THE WEST BENGAL AUTHORITY FOR ADVANCE RULING

GOODS AND SERVICES TAX

14, Beliaghata Road, Kolkata – 700015

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

Members present:

Yogesh Sugdeo Chitte
Joint Commissioner, CGST & CX

Jaydip Kumar Chakrabarti
Additional Commissioner, SGST

Preamble

a) A person within the ambit of Section 100 (1) of the Central Goods and Services Tax Act, 2017 or West Bengal Goods and Services Tax Act, 2017 (hereinafter collectively called 'the GST Act'), if aggrieved by this Ruling, may appeal against it before the West Bengal Appellate Authority for Advance Ruling, constituted under Section 99 of the West Bengal Goods and Services Tax Act, 2017, within a period of thirty days from the date of communication of this Ruling, or within such further time as mentioned in the proviso to Section 100 (2) of the GST Act.

b) Every such appeal shall be filed in accordance with Section 100 (3) of the GST Act and the Rules prescribed thereunder, and the Regulations prescribed by the West Bengal Authority for Advance Ruling Regulations, 2018.

Name of the applicant	**Jaypee Projects Limited**
Address	11, Dr Rajendra Prasad Sarani, Barrabazar, Kolkata, West Bengal, 700001
GSTIN	19AAACJ6782F1ZB
Case Number	WBAAR 04 of 2026-27
ARN	AD190526009842W
Date of application	May 18, 2026
Jurisdictional authority (State)	N.S. Road Charge
Jurisdictional authority (Centre)	BBD Bag I Division, Kolkata North Commissionerate
Order number and date	11/WBAAR/2026-27 Dated 09.09.2026
Applicant's representative heard	Mr. Ram Chandra Agarwal, Adv.

1.1 At the outset, we would like to make it clear that the provisions of the Central Goods and Services Tax Act, 2017 (the CGST Act, for short) and the West Bengal Goods and Services Tax Act, 2017 (the WBGST Act, for short) have the same provisions in like manner except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean reference to the corresponding similar provisions in the WBGST Act. Further to the above, henceforth, for the purposes of these proceedings, the expression "GST Act" would mean both the CGST Act and the WBGST Act.

1.2 The applicant, Jaypee Projects Limited, is engaged in the business of execution of civil works contracts and is registered under the Goods and Services Tax law as a works contractor. The applicant has been awarded two works contracts by the Indian Institute of Technology, Kharagpur for setting up a new main water pipeline for the upcoming South East Campus and for revamping the water pipeline distribution network in the hall area. The execution of the said works involves supply of both goods and services, with the material component constituting approximately 75 percent and the service component approximately 25 percent of the contract value. The applicant has been discharging GST at the rate of 18 percent by classifying the supply under SAC 995479 as composite works contract service. In this background, the applicant has sought an advance ruling on the correct Service Accounting Code (SAC) and the applicable GST rate on the composite works contract services executed under the aforesaid work orders.

1.3 The applicant has made this application under sub-section (1) of section 97 of the GST Act and the rules made thereunder, seeking an advance ruling in respect of the following questions:

i. What is the appropriate Service Accounting Code (SAC) applicable to the works contract service undertaken by the applicant for setting up the new main water pipeline for the upcoming South East Campus and revamping the water pipeline distribution network in the hall area of the Indian Institute of Technology, Kharagpur, involving approximately 75 percent material and 25 percent service?

ii. What is the applicable rate of GST on the aforesaid works contract service?

1.4 The aforesaid questions on which the advance ruling is sought are found to be covered under clause (a) of sub-section (2) of section 97 of the GST Act.

1.5 The applicant states that the question raised in the application has neither been decided by nor is pending before any authority under any provision of the GST Act.

1.6 The officer concerned from the Revenue has raised no objection to the admission of the application.

1.7 The application is, therefore, admitted.

2. Submission of the Applicant

2.1 The Applicant submits that it is engaged in the business of execution of civil works contracts and has been awarded two work orders by the Indian Institute of Technology, Kharagpur for setting up a new main water pipeline for the upcoming South East Campus and for revamping the water pipeline distribution network in the hall area. According to the Applicant, execution of the aforesaid works requires deployment of both goods and services, with the material component constituting approximately 75 percent of the contract value and the service component constituting approximately 25 percent. The Applicant submits that the goods supplied during execution of the contract become permanently embedded in the pipeline network and result in the creation of immovable property. Accordingly, the Applicant has treated the activity as a composite works contract service and has been discharging GST at the rate of 18 percent (9 percent CGST and 9 percent SGST) by classifying the supply under SAC 995479.

