



**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 Visweswar Rao, Additional Commissioner (State Tax)**

**A.R.Com/23/2020**

**Date.04-10-2021**

**TSAAR Order No.12/2021**

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

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- 1.** M/s. TELANGANA STATE TECHNOLOGY SERVICES LIMITED (TSTSL) Telangana State Public Sector Undertaking and TSTSL is a Service Agency to the Telangana Government and its Departments relating to Information Technology and its related services (hereafter 'applicant'), (GSTIN No. 36AAFCT5611E1ZK) have filed an application in **FORM GST ARA-01** under Section 97(1) of TGST Act, 2017 read with Rule 104 of CGST/TGST Rules, seeking Advance Ruling seeking clarification.
- 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 to the earlier, henceforth 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 applicant enclosed copies of challans as proof of payment of Rs.5,000/- for SGST and Rs.5000/- for CGST towards the fee for Advance Ruling. The Applicant has declared that the questions raised in the application have neither been decided by nor are pending before any authority under any provisions of the GST Act. The application is therefore, admitted.
- 4. Brief facts of the case:**
  1. The applicant TELANGANA STATE TECHNOLOGY SERVICES LIMITED (TSTSL) Telangana State Public Sector Undertaking and TSTSL is a Service Agency to the Telangana Government and its Departments relating to Information Technology and its related services.
  2. One of Such services provided by TSTSL is, acting as a fund manager on behalf of IT E&C Department, Telangana State in executing e-

procurement process as per GOVERNMENT the OF G.O.Ms.No.7 TELANGANA, Dated 17-11-2016 INFORMATION issued by TECHNOLOGY, ELECTRONICS & COMMUNICATIONS DEPARTMENT (e-Procurement (G.O Copy Enclosed)

3. As per the guidelines issued through above stated GO, TSTSL as fund manager receives entire amounts lie e-Procurement Transaction charges) into a designated Bank Accounts On receipt of the e-Procurement Transaction Fees (inch of GST), TSTS is paying GST 18% on the entire e Procurement Transaction Fees on monthly basis And TSTS recognizes its share of Service Charges 45 and again pays GST @ 18% on monthly basis. The balance amounts are utilizing for IT expenditure towards the specific requirements of the Concerned Departments of Telangana State.
4. The applicant is of the opinion that he is acting as a pure agent on behalf of the State government which is floating tenders amounting to supply of services and such supply may not attract tax under CGST Act, 2017, hence this application.

#### **5. Questions raised:**

1. Whether the e-Procurement transaction fee collected on behalf of ITE&C Department of Telangana State Government towards online tenders' results in supply of goods or services or both, within the meaning of supply as defined?
2. Whether the Tax liability arises on e-procurement transaction fee collected on behalf of State Government Department i.e., IT E&C department?
3. Whether this services made by State Government Department falls under Entry No.6 of exemption of Notification No. 12/2017- Central Tax (Rate) Dated 28<sup>th</sup> June, 2017?

#### **6. Personal Hearing:**

The Authorized representatives of the unit namely Sri M. Naresh Kumar, CA & AR and Sri K. Sanjiv Reddy, CA & AR attended the personal hearing held on 09-07-2021. The authorized representatives reiterated their averments in the application submitted and contended as follows:

1. That ITE & C is floating online tenders through the applicant and the applicant is collecting the transaction fees as an agent and retaining the margin amount of 5% as service charges so that 95% of the amount so collected is passed onto the principal i.e., ITE & C and concerned department.
2. The applicant is desirous of ascertaining from AAR whether this transaction forms part of taxable supply and whether they are exempt under Notification No.12/2017 dated: 28.06.2017 at Serial No.6.

#### **7. Discussions & Findings:**

The applicant is providing service to various departments of Telangana Government in the field of Information technology and related services. These services include e-procurement of various goods & services for these Government departments. It is the opinion of the applicant that such services provided by him fall under Entry 6 of Notification No. 12/2017 dated: 28.06.2017 and therefore are exempt from any tax under GST.

The said entry reads as follows:

“Services by the Central Government, State Government, Union territory or local authority excluding the following services

- (a) Services by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than the Central Government, State Government, Union territory;
- (b) Services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;
- (c) Transport of goods or passengers; or
- (d) Any service, other than services covered under entries (a) to (c) above, provided to business entities.”

A careful reading of the said Entry in the Notification reveals that this entry pertains to services provided by the Government and not services provided to the Government. The applicant is providing services to the Government. Therefore the services provided by the applicant to the Government are not exempt under this Notification. Further the services provided by the applicant on behalf of the Government to business entities is covered by the exception to the above entry, therefore such services also are not exempt.

**8. The ruling is given as below:**

Question	Ruling
1. Whether the e-Procurement transaction fee collected on behalf of ITE&C Department of Telangana State Government towards online tenders' results in supply of goods or services or both, within the meaning of supply as defined?	Yes, it falls within the meaning of supply as defined in the CGST Act, 2017
2. Whether the Tax liability arises on e-procurement transaction fee collected on behalf of State Government Department i.e., IT E&C department?	Yes
3. Whether this services made by State Government Department falls under Entry No.6 of exemption of Notification No. 12/2017- Central Tax (Rate) Dated 28 <sup>th</sup> June, 2017?	No

The application filed by M/s. Telangana State Technology Services Limited is disposed accordingly.

(S.V. KAST VISWESHWAR RAO)  
ADDL. COMMISSIONER (State Tax)

(B. RAGHU KIRAN)  
ADDL. COMMISSIONER (Central Tax)

(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. Telangana State Technology Services Limited,  
HACA Bhavan,  
2<sup>nd</sup> Floor, Opp. Public Garden,  
Hyderabad – 500 004.

Copy submitted to :

1. The Commissioner (State Tax) for information
2. The Chief Commissioner (Central Tax), Basheerbagh, Hyderabad.

Copy to all the Joint Commissioners (State Tax), in the State.

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