

THE AUTHORITY FOR ADVANCE RULINGS
(Central Excise, Customs & Service Tax)
NEW DELHI

1st Day of July, 2016

Ruling No. AAR/ST/17/2016

in

Application No. AAR/44/ST/30/2015

PRESENT

Justice Mr. V.S. Sirpurkar, Chairman
Shri S.S. Rana, Member (Technical)
Shri R.S. Shukla, Member (Law)

Name & address of the applicant : M/s. Raghava Estates & Properties Ltd.

Commissioner concerned : Commissioner of Customs,
Central Excise & Service Tax
C.R. Building, Kannavari Totha,
Guntur-522004.

Present for the applicant : Shri Y.S. Reddy, Advocate

Present for the Department : Shri Amresh Jain,
Authorised Representative

ORAL RULING

The applicant is a builder. It is a public limited company. The admission is opposed.

The first objection which is taken by the Department was that it is only a private limited company which is entitled for exemption. That does not appear to be a fact. There is a Notification No. 4/2013-SC dated 1st March, 2013 which entitles even the public companies to apply and to be entitled for the exemption.

2. Therefore, the first objection about the applicant not being a proper applicant is rejected.

3. The activity which is proposed to be carried out is to build a house for an individual that is only for a single house for the customer. We had intended to admit this matter earlier, however, considering that the controversy is extremely narrow, we are proceeding to give its ruling straight away with the consent of both the parties.

4. As has already been stated in the earlier paragraphs, the activity is that of building a single house for the customer, admittedly that activity is exempt from the Service Tax. The objection which seems to have been raised is that the applicant company would also obtain the necessary sanctions from the 'Gram Panchayat' for being able to construct the house. This amounts to a separate service and, if it is separate, if it is to be acquired by a separate agreement, it would attract the Service Tax. The contention is undoubtedly right that if there is an independent agreement only for the purposes of obtaining the necessary sanctions from the local self government including the 'Gram Panchayat' then it would undoubtedly amount to an independent service. However, in this case, the learned counsel asserts that it is going to be a 'bundled service' meaning thereby that the company will obtain the necessary sanctions and then will build an individual house. The learned counsel asserts that there will be no independent agreement regarding obtaining of sanctions and if there is any, the company will pay the Service Tax over that. Taking into consideration this stance by the learned counsel that it will be only a bundled service of obtaining the necessary sanctions and then building the individual house, we feel that in this particular factual situation there will be no Service Tax attracted. We accordingly give a ruling that in case there is a common agreement of obtaining the sanction and then build an individual house, it would be covered under the exemption notification. The matter is treated to be disposed of on this basis.

Sd/-
(S.S. Rana)
Member(R)

Sd/-
(V.S. Sirpurkar)
Chairman

Sd/-
(R.S. Shukla)
Member (L)