2.2 The Applicant submits that in determining the appropriate classification and applicable rate of GST, reliance has been placed upon Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017, as amended from time to time up to Notification No. 15/2025-Central Tax (Rate) dated 17.09.2025. According to the Applicant, the said notification prescribes the rate of tax applicable to composite works contract services falling under SAC 9954. The Applicant submits that composite works contract services involving predominantly earthwork, where the value of earthwork constitutes more than 75 percent of the contract value and supplied to the Central Government, State Government, Union Territory or Local Authority, are taxable at the rate of 18 percent (9 percent CGST and 9 percent SGST). On the basis of the said notification, the Applicant has adopted the rate of 18 percent for the present contracts executed for the Indian Institute of Technology, Kharagpur.

2.3 The Applicant further submits that Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 grants exemption to specified services under Chapter 99. Reference has been made to Sl. No. 3 of the said notification, which exempts pure services, excluding works contract services or other composite supplies involving supply of goods, provided to the

Central Government, State Government, Union Territory, local authority or governmental authority in relation to functions entrusted to a Panchayat or Municipality. According to the Applicant, the said exemption has been examined while determining the taxability of the present works contract.

2.4 The Applicant also relies upon Notification No. 2/2018-Integrated Tax (Rate) dated 25.01.2018, whereby Sl. No. 3A was inserted after Sl. No. 3 under Chapter 99. The Applicant submits that the said entry provides exemption in respect of composite supplies of goods and services where the value of goods does not exceed 25 percent of the total value of the composite supply. According to the Applicant, although the present contract involves both goods and services, the value of goods constitutes approximately 75 percent of the total contract value and therefore exceeds the prescribed threshold mentioned under the exemption entry.

2.5 The Applicant further submits that Notification No. 13/2023-Central Tax (Rate) dated 19.10.2023 inserted Sl. No. 3B under Chapter 99 providing exemption in respect of specified services rendered to Government authorities relating to water supply, public health, sanitation conservancy, solid waste management and slum improvement and upgradation. The Applicant submits that the works entrusted by the Indian Institute of Technology, Kharagpur relate to installation of a new main water pipeline and revamping of the water distribution network and therefore involve activities connected with water supply infrastructure. The Applicant has referred to the said notification while seeking determination of the appropriate rate of tax applicable to the present works contract.

2.6 The Applicant submits that the work awarded by the Indian Institute of Technology, Kharagpur involves substantial use of materials, constituting more than 75 percent of the total contract value, while the service component constitutes the remaining 25 percent. The Applicant therefore requests this Authority to examine the terms and conditions of the work orders, the nature of execution of the contract and the applicable statutory notifications for determining the correct Service Accounting Code and the applicable rate of GST under the provisions of the Central Goods and Services Tax Act, 2017 and the rules framed thereunder.

3. Submission of the Revenue

3.1 The concerned officer from the revenue has not expressed any view on the merit of the issue raised by the applicant.

4. Observations & Findings of the Authority

4.1 We have gone through the records of the issue as well as submissions made by the authorized representatives of the applicant during personal hearing. The Revenue has not expressed any view in respect of the issues raised in the application.

4.2 As per the facts submitted before us, the applicant is a civil contractor and registered in the GST portal with works contract as the nature of business. The applicant has received work order from Indian Institute of Technology Kharagpur (in short IIT Kharagpur). The work order is related to setting up a new main water pipeline for the upcoming South East Campus of the institute and revamping of the water pipeline distribution network at the hall area of IIT Kharagpur.

4.3 Under these circumstances, the applicant has placed the following question before this authority:

> **Question 1:** What is the exact SAC (Service Accounting Code) of the service provided by the applicant in the form of setting up of new main water pipeline for the upcoming South East Campus of the institute and revamping of water pipeline distribution network at hall area of IIT Kharagpur?
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> **Question 2:** What is the GST tax rate applicable on the service provided by the applicant in the form of setting up of new main water pipeline for the upcoming South East Campus of the institute and revamping of water pipeline distribution network at hall area of IIT Kharagpur?

