

GOVT. OF NCT OF DELHI
OFFICE OF THE DELHI AUTHORITY FOR ADVANCE RULING
DEPARTMENT OF STATE TAX
7th Floor, Vyapar Bhawan, I.P. Estate, New Delhi-110002

PROCEEDINGS OF THE AUTHORITY FOR ADVANCE RULING UNDER
SECTION 98 OF THE GOODS AND SERVICES TAX ACT, 2017

Members present:

<u>Shri Bhavan Lal Meena, I.R.S.</u> <u>Member (Centre)</u> <u>Delhi Authority for Advance Ruling</u> <u>O/o the Principal Chief Commissioner of</u> <u>CGST & Central Excise, Delhi Zone, New</u> <u>Delhi - 110002</u>	<u>Smt. Asha Chaudhary Malhotra,</u> <u>Member (State)</u> <u>Delhi Authority for Advance Ruling,</u> <u>O/o Additional Commissioner, Department</u> <u>of Trade & Taxes, Vyapar Bhawan, GNCTD,</u> <u>I.P. Estate, New Delhi - 110002</u>
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Advance Ruling No. 12/DAAR/2025 Dated: 25.08.2025

1. Any appeal against this Advance Ruling order shall lie before the Delhi Appellate Authority for Advance Rulings, New Delhi as under Sub-Section (1) of Section 100 of CGST Act / DGST Act 2017, within 30 days from the date on 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) of 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 CGST Act, 2017 and DGST Act, 2017 are *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 DGST Act and vice-versa.



Annexure-A

Authority for Advance Ruling (AAR) – Details of Order Passed

Name of the State/Union Territory: NCT of Delhi

1	2	3
1	Name of the Entity	Central Pollution Control Board/ (CPCB)
2	Product/Services involved	Activities as Statutory Functions
3	Brief Issue	<p>The Applicant contended that it is a "Governmental Authority" and/or "Local Authority" within the meaning assigned under the Central Goods and Services Tax Act, 2017 Integrated Goods and Services Tax Act, 2017 and judicial interpretation.</p> <p>The Applicant further contended that it qualifies for exemption under Notification No. 12/2017–Central Tax (Rate) dated 28th June 2017.</p>
4	Section of the Act or the Rules involved on which ruling issued	Notification No. 12/2017- Central Tax (Rate) Dated 28th June 2017. Effective from 28 th June, 2017
5	Category as per Section 97(2)	(b) applicability of a notification issued under the provisions of this Act;



**DELHI AUTHORITY FOR ADVANCE RULING
GOODS AND SERVICES TAX
DEPARTMENT OF STATE TAXES
7TH FLOOR, VYAPAR BHAWAN, I.P. ESTATE, NEW DELHI-110002**

ADVANCE RULING NO

: 12/DAAR/2025

In Application No

: 190/DAAR/2025a

Name of the Applicant	: Central Pollution Control Board/(CPCB)
GSTIN of the Applicant	: 07AAALC0228L2ZD
Date of Application	: 10 th March, 2025
Clause(s) of Section 97(2) of the CGST/DGST Act, 2017, under which the question has been raised	: Section 97 (2) (b) & (g)
Date of hearing(s) for Admission	: 30/07/2025
Date of final hearing(s)	: 30/07/2025
Date of receipt of final submission from the Applicant	: 30/07/2025
Date of receipt of comments from Revenue (Central)	: Not Received
Date of receipt of comments from Revenue (State)	: 30/07/2025
Present for the Applicant	: CA. Shivanand Chaudhary (Authorized Representative), Mr. Utpal Kapoor and Mr. Kamal office bearers of CPCB
Present for the Revenue (Centre)	: None Present
Present for the Revenue (State)	: Mr. Irfan Khan, GSTO Ward-44

This is an application under Sub-Section (1) of Section 97 of the CGST/DGST Act, 2017 filed by M/s Central Pollution Control Board/(CPCB) PARIVESH BHAWAN, EAST ARJUN NAGAR, DELHI, East Delhi, Delhi, 110032, having GSTIN 07AAALC0228L2ZD. The CPCB seek advance Ruling on the question:

"Whether the CPCB (An autonomous body of the Ministry of Environment, Forest and Climate Change of Govt. of India) is liable to charge GST on the amount collected by it in the Course of discharge of its sovereign and statutory functions/duties under Water (Prevention and Control of Pollution) Act, 1974, and the Air (Prevention and Control of Pollution) Act, 1981 and Environment (Protection) Act, 1986?"



