

AUTHORITY FOR ADVANCE RULING, TAMILNADU
INTEGRATED COMMERCIAL TAXES OFFICE COMPLEX, DOOR NO.32,
5TH FLOOR, ROOM NO. 503, ELEPHANT GATE BRIDGE ROAD,
CHENNAI – 600 003.
PROCEEDINGS OF THE AUTHORITY FOR ADVANCE RULING U/s.98 OF THE
GOODS AND SERVICES TAX ACT, 2017.

Members present are:

1. Shri T.G.Venkatesh, I.R.S., Additional Commissioner/Member,
Office of the Principal Chief Commissioner of GST & Central Excise, Chennai -34
2. Tmt K.Latha., M.Sc., (Agri), Joint Commissioner (ST)/ Member,
Office of the Authority for Advance Ruling, Tamil Nadu, Chennai-3.

ORDER No. 06 /AAR/2022 DATED: 28.02.2022

GSTIN Number, if any / User id		33AAZCS2065D1Z7
Legal Name of Applicant		SPACELANCE OFFICE SOLUTIONS PRIVATE LIMITED
Registered Address/Address provided while obtaining user id		715 A, Spencer Plaza, 7 th floor, Anna Salai, Chennai-600002
Details of Application		GST ARA- 01 Application Sl. No. 42/2021/ARA dated: 02.12.2021
Concerned Officer		Centre: Chennai North Commissionerate State: Annasalai Assessment circle
Nature of activity(s) (proposed / present) in respect of which advance ruling sought		
A	Category	Office/sale office
B	Description (in Brief)	The applicant is in the business of sub-leasing of office spaces to start-up companies in their initial time of business to have a place to work and get the registrations done without much investment.

Issue/s on which advance ruling required	Whether applicant is required to be registered under the Act
Question(s) on which advance ruling is required	1. Can GST registrations be allowed for multiple companies from same address, provided they follow all GST rules related to "Principle Place of Business"?

Note: Any appeal against the Advance Ruling order shall be filed before the Tamil Nadu State Appellate Authority for Advance Ruling, Chennai under Sub-section (1) of Section 100 of CGST ACT/TNGST Act 2017 within 30 days from the date on which the ruling sought to be appealed against is communicated.

At the outset, we would like to make it clear that the provisions of both the Central Goods and Service Tax Act and the Tamil Nadu Goods and Service Tax Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the Central Goods and Service Tax Act would also mean a reference to the same provisions under the Tamil Nadu Goods and Service Tax Act.

SPACELANCE OFFICE SOLUTIONS PRIVATE LIMITED, 715 A, Spencer Plaza, 7th floor, Anna Salai, Chennai-600002 (hereinafter called the Applicant) are registered under GST with GSTIN 33AAZCS2065D1Z7. The applicant has sought Advance Ruling on the following question:

Can GST registrations be allowed for multiple companies from same address, provided they follow all GST rules related to "Principle Place of Business"?

The Applicant has submitted the copy of application in Form GST ARA - 01 and also submitted a copy of Challan evidencing payment of application fees of Rs.5,000/- each under sub-rule (1) of Rule 104 of CGST rules 2017 and SGST Rules 2017.

2.1 The applicant has stated that they are involved in the business of sub-leasing of office spaces (also known as "co-working spaces") to start-up companies in their initial time of business to have a place to work and get the registrations done without much investment. They have a Lease agreement with the landlord which

permit them to do sub-leasing. They have also obtained NOC from the landlord for registering GST for their customers. They provide dedicated landline number, Fax number, high speed internet, Air-conditioning, housekeeping, pantry with drinking water, power back-up, receptionist support, letter and postage handling and meeting rooms to companies registered there. The Applicant's customers are into Service category where no stock is to be maintained. Their model of co-working solution also offers the customers, space to work, working from a separate and identifiable office within the main office. These companies are maintaining their financial records in electronic form which are very well accessible from the co-working space at all the time. The applicant has stated that leasing and maintaining full-fledged independent offices in big cities like Chennai are unaffordable and unfeasible to most of the start-up companies due to the high rental and related charges for amenities. Also in current pandemic situation, no one is doing good business to pay for rent, staff etc. Due to this reason, many start-up prefer co-working solution. The applicant has stated that many of these businesses would not have survived, hadn't they adopted this kind of cost control and cost reduction measures. The applicant has submitted that they have already got the advanced ruling in Kerala for the same question and they have furnished a copy of that order.

