made effective;
- c. To provide for the creation of New Towns by means of Development Authorities;
- d. To make provisions for the compulsory acquisition of land required for public purposes in respect of the plans;
- e. And for purposes connected with the matters aforesaid.
- f. Use and development of land After coming into operation of any development plan or development scheme in an area, no person shall



use or permit any other person to use any land or carry out any development in that area.

g. Prohibition of development: According to the provision of this act no development or change of use of any land shall be undertaken or carried out in that area without obtaining permission in writing or a certificate from the planning and development authority certifying that the development charges as leviable. Under this Act has been paid or that no such developmental charge are leviable.

h. Permission of development

Any person or body intending to carry out any development on any land shall make an application in writing to the planning and development authority for permission. Authorities may grant permission or pass order either with some certain condition or without imposing any condition or they can refuse permission

1.9. Land Pooling Scheme:

The planning and development authority should prepare one or more land pooling scheme for any part of area within its jurisdiction for the purpose of implementing the proposals contained in the development plan. In a land pooling scheme, reconstituting the plots, the size and shape of every reconstituted plot to render it suitable for building purpose, and where a plot is already built upon to ensure that the building, as far as possible, comply with the provision of land pooling scheme as regard open spaces.

Land pooling scheme may contain proposal:

- To form a plot by reconstitution of an original plot by alteration of the boundaries of the original plot.
- To form a reconstituted final plot from an original plot by the transfer wholly or partly of the adjoining land.
- To allot a reconstituted final plot to any owner dispossessed of land in furtherance of the objective of land pooling scheme.

Furthermore, for Town Planning, following activities are of great importance: -

- Town/City Survey



- Regional Survey
- National Survey
- Civil Survey

The social survey involves the survey of the following: -

- Population (demographics, density, etc.)
- Housing/ Property (Classes, Rented/Owned, Material, height, etc.)
- Community facility (Education, health, etc.)

1.10 Moreover, as per clause 38 of section 66 of Maharashtra Municipal Corporation Act, "The Corporation and council may, in its discretion, provide from time to time, either wholly or partly, for all or only of the following matters, namely: - surveys of buildings or lands."

1.11. As iterated in the previous pages, the company conducts the property survey for the determination property taxes. The company collects all information such as Ownership details, Year of Construction of Property, measurements of the house, number of floors, rooms, water connection, toilets, all KYC related information, etc. All such data is given to the Town Planning Authority for verification and correction.



1.12 While performing such activity, there are instances when illegal and unauthorized construction of building, residential property is identified. These data relating to these matters are then submitted by the company to Municipal Corporation and council who are then empowered to take legal action against such issues by consulting to planning and development commission.

Also, one of the objectives of The Maharashtra Regulation and Town Planning Act, 1966 is Prohibition of development without obtaining permission from planning and development authority.

The circular relating to the legal actions to be taken by Municipal Corporation and council and Town Planning Commission is attached with other documents.

1.13 The company has relied upon the Advance Ruling judgment in case of M/s Sewerage & Infrastructural Development Corporation of Goa Ltd., Ref-

GOA/GAAR/10 of 2018- 19/1,737, inter alia wherein the applicant was engaged in the activity of project planning, project management, survey, studies and investigations related to sewerage projects in the state of Goa. Since the above activity was listed in the 12th Schedule to Article 243W of the Indian Constitution, the same was held exempted as per Sl. No. 3 of the Notification No. 12/2017- Central Tax (Rate) dated 28th June 2017.

1.14 Further, there were another Advance Ruling judgment in case of CORE PROJECT ENGINEERS & CONSULTANTS PRIVATE LIMITED Ref- ST-ARA-32 /2019-20/B-35, Mumbai, dated 17.03.2020, inter alia wherein the applicant was engaged in the activity of town planning, Urban planning. Since the above activity was listed in the 12th Schedule to Article 243W of the Indian Constitution, the same was held exempted as per Sl. No. 3 of the Notification No. 12/2017- Central Tax (Rate) dated 28th June 2017.

1.15 From all the above, it becomes evident that if any pure Services are provided to a Government Authority by way of any activity in relation to any function entrusted to a Panchayat or Municipality under Article 243G or Article 243W of the constitution of India, then the same shall be exempted vide Sl. No. 3 of the Notification No. 12/2017 Central Tax (Rate) dated 28th June 2017.