2. Statement of Facts submitted by the Applicant:

- (a). The **Central Pollution Control Board (CPCB)** is a **governmental body** established by the **Central Government** in **September 1974**, in exercise of the powers conferred under Section 3 of the **Water (Prevention and Control of Pollution) Act, 1974**. The primary objective behind its constitution was to promote the prevention and control of water pollution and to maintain or restore the wholesomeness of water. Subsequently, the CPCB was also entrusted with powers and functions under the **Air (Prevention and Control of Pollution) Act, 1981**, as well as under the **Environment (Protection) Act, 1986**, thereby broadening its mandate to cover comprehensive environmental regulation, including air quality management, environmental monitoring, enforcement of environmental standards, and oversight of pollution control measures across various sectors.
- (b). The CPCB serves as a field formation and also provides technical services to the Ministry of Environment and Forests of the provisions of the Environment (Protection) Act, 1986.
- (c). The statutory functions entrusted to the CPCB under Water (Prevention and Control of Pollution) Act, 1974, and the Air (Prevention and Control of Pollution) Act, 1981 and Environment (Protection) Act, 1986 includes:
- Advise the Central Government on any matter concerning prevention and control of water and air pollution and improvement of the quality of air.
 - Plan and cause to be executed a nation-wide program for the prevention, control or abatement of water and air pollution;
 - Provide technical assistance and guidance to the State Boards, carry out and sponsor investigation and research relating to problems of water and air pollution, and for their prevention, control or abatement;
 - Plan and organise training of persons engaged in programme on the prevention, control or abatement of water and air pollution;
 - Organise through mass media, a comprehensive mass awareness programme on the prevention, control or abatement of water and air pollution;
 - Collect, compile and publish technical and statistical data relating to water and air pollution and the measures devised for their effective prevention, control or abatement;
 - Prepare manuals, codes and guidelines relating to treatment and disposal of sewage and trade effluents as well as for stack gas cleaning devices, stacks and ducts.



- Disseminate information in respect of matters relating to water and air pollution and their prevention and control;
- Lay down, modify or annul, in consultation with the State Governments concerned, the standards for stream or well, and lay down standards for the quality of air; and
- Perform such other function as may be prescribed by the Government of India.

(d). The CPCB being a governmental authority working under the ministry of Environment, Forest and Climate Change of Government of India entrusted with various statutory functions such as:

- i) **issuing various licences and/or granting consent/registration under:**
 - a. **Water (Prevention and Control of Pollution) Act, 1974,**
 - b. **Air (Prevention and Control of Pollution) Act, 1981; and**
 - c. **Environment (Protection) Act, 1986**
- ii) **Operating in-house labs for sample testing of water under a specific arrangement with Ministry of Jal Shakti (Government of India)**

(e). As per the mandate of various environmental laws, the Central Pollution Control Board (CPCB), while discharging its statutory and sovereign functions, **is authorized to collect certain revenues in accordance with the provisions of those laws and regulations made thereunder.** These functions are carried out under the authority of key legislations such as the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981, and the Environment (Protection) Act, 1986.

(f). In performing its statutory, sovereign and regulatory duties such as granting consent to operate, monitoring pollution levels, analysing samples, and implementing Extended Producer Responsibility (EPR) frameworks CPCB levy charges such as consent fees, sample analysis fees, and monitoring charges. These charges are levied strictly under statutory authority and are incidental to CPCB's role as a regulator. The collection of charges is not commercial in nature. Rather, they are administrative charges that support the implementation of environmental protection programs, monitoring activities, laboratory operations, data management systems, and awareness and capacity-building initiatives. These revenues ensure that the Board is equipped to meet its objectives under environmental law and policy.