2.3 On interpretation of law the applicant has referred to Rule 18 of the CGST Rules viz., Display of registration certificate and Goods and Service Tax identification Number on the name board. They have stated that they comply with the said rule as the registered companies will keep the GST Certificate in the shared space as soon as it is received and they will display the name board with GST number in the prescribed format at the shared office lobby. The applicant has also referred to the provisions of Section 35 of the CGST Act 2017 which are as follows:-

Sec 35: Every registered person shall keep and maintain, at his principal place of business, as mentioned in the certificate of registration, a true and correct account of—

- (a) production or manufacture of goods;*
- (b) inward and outward supply of goods or services or both;*
- (c) stock of goods;*
- (d) input tax credit availed;*

(e) output tax payable and paid; and

(f) such other particulars as may be prescribed:

They have stated that they would comply with the provisions of Section 35 of the CGST Act. Their customers are service based companies, hence, points a & c of the Sec 35 are not applicable to them. They have stated that the registered companies will do necessary steps to make points b,d,e of the above section available in physical and or electronic form in their office.

3.1 Due to the prevailing PANDEMIC situation and in order not to delay the proceedings, the applicant was addressed through the Email Address mentioned in the application to seek their willingness to participate in a virtual Personal Hearing in Digital media. The applicant consented and the hearing was held on 19.01.2022. The Authorised Representative Mr. Bobby Thomas, Director appeared for the hearing virtually and reiterated the submissions. The Member asked in what capacity the applicant is seeking the ruling on behalf of his service recipient. The AR replied that his clients are facing issues on registration as the principal place of business accommodates multiple units requiring separate registrations and as a space provider it affects their business. The applicant was asked to furnish agreement entered with clients; write up on the service provided to the clients; bills/invoices raised

3.2 The applicant vide their letter dated 24.01.2022 submitted the following documents:

- Copy of agreement between building owner and the applicant with sublet permission
- Copy of lease agreements between the applicant and customers
- Copy of invoice given to customer
- Copy of Kerala AAR order

3.3 The applicant was given another opportunity to be heard virtually on 25.02.2022. The Authorised representative (AR), Shri.Bobby Thomas appeared for the hearing virtually. The AR was asked to explain in what capacity they seek the ruling. He stated that they issue NOC to their customers and they want to know whether their customers are eligible for GST registration based on the NOC issued by them, i.e., Multiple registration in the same building. They were asked whether the ruling is sought on behalf of their customers and the representative replied in

affirmative. The AR stated that he has furnished the copies of the deeds and AAR ruling of Kerala and there is nothing more to be submitted.

4.1 The Centre Jurisdictional authority who has administrative control over the applicant has submitted that as on date there are no pending proceedings on the issue raised by the applicant. They have also furnished the following comments:

- The applicant has mentioned that they are involved in the business of sub-leasing of office spaces. However, during the course of premises verification (PV) of new registrations, it is noticed that the applicant company are issuing rental agreements and not sub-lease agreement to their customers/lessees with NOC to use the said premises without even mentioning the details of original lease agreement.
- The above rental agreements are being used by such lessees for obtaining new registrations with GST department and from ROC (Registrar of companies).
- The applicant has also mentioned that their model of co-working solutions offers their customers to work from a separate and identifiable office within the same space. However, on verification, it is found that the total area of the premises of the applicant is 1055 Sq. Ft. only as per the original lease agreement issued by its owner Mrs. Rajshree Choudhary, whereas the applicant have issued rental agreements to more than 100 customers giving them permission to use the said premises without even mentioning the specific suite/ desk number to its customers.
- There is no specific desk number/ suit numbers mentioned in the Rental agreement to identify any particular taxpayer/company (to whom such rental agreements are issued) for any necessary verification. Hence at the time PV of new registration, it is very difficult to find such particular company. It is further submitted that most of the time, customers (applying for new GST registrations) have informed this office that they obtained rental agreement from M/s Spacelance Office Solutions Pvt Ltd for the sake of getting GST registration only without any particular work space such as table/chairs. Hence the contention of the applicant that they provide separate and identifiable space to its customers is misleading and incorrect. 5. It has also been noticed that No separate board bearing GST number of the taxpayers are displayed in the given premises for all those getting registration in the

said premises. Rather they have displayed a board in the entrance of the said premises with some names and not all the names.

- Moreover, the practice being followed by the applicant which is being requested to be continued in the application for Advance Ruling violates section 35 of the CGST Act, 2017 and Rule 18 of the CGST Rules, 2017. If allowed to continue, such registrations will pave way for fake firms and companies getting GST registrations, issuing fake invoices passing on huge ineligible credit and vanishing from the scene before their illegal activities are brought to book.
- In view of the above, it is submitted that issuing rental agreement for 1055 sq.ft premises to more than 100s of other customers does not seem to be legally correct for obtaining GST registration.