02 STATEMENT CONTAINING APPLICANT'S INTERPRETATION OF LAW

The applicant provides services to the Municipal council and municipality which are the local government body, and in the supply of above mentioned services only labours involved and the above-mentioned services are fall under the activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution, and the above mentioned activities fall under the 12th Schedule of the Indian Constitution.

2.1 Applicant files additional submission dated 10.03.2025

The applicant files additional representation to reinforce application for a Goods and Services Tax (GST) exemption on the property survey and tax assessment services provide to Municipal Corporations. This submission aims to elucidate the legal foundations of our claim, reference pertinent



rulings, and present supporting documents that substantiate our entitlement to the exemption.

2.1.1 Legal Framework Supporting GST Exemption

A. Constitutional Mandate: Article 243W and the Twelfth Schedule
Article 243W of the Constitution of India entrusts Municipalities with specific responsibilities, including:

- Urban planning, including town planning.
- Regulation of land use and construction of buildings.
- Planning for economic and social development.
- Assessment and collection of property taxes.

Our Services, encompassing property surveys and tax assessments, are integral to these constitutionally assigned functions, thereby aligning with the municipal duties outlined in Article 243W.

B. Statutory Obligations Under State Legislation-

The Maharashtra Municipal Corporation Act, 1949, under Section 99, mandates Municipal Corporations to levy property taxes. Specifically, Clause 2(49) (a) enumerates "tax on buildings or lands" as a compulsory levy. Furthermore, Chapter VIII, Rule 20 delineates the procedures for property assessment, underscoring the necessity of comprehensive property surveys to ensure accurate tax imposition.

C. GST Exemption Notification: No. 12/2017-Central Tax (Rate), Dated 28th June 2017, Entry 3.

The aforementioned notification provides GST exemption for "Pure services (excluding works contract service or other composite supplies involving 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 in relation to any function entrusted to a Municipality under article 243W of the Constitution."

Given that our services are pure services directly related to functions entrusted to Municipalities under Article 243W, they qualify for this exemption.

2.1.2 Supporting Opinions and Assurances

A. Chartered Accountant's Opinion Commissioned by Pimpri Chinchwad Municipal Corporation (PCMC).

The PCMC sought an expert opinion from M/s. Chingale & Associates, Chartered Accountants, regarding the applicability of GST on property survey and tax assessment services. The opinion concluded that such services are exempt from GST, as they are essential to the mandatory functions of Municipal Corporations under Article 243W and fall within the purview of Notification No. 12/2017-Central Tax (Rate).

B. Official Communication from PCMC

In alignment with the aforementioned opinion, the Honorable Commissioner of PCMC issued a letter affirming that GST is not applicable to property survey and tax assessment services. The letter further assures that, should any ambiguity or future interpretation deem GST applicable, the PCMC will assume responsibility for the tax liability. This assurance underscores the municipal corporation's recognition of these services as integral to their statutory obligations.

2.1.3 Relevant Advance Ruling:

Maharashtra AAR: Nanded Waghala City Municipal Corporation

The Maharashtra AAR ruled that services provided by a Municipal Corporation, which are in relation to functions entrusted under Article 243W, are exempt from GST. This includes services like property tax assessments and urban planning.



2.1.4 Conclusion and Prayer

In light of the constitutional provisions, statutory mandates, authoritative opinions, and corroborative advance rulings, it is evident that our services of property survey and tax assessment are quintessential to the functions entrusted to Municipalities under Article 243W. Therefore, they qualify as pure services eligible for GST exemption under Notification No. 12/2017-Central Tax (Rate).

We respectfully request the Honorable Authority to:

Acknowledge and confirm the applicability of GST exemption to the services provided by Sthapatya Consultants Private Limited to Municipal Corporations. Issue a ruling affirming that our services are exempt from GST under the relevant provisions.

2.2 Applicant files additional submission dated 13.03.2025

Applicant submitted additional representation to provide factual clarifications regarding the nature of our services and to address the observations raised by the Hon'ble GST Officers during the final ruling hearing. We do not intend to engage in direct counterarguments but rather wish to clarify and substantiate our compliance with the GST exemption provisions applicable to municipal functions under:

- Article 243W of the Constitution of India
- Notification No. 12/2017-Central Tax (Rate), Entry 3
- Relevant judicial precedents

2.2.1 Nature of Services Provided – Compliance with Exemption Criteria Our engagement with municipal corporations and councils strictly pertains to:

- Property survey and tax assessment as per municipal governance mandates.
- Professional consultancy services supporting municipal bodies in fulfilling their statutory obligations under:
 - o The Maharashtra Municipal Corporation Act
 - o The Maharashtra Municipal Council Act



- No transfer of goods or materials - The contract does not involve the supply of any equipment, software, or tangible goods.