(g). It is important to emphasize that the **CPCB functions as a governmental authority under the Ministry of Environment, Forest and Climate Change (MoEFCC)**, and these collections are made as part of its statutory, sovereign and regulatory functions. In various interpretations under the Goods and Services Tax (GST) regime, such revenues collected for performing constitutional and statutory duties have been considered non-taxable, especially when they are directly linked to functions under Article 243W read with the Twelfth Schedule of the Constitution.

(h). Accordingly, the revenues collection effected by the Central Pollution Control Board (CPCB) are lawful, statutory in nature, and intrinsically linked to the discharge of its statutory, sovereign and regulatory functions under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981. Such collections are not in the nature of commercial receipts but constitute statutory levies or fees collected in furtherance of regulatory and supervisory obligations imposed by law.

3. Details of the question on which Advance Ruling requested:

(a). The **Central Pollution Control Board (CPCB)** is a **statutory body** constituted by the **Central Government** under the provisions of **Section 3 of the Water (Prevention and Control of Pollution) Act, 1974**, and functions under the administrative control of the **Ministry of Environment, Forest and Climate Change**. As a public authority established by law, the CPCB discharges a wide range of **statutory, regulatory, and sovereign functions** in the field of environmental protection and pollution control.

(b). Its mandate includes **monitoring and controlling air and water pollution, implementation of various waste management rules, and granting Consent to Establish (CTE) and Consent to Operate (CTO)** to industries under the applicable environmental regulations. The CPCB is also entrusted with the responsibility of **advising the Central Government** on matters concerning **environmental quality, public health, and ecological sustainability**. These functions are discharged in the public interest and in furtherance of the statutory objectives enshrined in the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981, and the Environment (Protection) Act, 1986.

(c). The **Central Pollution Control Board (CPCB)**, though primarily a regulatory authority, performs a range of functions that closely align with the activities listed in the **Twelfth Schedule of the Constitution**, as referred to in **Article 243W**. These functions include areas such as **public health, sanitation, solid waste management, urban forestry, environmental protection, and**



promotion of ecological balance, all of which are responsibilities constitutionally entrusted to municipalities. While CPCB's functions are statutory and regulatory, they serve critical public interest objectives and support the effective implementation of municipal duties. As such, CPCB's role is not only regulatory but also complements the broader constitutional mandate of urban governance and sustainable development.

(d). *In view of the above, the question arises whether the activities undertaken by CPCB, in the course of performing these statutory and regulatory functions, qualify as "services by way of any activity in relation to any function entrusted to a municipality under Article 243W of the Constitution" for the purpose of availing GST exemption under Notification No. 12/2017-Central Tax (Rate) dated 28th June 2017 (as amended), particularly under Entry 4 of the said Notification.*

(e). *Clarification is sought on whether such statutory activities undertaken by CPCB, being incidental to environmental governance and public service, are exempt from GST under the aforementioned notification.*

4. Views of the Applicant:

The applicant represented that: -

(a). The **Pollution Control Board (CPCB)** being a body setup by an Act of the Parliament is a **Government Authority** in terms to the meaning assigned to Government Authority in the explanation to clause (16) of Section 2 of the Integrated Goods & Services Tax, 2017.

The given explanation is being reproduced as under "governmental authority" means an authority or a board or any other body, -

(i). *set up by an Act of Parliament or a State Legislature; or*

(ii). *established by any Government, with ninety per cent. or more participation by way of equity or control, to carry out any function entrusted to a Panchayat under article 243G or to a municipality under article 243W of the Constitution;*

(b). The **Central Pollution Control Board (CPCB)** also qualifies as a "**local authority**" within the meaning of **Section 2(69)** of the **Central Goods and Services Tax Act, 2017**, based on the interpretative guidance provided by judicial and quasi-judicial forums. In particular, reference is drawn to the **Ruling No. 08/2018-19 dated 11th September 2018** issued by the **Authority for Advance Ruling (Uttarakhand)**, wherein it was held that the **Uttarakhand Environment Protection and Pollution Control Board** qualifies as a **local authority** under **Section 2(69)** of



the CGST Act. The said ruling recognised that such boards are established by the government and are entrusted with functions falling under the Twelfth Schedule of the Constitution, particularly those relating to environmental protection and public health.

