THE GOA APPELLATE AUTHORITY FOR ADVANCE RULING FOR GOODS AND SERVICES TAX

Office of the Commissioner of Commercial Taxes, Goa Rajya Kar Bhawan, Old IPHB Complex, Near O/o Chief Electoral Officer, Altinho, Panjim, Goa – 403001
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[Constituted under Section 99 of the Central Goods and Services Tax Act, 2017/Goa Goods and Services Tax Act, 2017 (Goa Act 4 of 2017)]

BEFORE THE BENCH OF

Member: Shri. Mayank Kumar, the Principal Chief Commissioner, CGST & Customs, Pune Zone.
Member: Shri. Sarpreet Singh Gill, the Commissioner, State Tax, Goa

Order No. GOA/GAAAR/ 3 of 2025-26/5662 Dated: 27/02/2026

Name of the Appellant	**M/s. Vaibhavi Dredging**
Address	**Shop No. 5 to 15, 1st Floor, Karma Empress, Near KTC Bus Stand, Mundvel, Vasco, South Goa 403802.**
GSTIN	**30AASFV7395M1Z9**
Advance Ruling Order under Reference	**GOA/GAAR/01 of 2023-24 dated 25.11.2025**
Date of filing of Appeal	**22.12.2025**
Question raised under Section 97(2) of the CGST/GGST Act, 2017 before the Advance Ruling Authority	**Applicability of Exemption under Sl. No. 3 (for Pure Services) or 3A (for composite supply where supply of goods does not constitute more than 25% Of the value) of the Exemption Notification**
Reason of Present Appeal/Reference	**The appellant filed appeal against the order of the Advance Ruling Authority as the Advance Ruling Authority had answered in negative by holding that the services of desilting of water body provided to Captain of ports a Government Department are not eligible for exemption under serial no. 3 or 3A of the Notification No. 12/2017-CGST**
Date of Hearing	**02.02.2026**
Person/s Present for Hearing	**Shri Suraj Hundekari, Ld. Chartered Accountant**

COMMISSIONER OF STATE TAX
GOVERNMENT OF GOA, PANAJI-GOA

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PROCEEDINGS

(Under Section 101 of the Central Goods and Services Tax Act, 2017 or the Goa Goods and Services Tax Act, 2017)

1. The present appeal has been filed under Section 101 of the Goa Goods and Services Tax Act, 2017 and the Central Goods and Services Tax, Act 2017 (hereinafter referred to as the **'SGST Act'** and **'CGST Act'**) by the appellant registered taxable person **M/s. Vaibhavi Dredging (GSTIN 30AASFV7395M1Z9), Shop No. 5 to 15, 1st Floor, Karma Empress, Near KTC Bus Stand, Mundvel, Vasco, South Goa 403802** (hereinafter referred to as "the appellant" or "the applicant" or "the taxpayer") against Order No. GOA/GAAR/01 of 2023-24 dated 25.11.2025, passed by Goa Advance Ruling Authority.

BRIEF FACTS:

2.1 The appellant is a registered taxable person and holds GSTIN **30AASFV7395M1Z9**. The Applicant is engaged in the business of providing services of Dredging/Desilting, and related support services.

2.2 The applicant taxpayer sought through the advance ruling for the purpose of determination of the following question with respect to dredging/desilting and other support services provided to Captain of Ports Department, Government of Goa:

> "Applicability of Exemption under Sl. No. 3 (for Pure Services) or 3A (for composite supply where supply of goods does not constitute more than 25% Of the value) of the Exemption Notification No. 12/2017-CT (Rate) dated 28.06.2017, as amended."

3. Appellant's Submission before Advance Ruling Authority as per ARA Order: For sake of clarity, the submissions filed by the appellant/the applicant before the Advance Ruling Authority is summarised hereunder:

(i) the dredging and desilting of River Sal undertaken for the Captain of Ports Department, Government of Goa, is a service provided to the State Government in relation to functions entrusted under Articles 243G and 243W of the Constitution, such as waterways, water management, flood control and environmental protection;

(ii) the activity constitutes a pure service as it is executed using the applicant's own machinery and manpower without any transfer of material to the Government, which was also certified by the recipient department;

(iii) alternatively, it was also submitted that even if the supply is treated as a composite supply, the value of goods involved, if any, is well below 25% of the contract value and hence qualifies for exemption under Entry 3A of Notification No. 12/2017-Central Tax (Rate);

(iv) The applicant relied upon the constitutional scheme, CBIC circulars and advance rulings of other States in support of their claim that the services provided by them to Captain of Ports Department, Government of Goa are eligible for exemption from payment of GST under Sl. No. 3 or 3A of Notification No. 12/2017- CT (Rate) dated 28.06.2017, as amended.

