

**THE AUTHORITY ON ADVANCE RULINGS  
IN KARNATAKA  
GOODS AND SERVICE TAX  
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD  
GANDHINAGAR, BENGALURU - 560 009**

**Advance Ruling No. KAR ADRG 94/2019**

**Dated: 27<sup>th</sup> September, 2019**

Present:

1. Sri. Harish Dharnia,  
Additional Commissioner of Central Tax . . . . Member (Central Tax)
2. Dr. Ravi Prasad M.P.  
Joint Commissioner of Commercial Taxes . . . . Member (State Tax)

1.	Name and address of the applicant	M/s SHIMSHA INFRASTRUCTURES No.886J, Lake View Apartments, 2 <sup>nd</sup> Floor, 9 <sup>th</sup> A Cross, 13 <sup>th</sup> Main, Nagarabhavi II Stage, Bengaluru 560072
2.	GSTIN or User ID	29ADJFS5154M1ZD
3.	Date of filing of Form GST ARA-01	05.07.2019
4.	Represented by	Sri Anand Kumar, Chartered Accountant
5.	Jurisdictional Authority - Centre	Pr. Commissioner of Central Tax, Bangalore-West
6.	Jurisdictional Authority - State	LGSTO-070, Bengaluru
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of 1. Rs.5,000-00 under CGST Act vide CIN SBIN19062900070315 dated 12.06.2019 2. Rs.5,000-00 under KGST Act vide CIN SBIN19012900466342 dated 31.01.2019

**ORDER UNDER SECTION 98(4) OF THE CENTRAL GOODS AND  
SERVICE TAX ACT, 2017 AND UNDER SECTION 98(4) OF THE  
KARNATAKA GOODS AND SERVICES TAX ACT, 2017**

1. M/s Shimsha Infrastructures, (called as the 'Applicant' hereinafter), having GSTIN number 29ADJFS5154M1ZD, has filed an application for Advance Ruling under Section 97 of the CGST Act, 2017 and Section 97 of the KGST Act, 2017, in FORM GST ARA-01 discharging the fee of Rs.5,000-00 each under the CGST Act and the KGST Act.



2. The Applicant is a Partnership firm and is registered under the Goods and Services Act, 2017. The applicant has sought advance ruling in respect of the following question:

*What is the GST rate applicable for sub-contract (works contract) for construction of independent residential units for weaker sections of society under "Pradhan Mantri Awas Yojana". The rate of tax is 12% for works contract under Pradhan Mantri Awas Yojana as per serial no. 3 of Notification No.1/2018- Central Tax (Rate) dated 25.01.2018. However, there is nothing specified on rate applicable for sub-contract for projects under "Pradhan Mantri Awas Yojana" in the subsequent amendment to the notification.*

3. The applicant furnishes some facts relevant to the stated activity:

- a. The applicant states that he is in the business of executing civil works contract.
- b. He states that the work order for construction of houses under "Pradhan Mantri Awas Yojana" has been awarded to Sri Chandrasena S.R. (PAN AHJPR9362E) and the above work has been given to him on sub-contract basis.
- c. As per Notification No.1/2018- Central Tax (Rate) dated 25.01.2018, the rate of CGST is 6% and SGST is 6% for construction of independent residential units for weaker sections of society under "Pradhan Mantri Awas Yojana". The amended notification is not clear whether the sub-contract of works contract given of "Pradhan Mantri Awas Yojana" is liable for GST @ 12% (6% CGST and 6% SGST).

4. The applicant states that as per clause 5(b) of Schedule II, the construction of a complex, or building or a civil structure is a service. The composite supply of works contract is defined in clause (119) of section 2 of the CGST Act, 2017. In both the above cases, the rate of tax is 18%.

4.1 The applicant states that there are relevant entries and reiterated the entries in the Serial No.3 of the Notification No.11 /2017 – Central Tax (Rate) dated 28.06.2017 as amended from time to time.

4.2 The applicant has produced the copies of the Advance ruling issued by various authorities in support of his claim that the tax rate applicable to the transaction is 12% and not 18%.

## 5. FINDINGS & DISCUSSION:

We have considered the submissions made by the applicant in their application for advance ruling as well as the contentions made by Sri. Anand kumar, CA, during the personal hearing. We also considered the issues involved on which advance ruling is sought by the applicant and relevant facts. At the outset, we would like to state that the provisions of both the CGST Act and the KGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provisions under the KGST Act.

5.1 The transaction of the applicant is examined and found that the applicant has entered into a sub-contract agreement for the execution of works contract pertaining to the construction of independent houses under the Pradhan Mantri Awas Yojana with the main contractor who has been awarded the contract.