(c). The activities undertaken by the CPCB are in direct discharge of its statutory, sovereign and/or regulatory obligations as a governmental authority established under law enacted the Parliament of India. These functions are closely aligned with those entrusted to Municipalities under **Article 243W** of the Constitution of India, read with the **Twelfth Schedule**. Specifically, **Entry 8** of the Twelfth Schedule enumerates "protection of the environment and promotion of ecological aspects" as a core municipal function. Our activities, which include environmental protection, pollution prevention and control, regulation of industrial discharges, and enforcement of sustainable development norms fall squarely within this constitutional mandate.

(d). That as per the **Notification No. 12/2017-Central Tax (Rate)** dated **28.06.2017**, as amended, services provided by a *Governmental Authority* or *Local Authority* by way of any activity in relation to any function entrusted to a Municipality under Article 243W are exempt from GST (Ref: **Entry No. 4** of the notification). Being a statutory authority primarily engaged in the execution of such functions, our services are thus eligible for exemption under the said notification. Therefore, any charges or fees collected by us in furtherance of these statutory functions are not liable to GST, as they are part of exempted activities executed in public interest.

(e). Accordingly, we are of the considered view that our organisation, being both a **Governmental Authority** as well as a **Local Authority** within the meaning of the **Central Goods and Services Tax Act, 2017**, is engaged in the performance of **statutory, sovereign, and regulatory functions** that are constitutionally recognised, particularly under **Article 243W** read with the **Twelfth Schedule** to the Constitution of India. These functions, including environmental regulation, pollution control, and protection of ecological systems, are non-commercial in nature and are discharged in the larger public interest pursuant to legislative mandates.

(vi). In light of the above, and having due regard to the exemptions provided under **Notification No. 12/2017 – Central Tax (Rate)** dated **28th June 2017**, we respectfully submit that any revenue or consideration received by our organisation in connection with the discharge of such functions does **not attract GST**, being exempt. Consequently, there arises **no obligation to charge, collect, or remit GST** on such receipts, as they pertain to sovereign activities undertaken in fulfilment of our public and statutory mandate.

5. Comments of the Jurisdictional Officer (SGST):

(a). Constitution of the applicant and its governing laws:



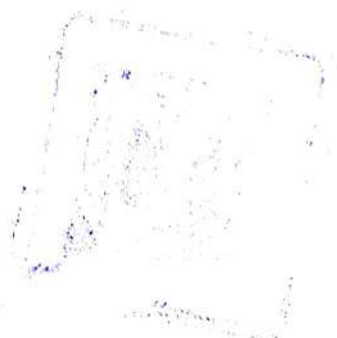
- For the purpose of determining the legal status and constitution of the applicant, this Authority has considered the provisions of the **Water (Prevention and Control of Pollution) Act, 1974**. On a careful reading of the relevant part of the said enactment, it is noted that the **Central Pollution Control Board (CPCB)** has been constituted by the **Central Government** in exercise of the powers conferred under **Section 3** of the Act. The said provision empowers the Central Government to constitute a Central Board for the prevention and control of water pollution, which shall be a body corporate having perpetual succession and a common seal, with powers to acquire, hold and dispose of property and to contract, and shall, by the said name, sue and be sued.
- It is further observed that the CPCB has subsequently been entrusted with powers and functions under the **Air (Prevention and Control of Pollution) Act, 1981** and the **Environment (Protection) Act, 1986**, thereby extending its jurisdiction and responsibilities. From the above, it is evident that CPCB is a **statutory authority**, discharging public functions of a regulatory and sovereign character under legislative mandate. Its constitution and functioning are derived wholly from statutory provisions enacted by Parliament.
- The relevant part of the section 3 of the Water (Prevention and Control of Pollution) Act, 1974 is as under:

