

AUTHORITY FOR ADVANCE RULING, TAMIL NADU
No.207, 2nd FLOOR, PAPJM BUILDING, No.1, GREAMS ROAD,
CHENNAI 600 006.

ORDER UNDER SECTION 98(4) OF THE CGST ACT, 2017 AND
UNDER SECTION 98(4) OF THE TNGST ACT, 2017

Members present:

Shri C. Thiyagarajan, I.R.S., Additional Commissioner/Member (CGST), Office of the Commissioner of GST and Central Excise, Audit I Commissionerate, Chennai - 600 101.	Shri B. Suseel Kumar, B.E., MBA., Joint Commissioner/Member (SGST), Authority for Advance Ruling, Tamil Nadu, Chennai - 600 006.
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Advance Ruling No. 39/ARA/2025, dated 25.09.2025

- 1. Any appeal against this Advance Ruling order shall lie before the Tamil Nadu State Appellate Authority for Advance Ruling, Chennai under Sub-Section (1) of Section 100 of CGST Act 2017/TNGST Act 2017, within 30 days from the date on which the ruling sought to be appealed is communicated.*
- 2. In terms of Section 103(1) of the Act, Advance Ruling pronounced by the Authority under Chapter XVII of the Act shall be binding only-*
 - (a) On the applicant who had sought it in respect of any matter referred to in sub-section (2) Section 97 for advance ruling.*
 - (b) On the concerned officer or the Jurisdictional Officer in respect of the applicant.*
- 3. In terms of Section 103(2) of the Act, this Advance Ruling shall be binding unless the law, facts or circumstances supporting the original advance ruling have changed.*
- 4. Advance Ruling obtained by the applicant by fraud or suppression of material facts or misrepresentation of facts, shall render such ruling to be void ab initio in accordance with Section 104 of the Act.*
- 5. The provisions of both the Central Goods and Services Tax Act and the Tamil Nadu Goods and Services Tax Act (herein referred to as the Act) are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the Central Goods and Services Tax Act would also mean a reference to the same provisions under the Tamil Nadu Goods and Services Tax Act.*

GSTIN Number, if any / User id		33AFPPS5000J1ZE
Legal Name of Applicant		SHANMUGAVEL THEVAR SESAPPAN
Trade Name of Applicant (Optional)		M/s. S. SESAPPAN
Registered Address/ Address provided while obtaining user id		1/3-A, North Street, Sattur, Virudhunagar District – 626 203.
Details of Application		Application Form GST ARA – 01 received from the applicant on 17.12.2024 online and on 24.12.2025 manually.
Concerned Officer		STATE: Virudunagar Division Virudunagar Zone Sattur-I Assessment Circle. CENTRE: Madurai Commissionerate Virudunagar Division.
Nature of activity(s) (proposed /present) in respect of which advance ruling sought for		
A	Category	Works Contract
B	Description (in brief)	1. The applicant is rendering the service of Works Contract to Government Department namely, Sattur Municipality. 2. Based on the tender called for by Sattur Municipality for revamping of dump site through bio-mining to recover the land, the applicant was declared and awarded with the project to recover the land at ward No. 14, Nenmeni Road municipal compost yard under Sattur Municipality. Accordingly, an agreement was executed with them and the applicant is required to process the legacy waste removal plant, operate and maintain and has to fulfill all statutory obligations and the cost of build, design, install, operate and maintenance are to be solely born by them. 3. The scope of work as per the work plan includes excavating the existing mixed compacted garbage which underwent biological degradation in the land portion allocated by Sattur municipality and sieving

	them by mechanical sieving machine or any other equipment at the applicant's cost. 4. In toto, the applicant has to remove the legacy waste dumped by bio-mining process by putting up the processing plant/legacy waste removal plant under design, build, own and operate. The applicant will be paid by Sattur municipality as per the quote agreed and accepted in the agreement based on the net quantity of input waste processed from the Sattur dump yard by the applicant.
Issue/s on which advance ruling Required	1) Classification of goods and/ or services or both. 2) Applicability of a notification issued under the provisions of the Act
Question(s) on which the advance ruling is required	1. Classification of service viz, "Solid Waste Management -Revamping of existing dumped garbage in compost yards by Bio-mining process" provided by the applicant to Sattur Municipality. 2. Whether the service provided to Sattur Municipality is exempted as per Sl. No. 3 of Notification No. 12/2017-CT (Rate) dated 28-07-2024.

M/s. Shanmugavel Thevar Sesappan, 1/3-A, North Street, Sattur, Virudhunagar District – 626 203 (hereinafter called as 'the Applicant') is engaged in providing works Contract service to Sattur Municipality. The nature of contract is for removing the legacy waste dumped at the Sattur dump yard through bio-mining process on design, build, own and operate concept. They are registered under the GST Act with GSTIN 33AFPPS5000J1ZE.