5.2 As per the applicant, the main contract is covered under sub-item (da) or (db) of item (iv) of serial no. 3 of Notification No. 11/2017 - Central Tax (Rate) dated 28.06.2017 as amended by Notification No. 1/2018 - Central Tax (Rate) dated 25.01.2018 with effect from 25<sup>th</sup> January, 2018. The entry reads as under:

*"Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017, supplied by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation or alteration of.-*

*(a) a road, bridge, tunnel, or terminal for road transportation for use by general public;*

*(b) a civil structure or any other original works pertaining to a scheme under Jawaharlal National Urban Renewal Mission or Rajiv Awaas Yojana;*

*(c) a civil structure or any other original works pertaining to the "in-situ rehabilitation of existing slum dwellers using land as a resource through private participation" under the Housing for All (Urban) Mission / Pradhan Mantri Awas Yojana, only for existing slum dwellers;*

*(d) a civil structure or any other original works pertaining to the "Beneficiary led individual house construction / enhancement" under the Housing for All (Urban) Mission / Pradhan Mantri Awas Yojana;*

*(da) a civil structure or any other original works pertaining to the*



*“Economically Weaker Section (EWS) houses” constructed under the Affordable Housing in partnership by State or Union Territory or local authority or urban development authority under the Housing for All (Urban) Mission / Pradhan Mantri Awas Yojana (Urban)*

*(db) a civil structure or any other original works pertaining to the “houses constructed or acquired under Credit Linked Subsidy Scheme for Economically Weaker Section (EWS) / Lower Income Group (LIG) / Middle Income Group-1 (MIG-1) / Middle Income Group-2 (MIG-2)” under the Housing for All (Urban) Mission / Pradhan Mantri Awas Yojana (Urban)*

*(e) . . . . .*

*(f) . . . . .”*

5.3 The applicant also states that the main contract is covered under the Pradhan Mantri Awas Yojana and the work order issued to the main contractor by the Karnataka Slum Development Board reads as under;

*“Construction of 829 (GF) Dwelling units (Du’s) including infrastructure at 6 selected slums (in-situ) in Belgaum City under Pradhan Mantri Awaas Yojana – Housing for All (PMAY-HFA (Urban) scheme”.*

Hence, the main contract is covered under item (iv) of serial no. 3 of Notification No.11/2017- Central Tax (Rate) dated 28.06.2017 as amended by Notification No.1/2018 – Central Tax (Rate) dated 28.01.2018.

5.4 The sub-item (c) of item (iv) of serial no.3 of Notification No.11/2017- Central Tax (Rate) dated 28.06.2017 as amended by Notification No.1/2018 – Central Tax (Rate) dated 25.01.2018 is verified and found that for a contract to be covered under that sub-item, it has to be:

- (a) a composite supply of works contract as defined in clause (119) of section 2 of the CGST Act and
- (b) it has to be a civil structure or original works pertaining to a civil structure or any other original works pertaining to the “in-situ rehabilitation of existing slum dwellers using land as a resource through private participation” under the Housing for All (Urban) Mission / Pradhan Mantri Awas Yojana, only for existing slum dwellers.

5.5 In the light of the aforesaid provisions of the relevant Notification the contract of the applicant is examined and seen that the applicant has entered into the contract for construction of houses pertaining to the

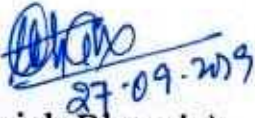
main contract allotted to the main contractor back to back and hence the same is also covered by sub-item (c) of item (iv) of serial no.3 of Notification No.11/2017- Central Tax (Rate) dated 28.06.2017 as amended by Notification No.1/2018 - Central Tax (Rate) dated 25.01.2018.

6. In view of the foregoing, we rule as follows

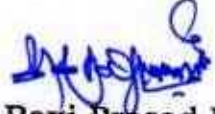
### **RULING**

The sub-contract of construction of independent houses by the applicant under the main contract of construction of houses pertaining to the Pradhan Mantri Awas Yojana is covered under sub-item (c) of item (iv) of serial number 3 of Notification No. 11/2017 - Central Tax (Rate) dated 28.06.2017 as amended by Notification No. 1/2018 - Central Tax (Rate) dated 25.01.2018 and is liable to CGST at 6%. Similarly, the same is also liable to KGST at 6% under the Karnataka Goods and Services Tax Act, 2017.



  
(Harish Dharnia)  
Member

Place: Bengaluru,  
Date: 27.09.2019

  
(Dr. Ravi Prasad M.P.)  
Member

To,

The Applicant

Copy to:

1. The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.
2. The Commissioner of Commercial Taxes, Karnataka, Bengaluru.
3. Pr Commissioner of Central Tax, Bangalore-West
4. The Asst. Commissioner, LGSTO-070, Bengaluru
5. Office Folder