4.4 The applicant's representative submits that the details and nature of the above-noted work order are such that the applicant has to deploy both goods and services in order to complete the work order. According to their estimate, the involvement of goods used in the works is approximately 75% of the total value of works and only 25% approximately represents the value of services rendered by the applicant. The applicant's representative believes that the works done by him at IIT Kharagpur is basically a supply of works contract because the goods provided by the applicant in the course of work results in creation of immovable property. The applicant is of the opinion that his works will fall under SAC 995479 and as a works contract service it is to be taxed @ 9% CGST + 9% SGST.

4.5 The Revenue has not given any view regarding the issues involved in the application.

4.6 The applicant has placed before us two work orders issued by IIT Kharagpur in the name of the applicant. The first work order bearing no. IW/WW/CAP (HEFA)/23-24/18/18 dated 05.02.2024 is related to 'revamping of water pipeline distribution network at Hall Area'. The second one bearing no. IW/WW/CAP/25-26/03/03 dated 06.06.2025 is related to 'new main water pipeline for the upcoming South East Campus'. We have carefully gone through both the work orders. The scope of works in respect of the first work order *inter alia* includes excavation of trenches for pipes, cables etc. and ramming of bottoms, filling in plinth with sand, carrying out brick works with clay fly ash, erecting structures for R.C.C. work, constructing masonry chamber, dismantling of C.I. pipes and different kinds of valves, cutting holes in walls, floors and roofs for installation of drain pipes, providing and placing of water storage tanks on terrace. The first work order also includes, among other things, the supply of C.I. sluice valves, ductile iron pipes, PVC pipes, ball cocks, parts and accessories of water storage tanks, brass ferrule, gate valve, etc. The whole work indicates revamping of water pipeline distribution network involving both labour works and materials. The goods used in the execution of the work order will become part of immovable property. On the other hand, the scope of works in respect of the second work order issued by IIT Kharagpur indicates the same kind of work as above. It also involves both labour works and materials to be supplied to IIT Kharagpur.

Section 2(119) of the CGST Act, 2017 defines Works Contract as a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract.

Following the above definition and considering the nature of works involved in the work orders issued by IIT Kharagpur, we are of the considered view that the applicant is carrying out a works contract. Regarding the exact SAC (Services Accounting Code), the applicant is of the opinion that their supply will fall under service code 995479. The group 99547 refers to building completion and finishing services. We are not inclined to accept the applicant's works as building completion and finishing services. It should be noted that the applicant's works are related to construction services. Hence, the heading should be 9954 and, so far as the details of the works are concerned, the group should be 99542, the description being 'General construction services of civil engineering works'. The

specific service code for setting up of new main water pipeline is 995422 which refers to 'General construction services of harbours, waterways, dams, water mains and lines, irrigation and other waterworks'. The revamping of the water pipeline is basically a repair and maintenance service, and hence the specific service code is 995429, which refers to services involving repair, alterations, additions, replacements, renovation, maintenance or remodeling of the constructions covered in group code 99542.

4.7 In the course of personal hearing, time and again reference has been made to three items in the table of Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017, as amended from time to time. The issue is whether the supplies made by the applicant to IIT Kharagpur can be considered a nil-rated supply under item no. 3, 3A or 3B of the notification *ibid*. Item No. 3, 3A and 3B of the notification read with Notification No. 16/2021- Central Tax (Rate) dated 18.11.2021 (effective from 01.01.2022) and Notification No. 13/2023- Central Tax (Rate) dated 19.10.2023 (effective from 20.10.2023) are as under:

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent)	Condition
(1)	(2)	(3)	(4)	(5)
3	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 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.	Nil	Nil
3A	Chapter 99	Composite supply of goods and services in which the value of supply of goods constitutes not more than 25 per cent of the value of the said composite supply provided to the Central Government, State Government or Union territory or local authority by way of any activity	Nil	Nil

		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.		
3B	Chapter 99	Services provided to a Governmental Authority by way of - (a) water supply; (b) public health; (c) sanitation conservancy; (d) solid waste management; and (e) slum improvement and upgradation.	Nil	Nil

4.8 For inclusion into item no. 3 as above, the following conditions should be satisfied simultaneously:

A. The services must be pure service excluding works contract service or other composite supplies involving supply of any goods.

