

**THE AUTHORITY FOR ADVANCE RULING
IN KARNATAKA
GOODS AND SERVICES TAX
VANIJA THERIGE KARYALAYA, KALIDASA ROAD
GANDHINAGAR, BENGALURU - 560 009**

Advance Ruling No. KAR ADRG 07/ 2024

Dated: 29.01.2024

Present:

1. Dr. M.P. Ravi Prasad
Additional Commissioner of Commercial Taxes Member (State)
2. Sri Kiran Reddy T
Additional Commissioner of Customs & Indirect Taxes Member (Central)

1.	Name and address of the applicant	M/s. VISTAR AEC CONSULTANTS LLP, No.E-227, Fortuna Center Park, 8A Main, 11 th Cross, Canara Bank Layout, Vidyaranyapura Post, Bengaluru-560 097.
2.	GSTIN or User ID	29AARFV9715G1ZE
3.	Date of filing of Form GST ARA-01	10.07.2023
4.	Represented by	Sri Vishal Pujar, Partner
5.	Jurisdictional Authority - Centre	The Commissioner of Central Tax, Bengaluru North GST Commissionerate, North Division-6, RANGE-DND6
6.	Jurisdictional Authority - State	ACCT, LGSTO-065, Bengaluru
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000-00 under CGST Act and Rs.5,000-00 under SGST Act vide debit of Electronic Cash Ledger Reference No.2907230031714 Dated 10.07.2023

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

M/s. Vistar AEC Consultants LLP, No.E-227, Fortuna Center Park, 8A Main, 11th Cross, Canara Bank Layout, Vidyaranyapura Post, Bengaluru-560 097 (hereinafter referred to as 'The applicant'), having GSTIN 29AARFV9715G1ZE have filed an application for Advance Ruling under Section 97 of CGST Act, 2017 read with Rule 104 of CGST Rules, 2017 and Section 97 of KGST Act, 2017 read with Rule 104 of KGST Rules, 2017, in FORM GST ARA-01 discharging the fee of Rs.5,000/- each under the CGST Act and the KGST Act.



M/s. Vistar AEC Consultants LLP

2. The applicant is a Limited Liability Partnership concern registered under the provisions of Central Goods and Services Tax Act, 2017 as well as Karnataka Goods and Services Tax Act, 2017 (hereinafter referred to as the CGST Act and KGST/SGST Act respectively). The applicant is providing architectural and structural design consultancy services.

3. The applicant has sought advance ruling in respect of the following questions:

- i. *Applicability of GST rate for revenue sharing scenarios between the joint bidders / partners on the project which partners have secured together*
Where:
 - a. *Partners have bid jointly and secured the project together*
 - b. *Partners have entered into an agreement with the client together*
 - c. *Partners have been given a work order by client*
- ii. *Can we consider the GST at the rate as applicable to the client?*
- iii. *Is the exemption of GST applicable to all partners as mentioned by TCC?*

4. Admissibility of the application: The question is about the “determination of the liability to pay tax on any goods or services or both” is admissible under Section 97(2) (e) of the CGST Act 2017.

5. Brief Facts of the Case:

5.1 The applicant states that they are providing architectural and structural design consultancy services.

5.2 The applicant states that they have secured the design consultancy project while bidding jointly with another partner M/s. Grant Thornton Bharat, a LLP to provide services to Tiruchirappalli City Corporation. The project is for bus terminal, vegetable market, wholesale market, truck terminal and infrastructure structure.

5.3 The applicant states that their partner M/s. Grant Thornton Bharat is the lead member and collects the fee on behalf of all the partners. The mode of payment from their client i.e., Tiruchirappalli City Corporation is to one of the partners who must proportionately share the revenue between other partner/s.

5.4 The applicant states that Tiruchirappalli City Corporation is exempted from GST.

6. Applicant's Interpretation of Law:

6.1 The applicant is of the view that the rate of GST applicable on revenue sharing between joint bidders / partners for a particular project must be the same as is applicable to the client.

PERSONAL HEARING / PROCEEDINGS HELD ON 13.07-2023

7. Sri Vishal Pujar, Partner appeared for personal hearing proceedings held on 13.07.2023 and reiterated the facts narrated in their application.