" 3. Constitution of Central Boards

- (1) The Central Government shall, with effect from such date (being a date not later than six months of the commencement of this Act in the States of Assam, Bihar, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Karnataka, Kerala, Madhya Pradesh, Rajasthan, Tripura and West Bengal and in the Union territories) as it may, by notification in the Official Gazette, appoint, constitute a Central Board to be called the Central Pollution Control Board to exercise the powers conferred on and perform the functions assigned to that Board under this Act."*

6. **RECORD OF PERSONAL HEARING:**

Accordingly, opportunity of personal Hearing was granted to the applicant on 30/07/2025, Shri CA. Shivanand Chaudhary (Authorized Representative), Mr. Utpal Kapoor and Mr. Kamal office bearers of CPCB appeared for personal hearing on 30/07/2025 and submitted documents describing therein exact nature of work being undertaken by the applicant. From the side of Revenue (State) Shri Irfan Khan GSTO, Ward-44 was present and submitted their reply dated 30/07/2025.



7. Discussion & Findings:

(a). We have carefully gone through the records of the case and taken into consideration the submissions made by the Applicant in their Application dated 10/03/2025 and at the time of the personal hearing.

(b). The first question before us to decide whether the amount collected by the applicant in lieu of Grant of License/Consent/Registration/Consent to the various business entity is liable to GST or not in terms of Sl. No. 4 of Notification No. 12/2017, dated 28.06.2017 and whether the applicant is fall under the definition of Government Authority or Local Authority and the activity undertaken by them are in relation to a municipality under Article 243 W of the Constitution or not.

In this regard, it is imperative to mention here provision contained under Sl. No. 4 of Notification No. 12/2017 dated 28.06.2017 which stipulates as under:

Sl. NO.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (percent)	Condition
4.	Chapter 99	Services by Central Government, State Government, Union territory, local authority or governmental authority by way of any activity in relation to any function entrusted to a municipality under article 243 W of the Constitution	Nil	Nil

Status/Position of the applicant under the GST Laws:

(a). The terms 'Government Authority' & 'Government entity' were inserted by Notification No.31/2017 - Central Tax (Rate) dated 13.10.2017 (amendment in Notification No. 11/2017 dated 28.06.2017) as clauses (ix) & (x) of explanation in Para 4 which is as follows:

- **(ix) Governmental Authority means an authority or a board or any other body, -**

- (I). Set up by an Act of Parliament or a State Legislature; or
- (ii). Established by any Government,



with 90 percent or more participation by way of equity or control, to carry out any function entrusted to a Municipality under article 243 W of the Constitution or to a Panchayat under article 243 G of the Constitution.

- **(x) Government Entity means an authority or a board or any other body including a society, trust, corporation, -**

- (i). Set up by an Act of Parliament or State Legislature; or
- (ii). Established by any Government,

with 90 per cent. or more participation by way of equity or control, to carry out a function entrusted by the Central Government, State Government, Union Territory or a local authority.

- **As per Section 2(69) of GST Act, 2017, 'local authority' means-**

- (a) a "Panchayat" as defined in clause (d) of article 243 of the Constitution;
- (b) a "Municipality" as defined in clause (e) of article 243P of the Constitution;
- (c) a Municipal Committee, a Zilla Parishad, a District Board, **and any other authority legally entitled to, or entrusted by the Central Government or any State Government with the control or management of a municipal or local fund;**
- (d) a Cantonment Board as defined in section 3 of the Cantonments Act, 2006 (41 of 2006);
- (e) a Regional Council or a District Council constituted under the Sixth Schedule to the Constitution;
- (f) a Development Board constituted under article 371 ⁸[and article 371J] of the Constitution; or
- (g) a Regional Council constituted under article 371A of the Constitution;

- (b). Upon a conjoint reading of the above provision with the constitutional mandate under Article 243W and the Twelfth Schedule, and considering that the Central Pollution Control Board (CPCB) was constituted by the Central Government under Section 3 of the Water (Prevention and



Control of Pollution) Act, 1974, this Authority is of the considered view that the applicant qualifies as a **Governmental Authority/Local Authority** for the purposes of GST law.

