



TELANGANA STATE AUTHORITY FOR ADVANCE RULING
CT Complex, M.J Road, Nampally, Hyderabad-500001.
(Constituted under Section 96(1) of TGST Act, 2017)

Present:

Sri B. Raghu Kiran, IRS, Additional Commissioner (Central Tax)

Sri S.V. Kasi Visweswara Rao, Additional Commissioner (State Tax)

A.R.Com/19/2021

Date:29.03.2022

TSAAR Order No.18/2022

[ORDER UNDER SECTION 98(4) OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 AND UNDER SECTION 98(4) OF THE TEALANGANA GOODS AND SERVICES TAX ACT, 2017.]

1. M/s. Hyderabad Metropolitan Water Supply And Sewerage Board 1, 4, HMWSSB Buildings, Finance Wing, 1, Khairatabad, Hyderabad, Telangana, 500 004 (36AAALH0186J1Z3) has filed an application in FORM GST ARA-01 under Section 97(1) of TGST Act, 2017 read with Rule 104 of CGST/TGST Rules.
2. At the outset, it is made clear that the provisions of both the CGST Act and the TGST 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 TGST Act. Further, for the purposes of this Advance Ruling, the expression 'GST Act' would be a common reference to both CGST Act and TGST Act.
3. It is observed that the queries raised by the applicant fall within the ambit of Section 97 of the GST ACT. The Applicant enclosed copies of challans as proof of payment of Rs. 5,000/- for SGST and Rs. 5,000/- for CGST towards the fee for Advance Ruling The concerned jurisdictional officer also raised no objection to the admission of the application. The application is therefore, admitted
4. **Brief facts of the case:**
The applicant M/s. Hyderabad Metropolitan Water Supply and Sewerage Board is making payments to the contractors in equated yearly installment manner where in such equated yearly installment consists of both principal amount and interest on such delayed payment. The applicant is desirous ascertaining their liability on payment of GST on interest for delayed payment.
5. **Questions raised:**
 1. HMWS&SB being local authority, is payment of Equated Yearly Installment (which includes Principal and Interest) under Annuities Model is liable for payment of GST or Not? If Yes Classification of service and applicable rate of GST payable?
 2. Applicability of Entry No. 3 of the Notification Number 12/2017 - Central Tax (Rate), dt: 28th June, 2017 for payment of interest included in Equated Yearly Installments under Annuities Model, being payment of interest is a Pure Service?
6. **Personal Hearing:**

The Authorized representatives of the unit namely Smt. Kedareswari, CA and Sri. Rajaram, CA attended the personal hearing held on 10.03.2022. The authorized representatives reiterated their averments in the application submitted and averred as follows:

1. That they are making payments to supplier of works contract services in a staggered manner over period of (7) years. They are also making payment of interest to the supplier of service on this spread over payments.

2. They are desirous of ascertaining whether the interest forms part of taxable value.

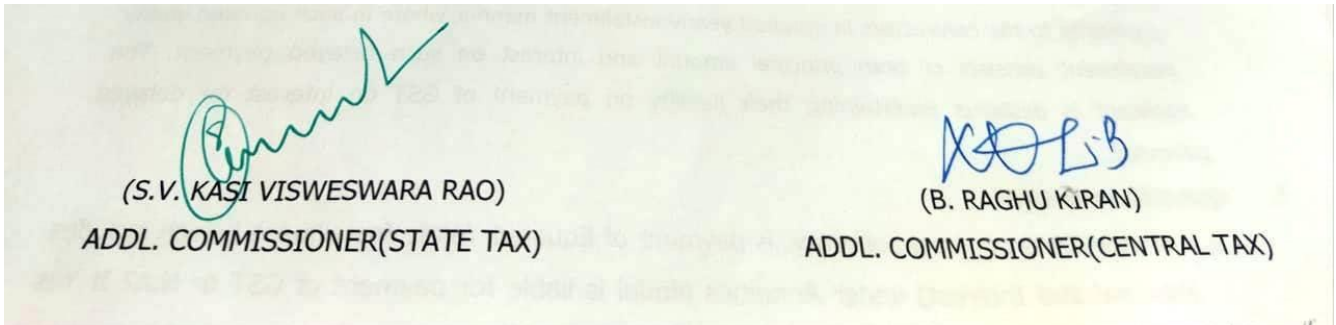
7. Discussion & Findings:

The clause (d) of sub section 2 of Section 15 clearly states that the value of supply shall include interest or late fee or penalty for delayed payment of any consideration for any supply. Therefore all the monies paid to the contractor by the applicant including the interest on delayed payments is liable to tax under CGST Act, 2017 under this provision.

8. The ruling is given as below:

In view of the above discussion, the questions raised by the applicant are clarified as below:

Questions	Ruling
1. HMWS&SB being local authority, is payment of Equated Yearly Installment (which includes Principal and Interest) under Annuities Model is liable for payment of GST or Not? If Yes Classification of service and applicable rate of GST payable?	Interest is part of consideration as per the valuation rules discussed above. Therefore no separate classification exists.
2. Applicability of Entry No. 3 of the Notification Number 12/2017 - Central Tax (Rate), dt: 28th June, 2017 for payment of interest included in Equated Yearly Installments under Annuities Model, being payment of interest is a Pure Service?	In view of the above discussion, the question does not arise.



[Under Section 100(1) of the CGST/TGST Act, 2017, any person aggrieved by this order can prefer an appeal before the Telangana State Appellate Authority for Advance Ruling, Hyderabad, within 30 days from the date of receipt of this Order]

To
M/s. Hyderabad Metropolitan Water Supply
And Sewerage Board 1, 4, HMWSSB Buildings,
Finance Wing, 1, Khairatabad, Hyderabad,
Telangana, 500 004.

Copy submitted to :

1. The Commissioner (State Tax) for information.
2. The Commissioner (Central Tax), Hyderabad Commissionerate, GST Bhavan, L.B. Stadium Road, Basheerbagh, Hyderabad 500 004.

Copy to:

3. The Assistant Commissioner(ST), Khairatabad – Somajiguda Circle.

//t.c.f.b.o//

Superintendent (Grade-I)