These services fall within the scope of 'Pure Services', rendering them eligible for GST exemption under Notification No. 12/2017-Central Tax (Rate), Entry 3, which specifically exempts services provided to local authorities for functions listed under Article 243W.

2.2.2 Judicial Precedents Supporting GST Exemption

Several Advance Ruling Authorities (AAR) and courts have upheld the GST exemption for similar engagements where services are provided to local bodies without any supply of goods.

A. Advance Rulings Supporting GST Exemption

Case	Order No.	Author ity	Date	Summary
Core Project Engineers & Consultants Pvt. Ltd.	ARA/32/2019-20/B-35	Maharashtra AAR	17/03/2020	Mapping services for Municipal Corporations exempt from GST as they fall under urban planning and land-use regulation functions of Article 243W.
Egis India Consulting Engineers Pvt. Ltd.	Feb-18	Madhya Pradesh AAR	22/06/2018	Consultancy services for AMRUT & PMAY qualify as Pure Services and are GS-exempt under Article 243W.
Vimos Technocrats Pvt. Ltd.	KAR ADRG 52/2020	Karnataka AAR	09/10/2020	Consultancy services to municipal bodies qualify as Pure Services and are exempt from GST under Article 243W.
Consulting Engineers Group Ltd.	RAJ/AA R/2018-19/05	Rajasthan AAR	27/06/2018	Project management consultancy services for municipal water supply projects are GST-exempt under Article 243W.





Maharashtra Ex-Servicemen Corporation Ltd. (MESCO Ltd.)	GST-ARA/01/2017/B-01	Maharashtra AAR	17/12/2018	Security services provided to municipal bodies qualify as Pure Services and are exempt from GST.
National Security Services	GST-ARA-03/2018/B-06	Maharashtra AAR	16/06/2018	Security services to municipal corporations qualify as Pure Services and are GST-exempt.
Srinivas Waste Management Services Pvt. Ltd.	KAR ADRG 15/2020	Karnataka AAR	23/03/2020	Waste management services provided to municipal corporations fall under Article 243W and are GST-exempt.
Ernst & Young LLP	GST-ARA-09/2018-19/B-63	Maharashtra AAR	08/08/2018	Consultancy services assisting government authorities in statutory functions qualify for GST exemption.

B. High Court and Supreme Court Case References

Case	Court	Date	Summary
Nepura Resource Management Pvt. Ltd. vs. Union of India	Gujarat High Court	24th April 2024	Court upheld GST exemption for pure services to municipal bodies under Notification No. 12/2017 and Article 243W.
Commissioner, Customs vs.	Supreme Court of India	13th October 2023	SC emphasized exemption of services to government

Shapoorji Pallonji & Co. Pvt. Ltd.			bodies based on their function under Article 243W.
BSES Rajdhani Power Ltd. & Anr. vs. North Delhi Municipal Corporation	Delhi High Court	5th August 2023	GST not applicable on pure services fulfilling municipal obligations under Article 243W.

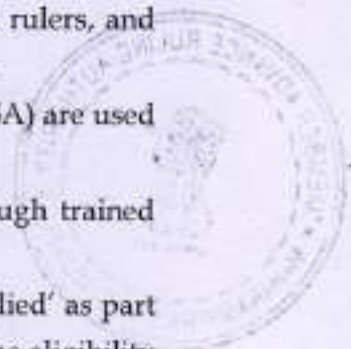
2.2.3 Clarification on Misinterpretation of 'Technical Instrumentation' During the hearing, the department assumed that our work involves technical and highly specialized instruments, leading to a misinterpretation of the nature of our services.