4. Findings of Advance Ruling Authority (in brief): The Goa Advance Ruling Authority have observed that exemption under Entry 3 or Entry 3A of Notification No. 12/2017-Central Tax (Rate) is available only when the activity is in relation to functions which have been actually devolved to Panchayats or Municipalities under a State law enacted pursuant to Articles 243G or 243W of the Constitution. The Authority further observed that the applicant had not established that dredging and desilting of River Sal was a function so devolved under the law of the State of

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Goa. The AAR further observed that dredging activity may involve goods or preparatory works and, therefore, cannot be treated as a pure service. On this reasoning, the Authority concluded that the applicant is not entitled to exemption under the said notification and that GST is payable on the services supplied and accordingly, the Goa Advance Ruling Authority vide the impugned Order dated 25.11.2025 have passed following order:

> *"The services of desilting of water body provided to Captain of ports a Government Department are not eligible for exemption under serial no. 3 or 3A of the Notification No. 12/2017-CGST"*

5.1 Present Appeal: Being aggrieved, the applicant preferred appeal on 22.12.2025 before AAAR under Section 100(1) of the CGST Act, 2017, on following grounds by *interalia* submitting that:

(a) Erroneous Interpretation of Notification No. 12/2017:

(i) AAR wrongly held that exemption is available only when functions are devolved by State legislation.
(ii) Appellant argues that the notification refers to functions "entrusted under Articles 243G / 243W", which are constitutionally listed in the Eleventh and Twelfth Schedules not to State-wise degrees of devolution.

(b) Nature of Supply – Pure Service / Composite with ≤ 25% Goods:

(i) Dredging/Desilting is essentially a service using own machinery and manpower.
(ii) No transfer of material to the Government.
(iii) This is certified by the Captain of Ports Department.
(iv) Even assuming incidental goods, value is well below 25%, qualifying under Entry 3A.
(v) AAR failed to examine the alternative claim under Entry 3A, rendering the order non-speaking.

(c) Non-consideration of COP Certificate (Material Evidence):

(i) AAR ignored the **certificate dated 03.06.2021** issued by Captain of Ports, Goa, confirming:
  (a) Work relates to development of inland waterways.
  (b) No transfer of material involved.
(ii) Failure to consider this material evidence vitiates the ruling.

(d) Findings Based on Hypothetical Inclusion of Preparatory Works is Unsustainable:

(i) AAR's conclusion that work may include preparatory construction is hypothetical.
(ii) No contractual clause or BOQ supports such assumption.
(iii) The AAR's denial of "pure service" status on the basis of assumed preparatory activities is factually incorrect and legally unsustainable and without prejudice, even if any minimal goods element is presumed, the AAR was bound to examine the Appellant's alternative plea under Entry 3A (goods value not exceeding 25%) and record a finding thereon; failing which the order becomes non-speaking on a decisive statutory alternative.

(e) Activity Relates to Multiple Constitutional Functions

The dredging of River Sal relates to:

(i) Waterways & ferries (Eleventh Schedule – Entry 13)
(ii) Minor irrigation & water management (Entry 3)
(iii) Fisheries (Entry 5)
(iv) Drinking water (Entry 11)
(v) Health & sanitation (Entry 23)

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(vi) Environmental protection (Twelfth Schedule – Entry 8)

(f) Erroneous and restrictive interpretation of "entrusted" (contrary to constitutional scheme, circulars, Goa law and uniform GST intent):

(i) Multiple West Bengal AAR rulings (including Arihant Dredging Developers) have held similar dredging/desilting works to be GST-exempt under Entry 3 / 3A.
(ii) CBIC Circular No. 177/09/2022-GST clarifies that Central/State Governments also perform Schedule XI/XII functions and are eligible for exemption.
(iii) AAR rejected these precedents without proper reasoning, leading to non-uniform GST interpretation.

(g) Inordinate Delay in pronouncement of Advance Ruling Resulting in prejudice to the Appellant:

- Application filed on 14.06.2021.
- Ruling pronounced after more than 4 years (25.11.2025).
- Delay defeated the purpose of advance ruling and caused prejudice, including issuance of SCN meanwhile.

5.2 On the basis of grounds mentioned in their Memorandum of Appeal, the appellant sought following relief:

(i) To set aside/quash he AAR order dated 25.11.2025.
(ii) To hold and declare the appellant's supply of dredging/desilting under the contract to the Captain of Ports Department, Goa is exempt from GST under Entry 3 or alternatively Entry 3A of Notification No. 12/2017-CT (Rate).
(iii) Consequential relief, if any.