B. The services should be provided to the Central Government, State Government or Union territory or local authority.

C. The services should be 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.

In the present case, the services rendered by the applicant are not pure services, and they involve supply of goods on a large scale. In fact, the value of goods involved in both the works is more than 75% of the total value of the works as per the details of the related work orders. IIT Kharagpur will not fall under the category of Central Government, State Government or Union territory or local authority. The third condition is satisfied since water supply for domestic, industrial, and commercial purposes falls under serial no. 5 of the Twelfth Schedule appended to Article 243W. Since all three conditions of item no. 3 are not satisfied in our case, the supply made by the applicant cannot be considered as nil-rated under the said item number.

4.9 For inclusion into item no. 3A as above, the following conditions should be satisfied simultaneously:

A. The supply must be a composite one in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply.

B. The services should be provided to the Central Government, State Government or Union territory or local authority.

C. The services should be 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.

Here again the third condition is fulfilled. The first condition is not fulfilled in as much as the value of goods supplied by the applicant is more than 75% of the total value of the contract awarded to him. There is no question of fulfilling the second condition. So we find no possibility of including the referred supply under item no. 3A as well.

4.10 Inclusion into item no. 3B needs some detailed discussion. Here the conditions are:

A) The supply must be of a service.

B) The recipient should be a Governmental Authority.

C) The supply must be by way of

a) water supply

b) public health

c) sanitation conservancy

d) solid waste management

e) slum improvement and upgradation

To begin with, we must define services. Section 2(102) of the CGST Act, 2017 defines services as under:

> *(102) "services" means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged;*
> *[Explanation— For the removal of doubts, it is hereby clarified that the expression "services" includes facilitating or arranging transactions in securities;]*

By virtue of the above definition, goods is excluded from the scope of services. However, in Schedule II appended to the CGST Act, 2017, certain activities are treated as supply of services. In clause 6 of the referred Schedule, two kinds of composite supplies are considered as supply of services. In item (a) of clause 6 refers to works contract as defined in clause (119) of Section 2 of the Act. Thus, works contract is to be treated as supply of

service for the purpose of the CGST Act, 2017. In Paragraph 4.6 *supra* we have already discussed that the works done by the applicant as referred to in the application is nothing but works contract as defined in Section 2(119) of the CGST Act, 2017. So there is no doubt that the applicant is providing service to IIT Kharagpur in the form of works contract.

4.11 The second condition of item no. 3B *ibid* is that the recipient of service must be a Governmental Authority. The question before us is whether IIT Kharagpur can be considered a Governmental Authority. This term is defined in Paragraph (2) of Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017. The relevant entry is as under:

> *(zf) "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 90 per cent or more participation by way of equity or control, to carry out any function entrusted to a Municipality under article 243W of the Constitution or to a Panchayat under article 243G of the Constitution;*

It is to be noted that the same definition of Governmental Authority was there in the erstwhile Service Tax regime. The Hon'ble Supreme Court, in the judgment delivered in the case of Commissioner, Customs, Central Excise and Service Tax, Patna v. M/s. Shapoorji Pallonji and Company Pvt. Ltd. (2023), clarified the definition of Governmental Authority. The Hon'ble Apex Court clarified that sub-clauses (i) and (ii) are independent and disjunctive provisions separated by 'or'. The Hon'ble Apex Court also clarified that the condition of having 90% government participation by way of equity or contract and carrying out any function entrusted to a Municipality under Article 243W or to a Panchayat under Article 243G applies only to sub-clause (ii), not to sub-clause (i). In other words, any authority or a board or any other body becomes a Governmental Authority if it is set up by an Act of Parliament or State Legislature. Since the concept of Governmental Authority under the GST regime is the same as it was under the erstwhile Service Tax regime, this order of the Hon'ble Apex Court is squarely applicable in the GST regime as well.

In the present case, IIT Kharagpur was set up by the Indian Institute of Technology (Kharagpur) Act, 1956 (Act 51 of 1956) passed in the Indian Parliament. Later on, all the Indian Institutes of Technology came under the ambit of the Institutes of Technology Act, 1961 (Act 59 of 1961) passed by the Indian Parliament. In Section 4 of the Indian Institute

of Technology (Kharagpur) Act, 1956, the institute has been declared a body corporate. So, in our considered view, the IIT Kharagpur is a Governmental Authority as defined in clause (zf) of Paragraph (2) of Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017.

4.12 The third condition is that the supply of service must be by way of a) water supply, b) public health, c) sanitation conservancy, d) solid waste management and e) slum improvement and upgradation.