We clarify that:

- No high-end technical equipment (Total Stations, LiDAR, Drones, GIS mapping tools, etc.) is provided under the contract.
- Only basic conventional tools such as measuring tapes, rulers, and surveyor scales are used for on-ground tax assessment.
- Aerial images from government agencies (MRSAC/NRSA) are used only as reference data to cross-verify survey findings.
- The actual tax assessment is conducted manually through trained professionals per municipal laws.
- The assertion that technical instruments are being 'supplied' as part of our service is factually incorrect and does not affect the eligibility for GST exemption.
- Because used of those tools was for preparation of the data, we had not supplied those to the municipalities, corporation.

2.2.4 Compliance with Municipal Corporation & Council Acts

- Chapter 11 of the Maharashtra Municipal Corporation Act - Property survey and taxation are statutory municipal functions.
- Section 49(2)(V) of the Maharashtra Municipal Council Act - Property tax assessment is an essential function of municipal governance.



- Our role is only to assist municipal corporations and councils in fulfilling these obligations due to their internal manpower limitations.
- We do not undertake independent work or transfer ownership of any assets, equipment, or goods to the corporation.

2.2.5 No Element of Goods or Materials - Meeting Conditions of Circular 12/2017 Circular 12/2017 (CBIC) explicitly states that Pure Services are GST-exempt if:

- Provided to municipal authorities for functions under Article 243W.
- There is no supply of goods, materials, or software along with the services.
- We fully comply with both conditions, as our contract is exclusively for survey-based consultancy services with no supply of goods, technology, or assets.

2.2.6 Prayer to the Hon'ble Authority Considering the above:

- Our services qualify as GST-exempt Pure Services under Article 243W & Notification No. 12/2017.
- The department's presumption regarding technical equipment is incorrect.
- Judicial precedents confirm GST exemption for similar services.



CONTENTION - AS PER THE CONCERNED OFFICER:

3.1 The RTP is having employees of trained and skilled nature for providing specified services to Local Self Government institutes like Municipal Corporation Institute under Maharashtra Municipal Corporation Act 1965, for various cities as well as Municipal Councils and Nagar Parishad Incorporated Municipal Councils, Nagar Panchayat and Industrial Townships Act, 1965. The work has been allotted by these Government institutes mainly for the following reasons.

3.2 To provide services from this supplier tax payer with skilled and qualified manpower with modern instruments and latest technology to achieve high quality of outcome of the job, this being the requirement of services for this specified time and period and specific objects only. Hence it is not feasible to employ manpower of such quality and qualifications on regular basis for

providing employment through employment agencies like State Public Service Commission, it would be regular burden on this institutes.

3.3 It is not feasible and required to procure high quality instruments of latest technology which are to be used for specified period only. It has high burden of costs which may not be recurrently used.

3.4 For this purpose Local Self Government Institute has floated tender for requirements of skilled manpower services with latest instruments. Tax payer has a view that the mandatory services which Self Local Government Institutes has to provide under the obligation of Constitution to the its citizens or to the people staying in there vicinities and the services like providing Clean water supply, Electrification of street Light, Sewage of Drainage, Primary Education facilities, Primary or Secondary Health services etc. are normally covered under the duties and responsibilities of this Local Self Government to provide to the people as per the Constitution obligation written down under the article 243 G and 243 W of Constitution of India.

5 For the reimbursement of costs against providing these services if any amount is chargeable to the users. i.e. people staying in vicinities of these institute shall be amount of receipt not covered under the term supply under GST ACT, 2017. Hence exempted from Tax in view of article 243 G and 243 W of Constitution of India.

3.6 But in case of taxpayer M/s. Sthapatya Consultants (India) P.L., Inward supply of services required to Municipal Corporation, Municipal Councils and Nagar Panchayat are actually services of manpower with specified skill as per requirement and with latest Technology and modern Instruments. Remuneration is paid by the Municipal Corporation, Municipal Councils and Nagar Panchayat from their local fund to these services required to be provided. Whereas receipt of amount as reimbursement of costs against mandatory services as per Article 243 G and 243 W is missing here.



3.7 Disclosing or writing name of the services required taking into view, Provision of Article 243 G and 243 W does not change the colour of transaction and hence interpretation put forth by RTP is nothing but the encroachment of wrong interpretation for the purpose of avoiding Tax liabilities. These are services like any other services provided to Municipal Corporation, Municipal Councils and Nagar Panchayat as supplier of other Manpower services, supply of civil constructions of road, buildings, road cleaning services, security services and providing services.

