



BEFORE THE AUTHORITY FOR ADVANCE RULING - ANDHRA PRADESH

Goods and Service Tax

D.No.12-468-4, Adjacent to NH-16 Service Road, Kunchanapalli, Guntur-522501

Present

1. Sri. K. Ravi Sankar, Commissioner of State Tax (Member)
2. Sri. B. Lakshmi Narayana, IRS, Additional Commissioner of Central Tax (Member)

AAR No. 13 /AP/GST/2025 dated:25.09.2025

1	Name and address of the applicant	M/s Public Transport Department Government Of Andhra Pradesh, 1st Floor, RTC House, NTR Administrative Block, Vijayawada Bus Depot Road, Pandit Nehru Bus Station, Krishnalanka, Vijayawada – 520013.
2	GSTIN	37AAAGP3279H1Z1
3	Date of filing of Form GST ARA-01	28-06-2025
4	Personal Hearing	29-08-2025
5	Represented by	Sri Sri Sai Makarandh .P Advocate , Sri G. Venkata Ramana Rao, CGM Finance & Accounts
6	Jurisdictional Authority – State	Governorpet Circle, Vijayawada-II Division
7	Clause(s) of section 97(2) of CGST/SGST Act, 2017 under which the question(s) raised	a) Classification of any goods or services or both; b) Applicability of a notification issued under the provisions of the Act. e) Determination of the liability to pay tax on any goods or services or both;

ORDER

(Under sub-section (4) of Section 98 of Central Goods and Services Tax Act, 2017 and sub-section (4) of Section 98 of Andhra Pradesh Goods and Services Tax Act, 2017)

1. wherein, M/s Public Transport Department Government Of Andhra Pradesh (GSTIN: 37AAAGP3279H1Z1), Vijayawada, (hereinafter referred to as

applicant) has filed an application in FORM GST ARA-01 under Section 97(1) of the Central Goods & Services Tax Act, 2017 and AP Goods & Services Tax Act, 2017 (hereinafter referred to as CGST Act and APGST Act respectively).

2. At the outset we would like to make it clear that the provisions of CGST Act, 2017 and APGST Act, 2017 are in parimateria 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, 2017 would also mean reference to the corresponding similar provisions in the APGST Act, 2017.
3. It is observed that the queries raised by the applicant fall within the ambit of Section 97 of the GST ACT. The applicant has paid fees Rs.5,000/- under SGST (25063700020535 dated 12.06.2025), and another Rs.5,000/- under CGST (25063700020535 dated 12.06.2025) towards the fee for Advance Ruling. The Applicant has declared that the questions raised in the application have neither been decided by nor are pending before any authority under any provisions of the GST Act

4. Brief Facts of the case:

1. M/s Public Transport Department Government Of Andhra Pradesh (Applicant) is an arm of the State Government of Andhra Pradesh which provides public transport facility under the aegis of the Andhra Pradesh State Road Transport Corporation.
2. The Applicant provides services of passenger transport by road in air-conditioned and non-air-conditioned transport as well as courier and GTA services. The registered address of the applicant is 1st Floor, NTR Administration House, Pandit Nehru Bus Station, Vijayawada- 520 013.
3. The applicant is the absolute owner of the bus stands out of which the passenger transport services and other allied services are operated out of. It is respectfully submitted that the bus stands are an asset to the Applicant and provide additional income by way of rentals/ lease and licenses. The bus stands are a pivotal point of passenger embarkation and disembarkation. Therefore, a

lot of people visit the bus stands and utilize the facilities provided by the applicant.

4. It is respectfully submitted that one of the facilities provided to the passengers/ staff and others are lavatory and toilet(s) in the bus stands. The applicant licenses third parties to maintain public toilets. This involves granting permission to external organizations/ contractors or individuals to manage, clean, and repair the restroom facilities available for public use. By outsourcing these tasks, the applicant ensures that the maintenance standards are upheld, providing a hygienic and safe environment for users. Additionally, licensed third parties may be responsible for regular inspections, stocking supplies, and implementing improvements to enhance the overall quality and accessibility of the public toilets.
5. It is respectfully submitted that the applicant does not collect any money from the passengers. The license-holders/ contractors who take up the contract of maintenance of the toilet facilities are liable for maintenance and they collect fee of Rs. 5/- from the users
6. It is respectfully submitted that the applicant calls for tenders and when a suitable proposal is selected, the applicant enters into an agreement with the winner of the tender-bod viz., the licensee who pays a monthly license fee to the applicant. This being the facts of the facts, the applicant respectfully wishes the Hon'ble Advance Ruling Authority to provide a conclusion on the following point of law.

5. Questions raised before the authority:

The applicant sought advance ruling on the following:

1. In view of the licenses granted to the tender bidders for maintenance of toilets, whether the license fee paid to the Applicant is exempted in view of the exemption provided vide Sl. No. 76 of Notification No. 12/2017- Central Tax (Rate)?
2. If not, what is the appropriate rate and classification of GST?