Evidently, the supply of service is restricted to the above five areas. Here we must throw some analytical light on the phrase 'by way of'. If we carefully look at the descriptions of item no. 3 and 3A of Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017, we must appreciate that the pure services and the composite supply of goods and services referred to in the items respectively are to be supplied 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. In case of item 3B the phrase 'in relation to' has been omitted. Here the supply of service must be by way of certain activities specified therein. In our considered view, the whole issue has the following implications:

1) The service must directly be any one of the five specified areas.

2) Wherever the phrase 'by way of any activity in relation to' has been used, it expands the scope of activity to include secondary, indirect or ancillary activities along with the main activity.

3) On the other hand, the use of 'by way of' phrase narrows down the scope of activity. It is never intended to include any secondary, indirect, or ancillary activity. If sub-clause (a) refers to water supply, it means that the service of water supply is exempt. Other activities in relation to water supply or indirectly related to water supply are not intended to be included here.

In the present case, the applicant is engaged in the activity of 'revamping of water pipeline distribution network at Hall Area' and setting up of 'new main water pipeline for the upcoming South East Campus' of IIT Kharagpur. The activity *per se* refers to civil engineering or repair works related to water supply of the institute. This does not constitute the actual supply of water. In our considered view, neither revamping of water pipeline distribution network at Hall Area of IIT Kharagpur nor setting up of new main water pipeline for the upcoming South East Campus of the Institute fulfils the third condition provided in item no. 3B *supra*.

4.13 In this context, we must keep in mind that in numerous taxation-related cases, the Hon'ble Apex Court has ruled that a person claiming exemption must prove that they fall squarely within the parameters of the exemption notification. In the *Commissioner of Customs (Mumbai) v. Dilip Kumar & Co.* (2018), the Hon'ble Supreme Court ruled that exemption notification should be interpreted strictly and the burden of proving applicability would be on the assessee to show that his case comes within the parameters of the exemption clause or exemption notification. We are also of the considered view that exemption notification must be interpreted strictly and in accordance with the clear statutory provisions. Unless the statutory provisions allow flexibility (as in the case of item 3 and 3A *supra*), there is no scope to stretch the provisions to include other activities along with the specified activity for which exemption is made into the ambit of exemption notification.

4.14 Since the supply of services rendered by the applicant does not fit into any of the exemption entries of item no. 3, 3A and 3B, it is a taxable service. It is to be taxed @ 9% CGST + 9% SGST under serial no. 3(ii) of Notification 11/2017 – Central Tax (Rate) dated 28.06.2017, as amended till date.

In view of the foregoing, we rule as under:

RULING

Question 1: What is the exact SAC (Service Accounting Code) of the service provided by the applicant in the form of setting up of new main water pipe line for the upcoming South East Campus of the institute and revamping of water pipe line distribution network at hall area of IIT Kharagpur?

Answer: The group code for both the services is 99542. The specific service code for setting up of new main water pipeline is 995422. The revamping of water pipeline is basically repair and maintenance service and hence the specific service code is 995429.

Question 2: What is the GST tax rate applicable on the service provided by the applicant in the form of setting up of new main water pipeline for the upcoming South East Campus of the institute and revamping of water pipeline distribution network at hall area of IIT Kharagpur?

Answer: 9% CGST + 9% SGST is applicable on both the works under serial no. 3 (ii) of

Notification 11/2017 – Central Tax (Rate) dated 28.06.2017, as amended till date.

Sd/-	Sd/-
(YOGESH SUGDEO CHITTE)	(JAYDIP KUMAR CHAKRABARTI)
Member	Member
West Bengal Authority for	West Bengal Authority for
Advance Ruling	Advance Ruling

Place: Kolkata
Date: 9th September, 2026

To,
Jaypee Projects Limited
11, Dr Rajendra Prasad Sarani,
Barrabazar, Kolkata, West Bengal, 700001

Copy to:

(1) The Principal Chief Commissioner, CGST & CX, 180, Shantipally, R.B.Connector, Kolkata - 700107

(2) The Commissioner of State Tax, West Bengal, 14, Beliaghata Road, Kolkata - 700015

(3) The Commissioner, CGST & CX, Kolkata North Commissionerate, 180, Shantipally, R.B.Connector, Kolkata - 700107

(4) The Charge Officer, Commercial Taxes, N.S. Road Charge, 14, Beliaghata Road, Kolkata - 700015

(5) Office Copy