Therefore, the supply of services by RTP to Nagar Panchayat, Municipal Councils and Municipal Corporations are not exempted from Tax under COST Act, 2017 vide Notification 12/2017, liable to Tax @ CGST 9% and SGST 9%.

04. HEARING

Preliminary hearing in the matter was held on 27.11.2024. Ms. Surbhi Sahu, C.A., appeared and requested for admission of the application. Jurisdictional Officer Mr. Pravin E. Ninave, Deputy Commissioner of SGST also appeared.

The application was admitted and called for final hearing on 13.03.2025. Ms. Surbhi Sahu C.A., Authorized Representative, appeared made oral and written submissions. Jurisdictional Officer Mr. Nilesh Kshirsagar Assistant Commissioner of SGST Appeared. We heard both the sides.

05. OBSERVATIONS AND FINDINGS:

We have gone through the facts of the case, documents on record and submissions made by both, the applicant as well as the jurisdictional officer.

5.1 Sthapatya Consultants (India) Private Limited was incorporated under Companies Act, 1956 as a Private Limited Company. Applicant has submitted Agreement of Contract along with work order of following Municipal Councils-

1. Chalisgaon Municipal Council.
2. Akhuj Municipal Council.
3. Pandharpur Municipal Council.
4. Wai Municipal Council.

5.2 Relevant part of these agreements is reproduced below in order to understand intent and nature of the work assigned to the applicant by these municipal councils.

Whereas the First Party had invited tenders for the work of assisting Municipal Council for Door to door Numbering, Property Survey, Preparing Computerized proportionate plans, photos, required information of the properties for assessment of property tax and other allied taxes, and computerization of the work, as per tender scope of work etc. and as the tender of the Second Party's being qualified and Negotiated offer, and tender of the Second Party being accepted by the Tax Inspector and administrative standing committee as per sanction Subject No.164 and date 09/06/2022. It has been agreed between the parties that the First Party appoints second Party for assisting Municipal Council for the above mention work. All the process of assessment under the act and methodology shall be fixed and governed by First Party. Second Party shall work under the supervision and control of First Party for all works.

1. General Terms.

B. Methodology of survey and tax assessment- The contract shall involve the data collection on site by dual value method as capital value and rateable value method. However, the second party shall computerized and prepare the database and provide services only for anyone method of property tax assessment which ever first party shall adopt.

- Scope of Work and Steps for performance of the contract and Assuring Quality and Correctness of the works and Payment terms-

5) Procurement of Drone/NRSA satellite image, demarcation of various boundaries on site, superimposing revenue boundaries, Providing services for assisting Municipal Council for dual method based (Ratable and Capital value method) Property survey (lands & buildings) Providing services for Computerization of Numbering, survey and old record data as per CMC, Providing services for preparation of database as per methodology, tax assessment rules and regulations and providing primary Property tax Assessment data to CMC, Providing services for Implementation of Property tax Assessment, hearings and assisting for preparation of final assessment lists and its process. (Emphasis supplied)



5.3 Further, part of the work order issued by Akhuj Municipal Council, District Solapur dated 28.02.2012 is reproduced as below to understand the nature of work undertaken by the applicant.

“उपरोक्त संदर्भाकित विषयास अनुसरून आपणास कळविण्यात येते की, अकलूज नगरपरिषद हद्दीतील संपूर्ण मालमतांचे (जमिनी व इमारती) नगरपरिषद विदेशीत कर आकारणी वार्ड रचनेप्रमाणे नंबरींग करणे, स्वच्छ सर्वेक्षण करून करयोग्यमुल्य पद्धतीने आकारणी करणेकरिता आवश्यक माहिती संकलीत करणेकरिता नगरपरिषदेस सहकार्य करणे, मालमतांचे संगणकीकृत नकाशे काढणे, डिजिटल कलर फोटो काढून संगणक प्रणालीस जोडणे, करमुल्यांकन झोन नकाशा तयार करणे, संपूर्ण कामाचे संगणकीकरण करून संपूर्ण मालमतांचे करयोग्यमुल्य पद्धतीने संगणकीकृत मुल्यांकन करणे करिता नगरपरिषदेस सहकार्य करणे, मालमता विहाय प्रकरणे व प्रारूप अंतिम करमुल्य निर्धारण यादी प्रिंट करणे, तसेच करमुल्यांकनाचे संगणकीकरण व ऑनलाईन मालमता कर वसुली करणे तसेच स्वच्छ वसुली करणे करिता ॲन्ड्रॉईड मोबाईल आज्ञावली पुरविणे”

5.4 On analysis of the agreement and the work orders given to the applicant, it is seen that the work is mainly for assisting and facilitation of property tax assessment. For this, the applicant undertakes property survey, numbering of properties, measurement and data collection digitalization of data etc. As per the agreements with various Municipal Councils, activities being undertaken by the company are assisting Municipal Councils for door to door Numbering, Property Survey, Preparing Computerized proportionate plans, photos, required information of the properties for assessment of property tax and other allied taxes.

