

**THE AUTHORITY ON ADVANCE RULINGS
IN KARNATAKA
GOODS AND SERVICES TAX
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD
GANDHINAGAR, BENGALURU – 560 009**

Advance Ruling No. KAR ADRG 02 / 2021

Date : 29-01-2021

Present:

1. Dr. Ravi Prasad M.P.
Additional Commissioner of Commercial Taxes Member (State Tax)
2. Sri. Mashhood Ur Rehman Farooqui,
Joint Commissioner of Central Tax, Member (Central Tax)

1.	Name and address of the applicant	M/s KSF-9 Corporate Services Pvt Ltd., No: 617, Sapthagiri Complex, Vinayaka Layout, Nagarbhavi, Bengaluru-560072
2.	GSTIN or User ID	29AAFCK8154M1ZV
3.	Date of filing of Form GST ARA-01(online/Manual)	20.11.2020 / 01.12.2020
4.	Represented by	Sri. Shivaraj Kumar, Director
5.	Jurisdictional Authority – Centre	The Principal Commissioner of Central Tax, Bangalore West Commissionerate, Bengaluru.
6.	Jurisdictional Authority – State	ACCT LGSTO 100 - Bengaluru
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000/- under CGST Act Rs.5,000-00 under KGST Act vide CIN SBIN20102900571480 dated 28.10.2020.

**ORDER UNDER SECTION 98(4) OF THE CGST ACT, 2017
& UNDER SECTION 98(4) OF THE KGST ACT, 2017**

M/s KSF-9 Corporate Services Pvt Ltd., (hereinafter referred as 'applicant'), having GSTIN: 29AAFCK8154M1ZV, filed an application for Advance Ruling under Section 97 of CGST Act, 2017 read with Rule 104 of the CGST Rules, 2017 and under Section 97 of the KGST Act, 2017 read with Rule 104 of the KGST Rules 2017, in FORM GST ARA-01 discharging the fee of Rs.5,000/- each under the CGST Act and the KGST Act.



KSF-9 Corporate Services Pvt. Ltd.,-2

2. The Applicant company is a Private Limited Company incorporated under the Companies Act, 1956 and entered into an agreement with The Karnataka State Rural Development & Panchayat Raj University, Karnataka State Warehouse Corporation for provision of manpower supply services. The recipients of the service instructed the applicant to charge GST @ 18% only on the service charges but not on total billed amount. Hence the applicant has sought advance ruling in respect of the following question:

Whether applicant should charge GST @ 18% for providing manpower services only on the services charges or on the total bill amount?

3. **Admissibility of the application** : The applicant, filed the instant application, in relation to valuation of the manpower services. Further the applicant has sought advance ruling in respect of the question on the issues covered under Section 97(2)(c) of the CGST Act 2017 and hence the application is admitted.

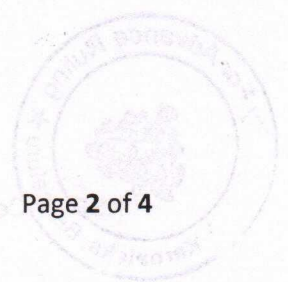
4. **FACTS OF THE CASE**

4.1 The applicant company, registered under provisions of the GST Act, engaged in providing manpower supply services based on requirement of the customers and contracts awarded. The applicant submitted that they had been awarded contract for supply of manpower, on acceptance of their tender by Karnataka State Rural Development and Panchayat Raj University, Gadag, Karnataka and consequently the applicant entered into an agreement. They also provide similar services to Karnataka State Warehouse Corporation, under the following terms and conditions.

4.2 The applicant agreed to comply with all the labor laws, rules and Acts in relation to its workers and ensure payment of minimum wages to the workers engaged to provide the said services on outsourcing basis, as per the notifications issued by the Government of Karnataka.

4.3 The applicant shall deposit the EST/PF contributions of the workers to the appropriate authority as per the rules and shall pay such taxes duties fees and other impositions as may be levied under the Applicable Law, the amount of which is deemed to have been included in the contract price.

4.4 The University shall pay the service charges to the Applicant at the rate of 2% in addition to the wages of their employees, so as the applicant shall not deduct any amount from the wages.



PERSONAL HEARING: / PROCEEDINGS HELD ON 15.12.2020.

5. Sri. Shivaraj Kumar, Director of the applicant company appeared for personal hearing proceedings held on 15.12.2020 & reiterated the facts narrated in their application.

6. **FINDINGS & DISCUSSION:**

6.1 At the outset, we would like to state that the provisions of both the CGST Act and the KGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provisions under the KGST Act.

6.2 We have considered the submissions made by the Applicant in their application for advance ruling as well as the submissions made by Sri. Shivaraj Kumar, Director of the applicant company during the personal hearing. We have also considered the issues involved, on which advance ruling is sought by the applicant, and relevant facts.

6.3 The applicant sought the advance ruling on the valuation of the manpower services being provided by them to their customers supra. The applicant is being paid services charges @2%, in addition to the wages and hence they directed the applicant to charge GST on the service charges only but not on the bill amount. We proceed to examine the valuation of the manpower services. We invite reference to Section 9 of the CGST Act 2017, which is relevant to levy and collection of GST.

6.4 Section 9(1) of the CGST Act 2017 stipulates that CGST shall be levied on all intra-state supplies of goods or services or both, on the value determined under Section 15. Thus the value of the instant service need to be decided in terms of Section 15 supra.

6.5 Section 15 of the CGST Act 2017 deals with value of taxable supply and Section 15(1) stipulates that ***“the value of supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and the price is the sole consideration of the supply”***.

6.6 In the instant case, the applicant (supplier) and the recipients are not related and the price is the sole consideration. Therefore the value of the taxable supply of manpower services of the applicant shall be the transaction value i.e. the total bill amount inclusive of actual wages of the manpower supplied and the additional 2% amount paid to the applicant.



7. In view of the foregoing, we pass the following

RULING

The value of the taxable supply of manpower services is the transaction value equivalent to the bill amount which is inclusive of actual wages of the manpower supplied and the additional 2% amount paid to the applicant

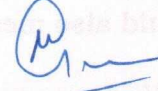

29/1/2021

(Dr.M.P.Ravi Prasad)
Member

MEMBER

Karnataka Advance Ruling Authority
Bengaluru - 560 009

Place: Bengaluru,
Date : 29-01-2021



29.01.2021

(Mashhood Ur Rehman Farooqui)
Member

MEMBER

Karnataka Advance Ruling Authority
Bengaluru - 560 009

To,

The Applicant

Copy to:

1. The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.
2. The Commissioner of Commercial Taxes, Karnataka, Bengaluru.
3. The Principal Commissioner of Central Tax, Bangalore West Commissionerate, Bengaluru.
4. The Asst. Commissioner, LGSTO-100, Bengaluru.
5. Office Folder.