2. Applicant's Statement of facts:

2.1 The applicant is a works contractor providing supply of service to Sattur Municipality. The applicant submitted that based on the tender invited from Sattur Municipality for revamping of dump site through bio-mining to recover the land, the applicant was awarded with the project. As per the agreement and proposal with Sattur Municipality, the work plan includes excavating the existing mixed compacted garbage which underwent

biological degradation in the land portion allocated by Sattur municipality and sieving them by mechanical sieving machine or any other equipment at the applicant's cost. The consideration for the contract will be paid by Sattur municipality as per the quote agreed and accepted in the agreement based on the net quantity of input waste processed from the Sattur dump yard by the applicant.

2.2. The applicant has stated that the activity would fall under the classification of 9994 as 'Sewage and waste collection, treatment and disposal and other environmental protection services' as per Notification No. 11/2017-CT(Rate) dated 28-06-2017. The said supply of service is exempted from GST under Sl. No. 3 of Notification No. 12/2017-CT(Rate) dated 28-06-2017 as amended as the work entrusted fall under functions of a municipality under schedule 12 of Article 243W of the Constitution of India as "Public health, sanitation conservancy and solid waste management".

2.3 The applicant further cited that AAR decision in the case of M/s. Zigma Global Environ Solutions Private Limited, Erode wherein the Tamilnadu AAR in their order No. 35/AAR/2020 dated 21-10-2020 has decided that the applicant is eligible for exemption provided under the Notification.

2.4. The applicant further informed that the jurisdictional officer based on the GSTR-7 returns (monthly returns filed by the person who deducts TDS) filed by Sattur Municipality and fixed the rate of tax at 12% and 18% on the exempted turnover and issued a show cause notice dated 16-04-2024 on the applicant for not declaring the turnover in their GSTR-3B though declared in GSTR-9. However, this mis-match in the turnover resulting in non-payment of GST was paid by the applicant vide DRC-03 but they have not paid the interest. Vide assessment order dated 24-04-2025, it was stated that the applicant has not responded to the notice issued through back-office portal and also through registered post. Further, the assessing officer have stated that the applicant has not attended the personal hearing also. Hence, in accordance with Section 50 read with Section 74 of the Act, interest of Rs. 8,74,124/- (CGST- Rs. 4,37,062/- & SGST- Rs. 4,37,062/-) was confirmed.

2.5 Aggrieved, the applicant preferred a Writ petition before Hon'ble Madurai Bench of High Court of Madras vide WP (MD) No. 25952/2024 to issue a writ of Certiorarified Mandamus calling for the records pertaining to the impugned order and quash the same as illegal and in gross violation of principles of Natural Justice.

2.6 The Hon'ble High Court of Madras, vide order dated 06-01-2025 allowed the writ petitions, set aside the order of assessment and remitted back to the respondent (CTO, Tirunelveli) to afford an opportunity of hearing to the petitioner under law and pass appropriate orders on merits and in accordance of law. Further, directed the petitioners to file their reply to the show cause notices issued to them on or before 31-01-2025.

2.7 As directed by the Hon'ble High Court, after following the principles of natural justice, the applicant was issued with an assessment order dated 24-04-2025 again confirming the demand raised and the demand of interest raised in the show cause notice. The applicant informed that they are now going to file appeal before Commissioner(A) against the assessment order passed by the State Tax Officer.

3. Personal Hearing:

3.1 Shri. A, Satheesh Murugan, Advocate and Shri. J. Karthikumar, Advocate and Authorised Representatives (AR) of the applicant appeared for the personal hearing as scheduled on 11-08-2025. Authorised Representative reiterated the submissions made in the original application and informed that the nature of activity is Bio Mining of Solid Waste and the contract for such activity is awarded by Sattur Municipality. Further he claims that the activity would fall under Article 243W of the Constitution and are eligible for complete exemption from the purview of GST in terms of Notification No. 12/2017-CT (Rate) dated 28-06-2017.

3.2 AR informed that they were issued with a demand notice by the assessing officer and assured that they would submit all the documents relating to the issue of the said GST demand. Subsequently, AR submitted all the documents related to the demand as assured vide e-mail dated 16-08-2025.

4. DISCUSSION AND FINDINGS:

4.1 Before proceeding to decide the query on merits, the question of admissibility of the application needs to be decided in view of the demand notice issued by the proper office while making assessment of the mandatory returns filed by the applicant.

Second 98(2) of the Act, is as follows.

"(2) The Authority may, after examining the application and the records called for and after hearing the applicant or his authorised

representative and the concerned officer or his authorised representative, by order, either admit or reject the application:

Provided that the Authority shall not admit the application where the question raised in the application is already pending or decided in any proceedings in the case of an applicant under any of the provisions of this Act:

Provided further that no application shall be rejected under this sub-section unless an opportunity of hearing has been given to the applicant:

Provided also that where the application is rejected, the reasons for such rejection shall be specified in the order.”

4.2 The above provision specifically states that if the question raised is already pending or decided in any proceedings, such application shall not be admitted. Therefore, we have to first ascertain whether the questions raised in the application is similar or same on which proceedings have been initiated. Second, whether the proceeding precedes or succeeds the application filed by the applicant.