5.5 Applicant's main query is whether in view of the submissions made, the services supplied by them would be covered under Clause 1 & 2 of Twelfth Schedule of Article 243W? and thus exempt under Entry No. 3 of Notification no. 12/2017-Central Tax (Rate) dated 28.06.2018.

a. Entry at Serial No. 3 of the Notification No. 12/2017-Central Tax (Rate) is reproduced as under:-

No.	Chapter section heading Group or Service Code (Tariff)	Description of Services	Rate (Per Cent)	Condition
1.	Chapter 99	Pure services (excluding works contract service or other composite supplies involving supply of any goods) provided to the Central Government, State	NIL	NIL

		Government or Union territory or local authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution.		
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Thus, for any services to be exempt from GST under sl. no. 3 above, the said services must satisfy the following conditions: -

1. It must be a pure service, e.g. It must not be a works contract service or other composite supply of services involving transfer of goods,
2. It must be provided to Central Government, State Government or Union territory or Local Authority,
3. It must be an activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution.

Now, given the facts of the instant case, as per the work orders issued by the various municipal corporations, the instant supply to the various municipal corporations are nothing but supply of service. Further, the said supply of service involves no supply of goods. Therefore the supply may be regarded as pure service. Accordingly, from the above discussion, it is clear that the supply of service by the applicant to the Municipal Councils satisfies first condition mentioned above.

Coming to the second condition i.e., whether the supply of service is provided to Central Government, State Government or Union territory or local authority. As per the submission, applicant has made agreements with various Municipal Councils to provide services. All the Municipal Councils are working as a Local Authority and functioning under the Maharashtra Municipal Corporation Act and the Maharashtra Municipal Councils, Nagar Panchayat and Industrial Township Act, 1965. It is clear that condition of providing services to Local Authority also gets satisfied.

The last condition is that the services provided should be in relation to any function entrusted to a Panchayat under Article 243G of the Constitution or in relation to any function entrusted to a Municipality under Article 243W of the Constitution. The applicant has contended that the services provides to the Municipal Councils in relation to the activities falling under 12th Schedule of Article 243W of the Indian Constitution. The said provisions are as under:



The functions entrusted to a municipality under Article 243W are as under:-

243W. Powers, authority and responsibilities of Municipalities, etc.

Subject to the provisions of this Constitution, the Legislature of a State may, by law, endow

(a) the Municipalities with such powers and authority as may be necessary to enable them to function as institutions of self-government and such law may contain provisions for the devolution of powers and responsibilities upon Municipalities, subject to such conditions as may be specified therein, with respect to

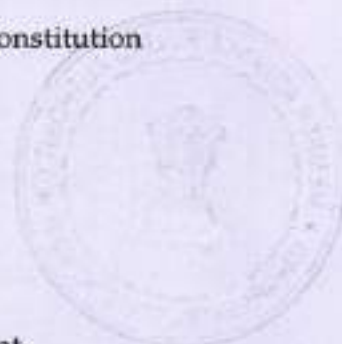
(1) the preparation of plans for economic development and social justice;

(ii) the performance of functions and the implementation of schemes as may be entrusted to them including those in relation to the matters listed in the Twelfth Schedule,

(b) the Committees with such powers and authority as may be necessary to enable them to carry out the responsibilities conferred upon them including those in relation to the matters listed in the Twelfth Schedule.