5.3 The appellant also requested for personal hearing.

PERSONAL HEARING:

6. Shri Suraj Hundekari, Chartered Accountant appeared on behalf of the appellant for personal hearing held on 02.02.2026 before this Authority and reiterated the points deliberated in written submissions or Memorandum of Appeal. He accordingly requested to quash the impugned AAR order dated 23.11.2025. Shri Suraj also requested to file an additional submission with respect to clarification sought by the members on Para 7.5 of CBIC Circular No. 177/09/2022-GST dated 03.08.2022.

ADDITIONAL SUBMISSION:

7. The additional submission was filed by the appellant on 10.02.2026, which was mainly focused to the clarification on Para 7.5 of CBIC Circular dated 03.08.2022. In their written (supplementary) submission, they appellant have *interalia* submitted that:

(i) They were awarded work for **desilting/dredging of River Sal (Phase II)**;
(ii) **Captain of Ports (COP)** is a **statutory authority** under:
  - Indian Ports Act, 1908
  - Goa Ports Rules, 1983
  - Inland Vessels Act, 1917

and Recognised as the **Port Authority** for minor ports and inland waterways of Goa.

(iii)Public Functions of COP:
(a) Development and maintenance of inland waterways and minor ports.
(b) Dredging and desilting of rivers to maintain navigability.
(c) Maintenance of ferries, jetties, navigational aids, lighthouses, and beacons.
(d) Regulation and safety of inland vessel traffic.

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(e) Support to fishing, tourism, passenger transport, and cargo movement.

(iv) Constitutional Alignment:

(a) COP's activities align with:

- Eleventh Schedule (Article 243G) – ferries, waterways, irrigation, fisheries, water management.
- Twelfth Schedule (Article 243W) – environment protection, public health, sanitation.

(b) Hence, functions are civic and public-oriented, similar to Panchayats/Municipalities.

(v) River Sal Desilting Project

(a) Executed pursuant to:

- NGT directions
- Government of Goa's Action Plan (2019) for rejuvenation of polluted river stretches.
- National River Conservation Plan.

(b) Objectives:

- Improve navigability
- Prevent flooding
- Environmental restoration
- Support fisheries and local livelihoods

(vi) Nature of the Work

(a) Not a commercial or proprietary activity.

(b) A public infrastructure and environmental welfare project funded and recognised by Government budgets and reports.

(vii) Distinction from Non-Civic Departments

(a) COP is contrasted with departments like the Army, which perform inward-facing functions.

(b) COP's activities are outward-facing, accessible to and benefiting the general public.

(viii) CBIC Circular 177/2022 – Para 7.5

(a) Emphasises nature of function, not identity of department.

(b) Since COP performs local authority-type civic functions, exemption should not be denied.

(ix) Judicial / AAR Support

(a) Reference to prior rulings where services to government bodies executing municipal or panchayat functions were held exempt.

(b) AAR precedents cited as persuasive, not binding.

(x) they accordingly submitted that:

(a) COP performs functions in the manner of a local authority for the general public.

(b) Dredging services provided to COP qualify for GST exemption under Entry 3 / 3A of Notification 12/2017-CT (Rate).

(c) Denial of exemption would defeat the intent of GST law and public welfare policy.

The appellant have enclosed following documents with the aforementioned submission filed on 10.02.2026 as relied upon documents to establish their claim of public, civic, and local-authority–type functions of the Captain of Ports Department and to support the claim for GST exemption under Notification No. 12/2017-CT (Rate), Entry 3 / 3A:

(i) Aims and Objectives of the Captain of Ports Department, Government of Goa (as available on the official website of the Department)

(ii) Citizen's Charter of the Captain of Ports Department, Government of Goa

(iii) Annual Administration Report of the Captain of Ports Department for the year 2020–21

(iv) Press Release dated 04.02.2018 issued by the Ministry of Environment, Forest & Climate Change, Government of India (regarding sanction of River Sal pollution control project under NRCP)

(v) Government of Goa – Action Plan for Rejuvenation of Polluted Stretches of River Sal (February 2019)

(vi) Government of Goa – Action Taken Report on Announcements made in Budget Speech 2022–23

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SCN ISSUED TO THE APPELLANT AND ITS PRESENT STATUS:

8. As the appellant in their grounds of appeal had mentioned issuance of SCN by the jurisdictional authorities, the details of the SCN and its present status were called for. Vide letter dated 18.02.2026, the State Tax Officer, Vasco-da-Gama Ward has informed that the scrutiny of returns under Section 61 of the taxpayer was undertaken for the year 2021-22 in the year 2025-26 as per Scrutiny Order dated 22.11.2024 by the Deputy Commissioner, State Tax, Vasco-da-Gama Ward. After verification of returns, the discrepancies noticed during the process of scrutiny were informed through ASMT-10 dated 15.05.2025 on multiple discrepancies including issue of non-payment of GST in GSTR-3B with respect to services supplied to Captain of Ports, Goa, for which GST TDS credit was received by the appellant. The appellant had filed reply vide ASMT 11 dated 14.06.2025. It was further informed that the DRC-01A dated 12.08.2025 was issued as the reply filed in GSMT-11 dated 14.06.2025 was found unsatisfactory and thereafter SCN (DRC-01) dated 09.09.2025 was issued as the taxpayer had failed to submit the documents substantiating their claims made in the reply. It was also informed that Order under Section 73 of the SGST Act, 2017 and the CGST Act, 2017 was passed on 23.12.2025 as the taxpayer had neither filed any reply to show cause notice nor attended personal hearing.

DISCUSSION AND FINDINGS

9. We have carefully gone through the impugned Advance Ruling Order dated 25.11.2025, grounds of appeal with documents/records filed by the appellant, oral submissions made by the authorized representative during personal hearing held on 02.02.2026, and additional submission filed on 10.02.2026 by the appellant, as submitted before us during the proceedings and also reply dated 18.02.2026 received mail from State Tax Officer, Vasco-Da-Gama Ward.

10. The present appeal before us is against the Order No. GOA/GAAR/01 of 2023-24 dated 25.11.2025 passed by the Goa Authority For Advance Ruling (Goa AAR) in respect of Advance Ruling filed by **M/s. Vaibhavi Dredging (GSTIN 30AASFV7395M1Z9)** (hereinafter referred to as "the applicant" or "the appellant" or "the taxpayer"). The appellant had approached to the Goa Advance Ruling Authority with the following question:

> "Applicability of Exemption under Sl. No. 3 (for Pure Services) or 3A (for composite supply where supply of goods does not constitute more than 25% Of the value) of the Exemption Notification No. 12/2017-CT (Rate) dated 28.06.2017, as amended."

The Goa Advance Ruling Authority ('ARA') in the impugned order dated 25.11.2025 had answered to the above question that:

> "The services of desilting of water body provided to Captain of ports a Government Department are not eligible for exemption under serial no. 3 or 3A of the Notification No. 12/2017-CGST."

11. Being aggrieved, the taxpayer preferred appeal before us under Section 100(1) of the CGST Act, 2017 on the grounds summarized hereinabove.

12.1 Here, in the instant case before us, it is a matter of record that, for the same transaction and the same material period involved in the present appeal, the jurisdictional SGST authorities have issued a show cause notice and have thereafter passed an **Order dated 23.12.2025 under Section 73 of the SGST Act, 2017 and the CGST Act, 2017**, confirming demand on the issue which also

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arises in the present proceedings, apart from adjudicating other issues noticed during scrutiny.

12.2 In these circumstances, recording any finding on merits in the present appeal against the impugned Order dated 25.11.2025 of the Advance Ruling Authority may prejudice the statutory appellate proceedings available to the appellant Order dated 23.12.2025. Hence, to maintain judicial propriety and ensure a singular, cohesive resolution of the dispute, this Appellate Authority deems it fit to exercise judicial restraint. Accordingly, in our considered view, we find it appropriate to refrain from rendering any findings on the merits of the present appeal, leaving all issues open to be examined in accordance with law at the appropriate appellate stage, without being influenced by the present proceedings.

13. In view of the above, the following order is passed:

ORDER

(Order under Section 101 (1) of the Goa Goods and Services Tax Act, 2017 and the Central Goods and Services Tax, Act 2017)

The appeal is disposed of in the above terms, without expressing any opinion or findings on the merits of the issue involved.

27/2/2026

(Mayank Kumar)
Member CGST

(S. S. Gill, IAS)
Member SGST

Dated: - February 2026
Place: - Panaji, Goa

To
M/s. Vaibhavi Dredging,
Shop No. 5 to 15, 1st Floor, Karma Empress,
Near KTC Bus Stand, Mundvel, Vasco, South Goa 403802.
GSTIN: 30AASFV7395M1Z9

Copy to:

1. The Addl. Commissioner of State GST (HQ), Panaji – Goa.
2. The Joint Commissioner of Central GST, Panaji – Goa.
3. The Dy. Commissioner of Central Tax, Division-IV (Range-III-Verna West), Goa.
4. The Dy. Commissioner of State Tax, Vasco-da-Gama Ward, Vasco-da-Gama Ward, 4th & 5th Floor, Vasco da Gama, Goa 403802.
5. The State Tax Officer, Vasco-da-Gama Ward, 4th & 5th Floor, Vasco da Gama, Goa 403802.
6. Office file.
7. Guard file.

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