(c). **Alienation of functions of the applicant with the Article 243W of the Constitution:**

(i). The **Central Pollution Control Board (CPCB)** is a governmental body constituted under **Section 3 of the Water (Prevention and Control of Pollution) Act, 1974**, and subsequently entrusted with powers and responsibilities under the **Air (Prevention and Control of Pollution) Act, 1981** and the **Environment (Protection) Act, 1986**. It functions under the administrative control of the **Ministry of Environment, Forest and Climate Change** and is mandated to perform a range of statutory and regulatory functions in the domain of environmental protection, pollution prevention, and ecological management.

(ii). To assess the status and taxability of CPCB under the **Goods and Services Tax (GST) regime**, it is important to examine whether its functions are in alignment with those entrusted to **Municipalities** under **Article 243W** of the Constitution of India.

(iii). Article 243W empowers the State Legislature to confer powers and responsibilities upon Municipalities with respect to the preparation of plans for economic development and social justice, and the performance of functions listed in the **Twelfth Schedule**. The **Twelfth Schedule** contains **18 functional items**, several of which closely align with the statutory duties of CPCB. Notably, the following entries are of particular relevance:

Entry 6: *Public health, sanitation, conservancy, and solid waste management;*

Entry 8: *Urban forestry, protection of the environment and promotion of ecological aspects.*

(iv). The CPCB is engaged in activities that directly fall within the scope of the above entries. These include:

- Monitoring and control of air and water pollution across the country;
- Enforcement of environmental standards and norms for emissions and effluents;
- Granting Consent to Establish (CTE) and Consent to Operate (CTO) under environmental laws;
- Implementation of hazardous and solid waste management rules;
- Advising the Central Government on matters related to environmental quality and public health;
- Formulation of environmental policies and technical guidelines for state and local bodies.

These functions are **not commercial in nature** and are carried out in exercise of **sovereign and regulatory authority** conferred by central legislation.



(v). **The provisions of Article -243W along with "Twelfth Schedule" is as under:**

"Article-243W : Powers, authority and responsibilities of Municipalities, etc.: -

Subject to the provisions of this Constitution, the Legislature of a State may, by law, endow:

- a. the Municipalities with such powers and authority as may be necessary to enable them to function as institutions of self-government and such law may contain provisions for the devolution of powers and responsibilities upon Municipalities, subject to such conditions as may be specified therein, with respect to:-
 - i. the preparation of plans for economic development and social justice;
 - ii. the performance of functions and the implementation of schemes as may be entrusted to them including those in relation to the matters listed in the Twelfth Schedule;
- b. the Committees with such powers and authority as may be necessary to enable them to carry out the responsibilities conferred upon them including those in relation to the matters listed in the Twelfth Schedule.

TWELFTH SCHEDULE (Article 243W)

1. Urban planning including town planning.
2. Regulation of land-use and construction of buildings.
3. Planning for economic and social development.
4. Roads and bridges.
5. Water supply for domestic, industrial and commercial purposes.
6. Public health, sanitation conservancy and solid waste management.
7. Fire services.
8. Urban forestry, protection of the environment and promotion of ecological aspects.
9. Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.
10. Slum improvement and upgradation.
11. Urban poverty alleviation.
12. Provision of urban amenities and facilities such as parks, gardens, playgrounds.
13. Promotion of cultural, educational and aesthetic aspects.
14. Burials and burial grounds; cremations, cremation grounds; and electric crematoriums.
15. Cattle pounds; prevention of cruelty to animals.
16. Vital statistics including registration of births and deaths.
17. Public amenities including street lighting, parking lots, bus stops and public conveniences.
18. Regulation of slaughter houses and tanneries.

(vi). **Notification No-12/2017-Central Tax (Rate) Dated 28th June, 2017 and its applicability to CPCB :**

- **Notification No. 12/2017 – Central Tax (Rate), dated 28th June 2017, stands as a cornerstone in the architecture of India's Goods and Services Tax (GST) regime. Issued under the authority granted by Section 11(1) of the CGST Act, 2017, this**



notification was framed to exempt certain categories of services from GST, in recognition of their **public welfare character** and **constitutional significance**.