We further find that the Twelfth Schedule (Article 243W of the Constitution (Seventy-Fourth Amendment) Act, 1992) reads as under:

1. Urban planning including town planning.
2. Planning of land- use and construction of buildings.
3. Planning for economic and social development.
4. Roads and bridges.
5. Water supply for domestic, industrial and commercial purposes.
6. Public health, sanitation conservancy and solid waste management.
7. Fire services.
8. Urban forestry, protection of the environment and promotion of ecological aspects.
9. Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.
10. Slum improvement and up gradation.
11. Urban poverty alleviation.
12. Provision of urban amenities and facilities such as parks, gardens, playgrounds.
13. Promotion of cultural, educational and aesthetic aspects.
14. Burials and burial grounds, cremations, cremation grounds and electric crematoriums.
15. Cattle pounds; prevention of cruelty to animals.
16. Vital statistics including registration of births and deaths.



17. Public amenities including street lighting, parking lots, bus stops and public conveniences

18. Regulation of slaughter houses and tanneries.

It is thus imperative to examine the nature of the work being undertaken by the applicant in order to determine whether the supply made by the applicant is in relation to any of the functions as enumerated above.

5.6 Applicant contends that the services provided are related to following two aspects mentioned in Article 243W of the constitution.

1. Urban planning including town planning.

2. Planning of land use and construction of buildings.

It is seen that as discussed in para 5.2 to 5.4, the work undertaken by the applicant is in relation to assessment of property tax by the municipal councils. The intent of entire work is to facilitate assessment and collection of property tax. The Maharashtra Municipal Act, 1949 u/s. 99, mandates Municipal Corporations to levy property taxes. Specifically, clause 2 (49) (a) enumerates "tax on building or lands" as a compulsory levy. The applicant submits that Chapter VII, Rule 20 delineates the procedure for property assessment, underscoring the necessity of comprehensive property survey to ensure accurate tax imposition. The applicant has provided services for meeting this end. The function of levy of property tax may be mandatory and necessary for the functioning of the Municipal Councils. However, it is not listed as one of the functions in the twelfth Schedule of Article 243W of the Constitution. All the services provided by the applicant are for facilitation of levy of property tax using the appropriate technology and process. It is in no way related to urban planning including town planning or planning of land use and construction of building. Even some of the agreements with the applicants have been signed by the tax Inspector of the Municipal Councils. The terms of the agreement and the work order indicate that the scope of work and intent of procurement of services is for facilitation and assessment of property tax by the Municipal Councils. The said function does not fall under Article 243G or 243W of the Constitution

5.7 We find that the services supplied by the applicant are pure services provided to the local authority but not by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution. Hence the provisions as per Sl. No. 3 of the Notification No. 12/2017 - Central Tax (Rate) dated 28/06/2017 as amended do not apply to the services provided by the applicant.

- 5.8 Further, applicant in his submission relied on various Advance Rulings and High Court and Supreme Court judgments but the facts of those cases are clearly different from this case and the reliance placed on these judgments is misplaced.
- 5.9 In view of above, we have no doubt that the applicant is providing pure services (without the supply of goods), to the various Municipal Councils. We find that the said services are not in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution. Hence we find that the applicant is not entitled to the benefit of Notification No. 12/2017-CT (Rate) Dated 28/06/2017 as amended from time to time.

06. In view of the extensive deliberations as held hereinabove, we pass an order as follows:

ORDER

(Under Section 98 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017)

For reasons as discussed in the body of the order, the question is answered thus -

NO.GST-ARA- 92/2022-23/B- 210 Mumbai, dt. 29.04.2025

Question 1: Whether the services provided by the applicant are covered under Clause 1 & 2 of twelfth Schedule of Article 243W?

Answer: - Answered in the negative.

Question 2: Whether the Services provided by the applicant fall under the Exemption Notification NO. 12/2017 dated 28th June, 2017 (Entry No. 3 of Exemption Notification) as amended from time to time as the services are in the nature of pure labour services.

Answer: - Answered in the negative.



PRIYA JADHAV
(MEMBER)

Copy to: -

1. The applicant
2. The concerned Central / State officer
3. The Commissioner of State Tax, Maharashtra State, Mumbai
4. The Pr. Chief Commissioner of Central Tax, Churchgate, Mumbai
5. The Joint commissioner of State Tax, Mahavikas for Website.

Note: -An Appeal against this advance ruling order shall be made before The Maharashtra Appellate Authority for Advance Ruling for Goods and Services Tax, 15th floor, Air India Building, Nariman Point, Mumbai - 400021. Online facility is available on gst.gov.in for online appeal application against order passed by Advance Ruling Authority.