4.3 As per the AAR application, the applicant had sought,

- (i) Classification of service viz “Solid Waste Management-Revamping of existing dumped garbage in compost yards by bio-mining process” provided by the applicant to Sattur Municipality; and*
- (ii) Whether the service provided to Sattur Municipality is exempted as per Sl. No. 3 of Notification No. 12/2017 dated 28-06-2017?*

4.4 Based on the monthly returns in GSTR-3B, GSTR-1 and annual return in GSTR-9 for the financial year 2018-19, the applicant was issued through GST portal with an intimation in **DRC-01A dated 22-03-2024** about the discrepancies noticed on reconciliation of the above mandatory returns. As the applicant failed to reply for the query raised, a **show cause notice dated 16-04-2024 in form DRC-01** was sent to the applicant. Subsequently, **personal hearing intimation dated 14-05-2024** was also sent to the applicant. As the applicant has neither turned up nor replied to the communications sent from the department, the assessing officer adjudicated the show cause notice vide **order dated 17-05-2024**, the demand of interest to the tune of Rs. 8,74,124/- (CGST-Rs. 4,37,062/- and SGST-Rs. 4,37,062/-) was confirmed.

4.5 Consequent to the writ petition filed before Madurai Bench of Hon'ble High Court of Madras, and as directed by the court in their order dated 06-01-2025, the applicant was heard again and the assessing officer adjudicating the show cause notice afresh vide assessment order dated 24-04-2025 was issued and demand of interest to the tune of Rs. 8,74,124/- (CGST-Rs. 4,37,062/- and SGST-Rs. 4,37,062/-) was confirmed.

5. The AAR application was filed by the applicant on 11-02-2025. The date of filing of AAR application is nearly a year after DRC-01A was issued by the department. The mis-match noticed by the department is with regard to applicability of tax on the turnover declared by the applicant in their GSTR-9 annual returns while Zero turnover has been declared in their GST-3B returns. The reason for initiation of recovery proceeding against the applicant as a result of scrutiny and assessment is akin to the clarification sought by them and therefore, the time line of initiation of scrutiny and assessment and application before the Authority of Advance Ruling need to be seen.

6. The issue with regard to scrutiny and assessment is the difference due to declaration of turnover in GSTR-9 and GSTR-3B and its taxability which resulted in the non-payment of GST on the turnover declared by the applicant. The queries raised by the applicant in their application is also on the classification and the eligibility of exemption notification. From the above, it is clear that the issue involved in the scrutiny and assessment carried out by the jurisdictional assessing officer and the one covered under the query for advance ruling raised by the applicant are one and the same.

7. Further, it is seen that while the application for advance ruling in the instant case was filed by the applicant online on 11.02.2025, the DRC-01A seeking clarification on the mis-match issued by the assessing officer is on 22-03-2024. The application for clarification filed by the applicant before AAR is nearly a year after initiating recovery proceedings by the department against them.

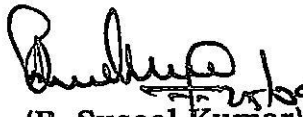
8. The first proviso to Section 98(2) restricts admission of application seeking advance ruling where the questions are already pending in any proceedings in the case of an applicant under any of the provisions of the Act. Therefore, the term 'proceedings' assumes immense significance in the context of the instant case.

9. Therefore, we are of the considered opinion that the application for advance ruling filed online dated 11.02.2025 by the applicant is liable for rejection under the first proviso to Section 98(2) of the CGST / TNGST Acts, 2017, in view of the fact that 'proceedings' on the same issue was already pending against the applicant.

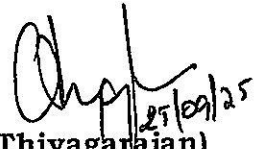
10. In view of the above, we rule as under:

RULING

The advance ruling application is rejected for the reasons discussed supra.


(B. Suseel Kumar)
Member (SGST)




(C. Thiagarajan)
Member (CGST)

To

M/s. SHANMUGAVEL DEVAR SESAPPAN

GSTIN: 33AFPPS5000J1ZE

1/3-A, North Street, Sattur,
Virudhunagar District – 626 203.

(By RPAD)

Copy submitted to

1. The Principal Chief Commissioner of GST and Central Excise,
26/1, Uthamar Mahatma Gandhi Road,
Nungambakkam, Chennai 600 034.
2. The Commissioner of Commercial Taxes,
2nd Floor, Ezhilagam, Chepauk, Chennai 600 005.
3. The Commissioner of GST and Central Excise,
Madurai Commissionerate,
Central Avenue Building,
No.4, Lal Bahadur Shastri Road,
Bibikulam, Madurai – 625 002.

Copy to

1. The State Tax Officer.
Sattur-I Assessment Circle.
Commercial Taxes Building NGO Colony,
Satchiyapuram, Sivakasi West – 626 124.
2. Master File / Stock File – A1