- The rationale behind this notification is deeply anchored in **public interest, constitutional governance**, and the broader policy objective of promoting **social equity** through tax relief on essential services. Its design reflects a conscious effort by the Government to ensure that **core civic, educational, healthcare, and charitable services** are not burdened by indirect taxation, especially when such services are rendered by or under the authority of the Government, local bodies, or registered non-profit organizations.
- Among the most significant entries in this notification is **Entry No. 4**, which exempts "services by a Governmental Authority by way of any activity in relation to any function entrusted to a municipality under Article 243W of the Constitution." This entry directly links the GST exemption to the **constitutional scheme of local self-governance** established under the **74th Constitutional Amendment**, which introduced **Article 243W** and the **12th Schedule** to the Constitution.
- The 12th Schedule outlines **18 functional areas** "Public health, sanitation conservancy and solid waste management" and "Urban forestry, protection of the environment and promotion of ecological aspects" that municipalities may be entrusted with by State Legislatures. By exempting services related to these functions, Entry No. 4 ensures that the **delivery of essential public services** by municipalities or statutory bodies or governmental authorities such as Pollution Control Boards, Urban Development Authorities, and Municipal Corporations is **not be hindered by the imposition of GST**.
- Furthermore, the notification promotes **fiscal federalism** and **cooperative governance** by respecting the autonomy of governmental authorities and facilitating their functional efficiency. It prevents the cascading effect of taxes on services that are non-commercial in nature and provided in discharge of **statutory obligations**. It also recognizes that levying GST on such services would effectively result in a **tax on governance** itself something the Constitution does not envisage.
- Notification No. 12/2017 is considered as the testimony of the Government's **commitment to balancing tax revenue with constitutional responsibilities and societal needs**. It plays a critical role in ensuring that **essential services remain accessible and affordable**, and that the spirit of the Constitution, especially as



embodied in Articles 243G and 243W Urban forestry, protection of the environment and promotion of ecological aspects is upheld in the realm of taxation policy.

- In consideration of the letter and spirit of Notification No. 12/2017 – Central Tax (Rate), dated 28th June 2017, it is observed that Entry No. 4 of the said notification specifically provides exemption from levy of GST on services rendered by a Governmental Authority by way of any activity in relation to the functions entrusted to a municipality under Article 243W of the Constitution of India. These functions are outlined in the 12th Schedule and cover core civic responsibilities such as water supply, sanitation, solid waste management, urban planning, environmental protection, and public health.
- The underlying principle of this exemption is to ensure that **statutory, sovereign, and regulatory functions**, when performed by entities established or controlled by the Government, are not subject to GST. This reflects a recognition of the constitutional mandate and public interest inherent in such services. These activities are carried out not for commercial gain but as part of the Government's obligation to ensure basic civic amenities and governance.
- Entry No. 4 of the said notification is thus intended to relieve essential public services from the burden of indirect taxation, thereby preventing the cascading of tax on services that are mandatory in nature and performed in furtherance of the constitutional responsibilities assigned to municipalities. The provision reinforces the policy objective of supporting decentralized governance and protecting public welfare functions from unintended tax implications.

(vii). As a result of the analysis of the constitution of the Central Pollution Control Board (CPCB), its legal status under GST laws qualifies it as a "Governmental Authority"/Local Authority in terms of the Notification No.31/2017 - Central Tax (Rate) dated 13.10.2017 (amendment in Notification No. 11/2017 dated 28.06.2017 and Section 2(69), of CGST Act, 2017. Further, it is clarified through Entry No. 4 of Notification No. 12/2017 – Central Tax (Rate), dated 28th June 2017, with effect from 28th June, 2017 that services provided by a Governmental Authority/Local Authority in relation to any function entrusted to a municipality under Article 243W of the Constitution is exempt from payment of GST.