There are no pending proceedings on the issue raised by the applicant in their Advance Ruling application.

5. The state jurisdictional authority has stated that there are no pending proceedings on the issue raised by the applicant in their Advance Ruling application.

6. We have carefully examined the statement of facts, supporting documents filed by the Applicant along with application, submissions made at the time of Virtual hearing and the comments of the Jurisdictional Authorities. The applicant has stated that they are in the business of sub-leasing office spaces to start-up companies. The applicant has entered in to a lease agreement with the landlord which permits them to sub-lease the premises. The applicant has executed a sub-lease agreement with the customers allowing them to use the space allotted to them. The applicant provides the work space and also renders allied services such as dedicated landline number, Fax number, high speed internet, Air-conditioning, housekeeping, pantry with drinking water, power back-up, receptionist support, letter and postage handling and meeting rooms to companies registered there. They have stated that their clients viz., offices operating in the shared space are facing issues in obtaining GST registration as the principal place of business accommodates multiple units requiring separate registrations. Further they have stated that they issue NOC to their customers and they want to know whether their customers are eligible for GST registration based on the NOC issued by them, i.e., Multiple registration in

the same building. The applicant has sought Advance Ruling on the following question:

Can GST registrations be allowed for multiple companies from same address, provided they follow all GST rules related to "Principal Place of Business"?

7. Section 95 (a) of CGST and TNGST Act defines 'advance ruling' as

*Section 95: In this Chapter, unless the context otherwise requires,-
(a) "advance ruling" means a decision provided by the Authority or the Appellate Authority to an applicant on matters or on questions specified in sub-section (2) of Section 97 or sub-section (1) of Section 100, in relation to the supply of goods or services or both being undertaken or proposed to be undertaken by the applicant.*

From the above, it is evident that an applicant can seek an Advance Ruling only in relation to supply of goods or services or both undertaken or proposed to be undertaken by them. In the case at hand, entities sharing the work space are to be registered under GST Act and they have to furnish details of principal place of business along with documentary proof for the same. Hence the activity of registration is undertaken or proposed to be undertaken by the entities sharing the space and not the applicant, who lets out the shared space. The applicant in the instant case has admitted before the authority that the ruling is sought on behalf of their customers who are seeking registration and are facing issues on registration as the principal place of business accommodates multiple units requiring separate registrations. In the instant case the applicant has sought ruling before us on behalf of their customers and the act of registration is not undertaken or to be undertaken by the applicant. Therefore, we hold that this question is not admissible as per Section 97 read with Section 95 of the Act and therefore not admitted.

8. Further, the provisions of S.103 categorically states that the ruling pronounced is binding only on the applicant. The section reads as under:

S.103 (1) The advance ruling pronounced by the Authority or the Appellate Authority under this Chapter shall be binding only-

- (a) on the applicant who had sought it in respect of any matter referred to in sub section (2) of section 97 for advance ruling;*
- (b) on the concerned officer or the jurisdictional officer in respect of the applicant.*

Hence the ruling applied for by the applicant will not be binding on their clients. Further the applicant has referred to the ruling of the Authority for Advance Ruling, Kerala in their own case which is also applicable to them only and the same cannot be generalized. Hence, without discussing the merits of the case, we reject the subject application as not admissible.

9. In view of the above, we rule as under:

RULING

For the reasons discussed Para 7&8 above, the application is rejected as not admitted as per Section 98(2) read with S. 95(a)/103(1) of the CGST/TNGST Act 2017.

Smt. K.LATHA
Member (SGST)



Shri.T.G.VENKATESH
(Member CGST)

To
SPACELANCE OFFICE SOLUTIONS PRIVATE LIMITED
715 A, Spencer Plaza, 7th floor,
Anna Salai,
Chennai-600002 **// BY SPEED POST WITH ACK.DUE //**

Copy Submitted to:

1. The Principal Chief Commissioner of GST & Central Excise,
26/1, Mahatma Gandhi Road, Nungambakkam, Chennai-600034.
2. The Principal Secretary/Commissioner of Commercial Taxes/Member,
II Floor, Ezhilagam, Chepauk, Chennai – 600 005.

Copy to:

3. The Principal Commissioner of GST & Central Excise, Chennai North
Commissionerate, 26/1, Mahatma Gandhi Road, Nungambakkam,
Chennai-600034.

4. The Asst.Commissioner (ST) Annasalai Assessment circle,
No.1, PAPJM 4th Floor, Annexure Building,
Greams Road,
Chennai – 600 006.
5. Master File/ Spare – 2.