M/s. Vistar AEC Consultants LLP

FINDINGS & DISCUSSION

8. At the outset we would like to make it clear that the provisions of CGST Act, 2017 and the KGST Act, 2017 are in pari-materia and have the same provisions in like matter and differ from each other only on a few specific provisions. Therefore, unless a mention is particularly made to such dissimilar provisions, a reference to the CGST Act would also mean reference to the corresponding similar provisions in the KGST Act.

9. We have considered the submissions made by the applicant in their application for advance ruling. We have also considered the issues involved on which advance ruling is sought by the applicant and the relevant facts along with the arguments made by their authorized representative and also their submissions made during the time of hearing.

10. The Applicant is a limited liability partnership which is engaged in providing architectural and structural design consultancy services. The Applicant states that they have secured a design consultancy project from Tiruchirappalli municipal corporation (herein referred as TMC) while bidding jointly with another partner M/s Grant Thornton Bharat LLP (herein referred as GTBL) which is the lead member.

10.1 The Applicant has submitted a copy of the agreement between Tiruchirappalli municipal corporation and M/s Grant Thornton Bharat LLP for providing consulting services for preparing feasibility report and detailed project report for integrated bus terminus at Panjappur, wholesale market at old Madurai road and infrastructure facilities at Panjappur .

10.2 After going through the agreement, it is observed that the agreement for the above work is between Tiruchirappalli Municipal Corporation (herein referred as TMC) and M/s Grant Thornton Bharat LLP (herein referred as GTBL) in association with M/s Vistar AEC Consultants LLP (herein referred as VACL); that TMC will pay GTBL on receipt of invoice; that the agreement is signed by city engineer, TMC and one of the partners of GTBL and not signed by M/s Vistar AEC Consultants LLP. This shows that there is no privity of contract between TMC and M/s Vistar AEC Consultants LLP.

11. The Applicant has also submitted a copy of the agreement between M/s Grant Thornton Bharat LLP and M/s Vistar AEC Consultants LLP. After going through the agreement, we observed that GTBL is the lead consultant and VACL, i.e, the Applicant, will support the lead consultant; that GTBL will be acting on behalf of the parties; that the share of each party on overall project fee shall be made in proportion, that is GTBL-34.38% and VACL-65.62%; that payment shall be made on back to back basis that is VACL shall be paid within 15 days of receipt of payment from TMC.

11.1 The Applicant has also submitted copies of tax invoices raised by them to GTBL. On going through those invoices it is observed that the Applicant has provided services to GTBL.



In view of the above it is seen that, there is no privity of contract between Tiruchirappalli Municipal Corporation (TMC) and the Applicant and that he has supplied services to GTBL which is taxable under GST.

12. The Applicant wants to know the applicability of GST on revenue sharing scenarios between joint bidders/partners. It is observed from the agreement of 'Contract for Services' between M/s Grant Thornton Bharat LLP and M/s Vistar AEC Consultants LLP, that the overall project fee awarded is shared between GTBL and VACL in the ratio 34.38:65.62.

However, VACL has raised tax invoice to GTBL for providing services to them. Thus, the question of revenue sharing does not arise when tax invoice is raised. Hence, Advance ruling cannot be given on assumed scenarios in the absence of relevant documents.

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

RULING

- i. *Advance ruling cannot be given on assumed scenarios in the absence of relevant documents.*
- ii. *The Applicant cannot consider the GST at the rate as applicable to the client.*
- iii. *The exemption of GST is not applicable to the Applicant.*


(Dr. M.P. Ravi Prasad)

Member

MEMBER

Karnataka Advance Ruling Authority
Place: Bengaluru,
Bengaluru - 560 009

Date:

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 Commissioner of Central Tax, Bengaluru North GST Commissionerate, Bengaluru.
4. The Assistant Commissioner of Commercial Taxes, LGSTO-065, Bengaluru.

5. Office Folder.

M/s. Vistar AEC Consultants LLP


(Kiran Reddy T)

Member

MEMBER

Karnataka Advance Ruling Authority
Bengaluru - 560 009