(viii). The **core functions of the Central Pollution Control Board (CPCB)**, while regulatory in form, are inherently **statutory and sovereign in character**, and closely align with several functional areas enumerated in the **Twelfth Schedule to the Constitution**, as contemplated under **Article 243W**. These include critical domains such as **public health, sanitation, solid waste management, environmental protection, and urban forestry**, which are also functions entrusted to municipalities. In view of the nature and scope of these responsibilities, and keeping in mind the framework laid down under **Notification No. 12/2017 – Central Tax (Rate)**, it is understood that **the services rendered by CPCB in furtherance of such functions shall be regarded as falling within the scope of the exemption envisaged therein**, as may be, applicable from the date the said notification came into operation.

(ix). In view of the above, we find that functions, under Article 243 @ of the Constitution, entrusted to Municipality specifically mention **“Solid waste management and Protection of the environment and promotion of ecological aspects”**. Thus, we observe that providing protection to the environment and promotion of ecological aspects and Solid Waste Management are one of the functions entrusted to the Municipality under the said Article (Article 243W). It is evident that primary function of CPCB is also to safeguard the environment as well as general public from the negative impact of polluting generating plants. Thus, both the conditions viz. Service has to be provided by Local Authority/Government Authority and activity should falls under Article 243 W of the Constitution, has been fulfilled, hence, the said activity of the applicant is exempted in terms of Sl. NO. 4 of the Notification NO. 12/2017 – Central Tax (Rate) dated 28.06.2017. therefore, there is no liability of GST arises on the amount collected by the applicant in respect of said activity as the same is exempted service.

(x). The aforesaid opinion is based on the analysis of given below relevant legal provisions, judicial interpretations: -

- i. Provisions of section 3 of the Water (Prevention and Control of Pollution) Act, 1974
- ii. Section 2(69) of the Central Goods and Services Tax Act, 2017
- iii. Explanation given under section 2(16) of the Integrated Goods and Services Tax Act, 2017
- iv. Provisions of Article 243W and 12th Schedule of the Constitution of India
- v. Provisions of Notification No 12/2017 dated 28th June, 2017
- vi. Other judicial interpretations



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

Ruling:

1. M/s Central Pollution Control Board (CPCB), PARIVESH BHAWAN, EAST ARJUN NAGAR, DELHI, East Delhi, Delhi, 110032, CPCB, is a Government Authority/Local Authority in terms of the definition provided in the Notification No.31/2017 - Central Tax (Rate) dated 13.10.2017 (amendment in Notification No. 11/2017 dated 28.06.2017) and **Section 2(69) of GST Act, 2017**, follows

2. With regard to the applicability of GST on the fee collected by the applicant in the course of discharge of statutory functions as entrusted to them under water (Prevention and control of Pollution) Act, 1974, Air (Prevention and control of Pollution) Act, 1981 and Environment (Protection) Act, 1986, we are of the considered opinion that these activities such as Issuing various licenses and or granting consent/registration to various Business entities and Operating in-house labs for sample testing of water under an specific arrangement with Ministry of Jal Shakti (Govt. of India), are the statutory functions entrusted to them under water (Prevention and control of Pollution) Act, 1974, Air (Prevention and control of Pollution) Act, 1981 and Environment (Protection) Act, 1986, and there is no liability o GST arises on the fee collected by the applicant in respect of said activity as the same is exempted service in terms of Notification No. **12/2017 - Central Tax (Rate)**, dated 28th June 2017.

T. Shwameena

25.08.25

मदन मेनन / BHAWAN MEENA

(MEMBER - CENTRE)

अवर कमिशनर / Additional Commissioner

केन्द्रीय माल एवं सेवा कर, दिल्ली उत्तर/CGST, Delhi North

केन्द्रीय माल एवं सेवा कर, आई.टी. एस्टेट / C. R. Building, I. P. Estate
नई दिल्ली-110002 / New Delhi-110002

Delhi Authority for Advance Ruling

[Signature]

(MEMBER - STATE)



Delhi Authority for Advance Ruling

To,

M/s Central Pollution Control Board (CPCB)

PARIVESH BHAWAN, EAST ARJUN NAGAR,

DELHI, East Delhi, Delhi, 110032,