3. If the above transaction is exigible to GST, whether it must be on forward charge or reverse charge?

On Verification of basic information of the applicant, it is observed that the applicant is under State jurisdiction i.e., Governorpet Circle, Vijayawada-II Division. Accordingly, the application has been forwarded to the jurisdictional officer their remarks as per Sec. 98(1) of CGST /APGST Act 2017.

In response, remarks are received from the State jurisdictional officer concerned through mail dated 07-08-2025 stating that there are no proceedings issued/pending relating to M/s Public Transport Department Government Of Andhra Pradesh.

6. Applicant's Interpretation of Law :

- 6.1 Statement containing the Applicant's interpretation of law and/or facts, as the case may be, in respect of the questions(s) on which advance ruling is sought

The applicant submitted that they are the absolute owners of the bus stand and issues tenders for third-party maintenance of toilets. It is respectfully submitted on successful selection of a particular bidder, that the selected bidder and the Applicant enter into a contract wherein the license to operate the toilets are given to the bidder.

- 6.2 The applicant is attaching copies of a few previous licenses issued to the bidders for ease of perusal. A few important clauses as can be seen from the agreement entered into by M/s. APSRTC and M/s. Chandu Sanitation Workers Welfare Association are reproduced for ease of reference:

"Whereas the Licensor desirous to outsource maintenance of Toilets at Pandit Nehru Bus Station, Vijayawada. For this purpose, tenders have been called for from the interested persons for undertaking the said work. However, actual number of persons subject to a maximum of 24 to be utilized, will be decided by the Deputy Chief Traffic Manager, PNBS., Vijayawada from time to time depending upon need.

Whereas the Licensee has agreed to pay an amount of Rs.3,09,999/- (Rupees Three Lakhs Nine Thousand Nine Hundred Ninety Nine only) as monthly license fee to the corporation. In addition agreed to pay to salaries to E.24 employees engaged for maintenance of Arrival Block Toilets and besides cleaning material cost borne by the licensee.

Whereas the Licensor representing the owner of the Pandit Nehru Bus Station, Deputy Traffic Manager, Vijayawada is willing to allow Sri.U.SIVA NAGESWARA RAO, for out-sourcing of the work of TOILET MAINTENANCE OF ARRIVAL BLOCK of PNBS/Vijayawada Amaravathi Gents Toilets One (1), Tenali Laides Toilets One(1) and Open Toilets at platform No.61, in respect of PNBS/Vijayawada for a period of TWO (2) years with effect from 01.12.2023 to 31.12.2025 on a monthly License fee of Rs.3,09,999 (Rupees Three Lakhs Nine Thousand Nine Hundred and Ninety Nine Only) Licensee has pay to the APSRTC as per the terms and conditions set-out herein, which the Licensee has accepted.

Whereas the Licensee has agreed to undertake outsourcing of E.6 Un-skilled,E.18 Safai karmacharies, (Total,---24) on his own and he has to pay Rs.3,09,999/- per month. The licensee is permitted to collect Rs.5/- from each user by issuing token, at Pandit Nehru Bus Station, Vijayawada as per the terms ana conditions specified by the Licensor and set-out more specifically in the following paras.

The license has paid a Security Deposit amount of Rs. Rs.9,29,997/- (Rupees Nine Lakhs Twenty Nine Thousand Nine Hundred and Ninety Seven only) ie., Three months License Fee and one month Advance LICENCE FEE plus GST @ 18% which comes to Rs.12,95,796/- which the licensee has paid through (EMD DD No.113248, Dt.08.11.2023 an amount of Rs.2,00,000/-, DD No.133074, Dt.30.11.2023 an amount of Rs.10,95,796/- and produced bank Guarantee for an amount of Rs.9,29,997/- towards three months remuneration

1. The Contractor has to undertake the contract work for a minimum period of two years from the date of entering into an agreement. If he desires to discontinue the contract for whatsoever reasons, before completion of minimum period of one year of the contract, the Security Deposit will be forfeited.

2. The Contractor has submitted Bank Guarantee for an amount of Rs.9,29,997/- (Rupees Nine Lakhs Twenty Nine Thousand Nine Hundred and Ninety Seven only) with validity of 27 months where as the contract period is of 2 years.

3. The Contractor has to pay the remuneration on or before 10th of every month failure to pay the remuneration within the stipulated date will result in levy of penal interest @36% per annum from 1st day of the month to which the license fee belongs to.

4. The Corporation has every right to terminate the contract with ONE MONTH advance notice without assigning any reason during the existance of the contract period.

5. The Contract shall be terminable with one month's advance notice by the contractor after completion of minimum period of one year.

6. The Contractor shall keep the contract area ie., Toilets at Arrival Block and open toilets at plat form no.61 and a drainage canals neat and tidy condition. He shall ensure that lady toilets shall be maintained by lady sweepers/scavengers only.

7. The contractor has to maintain the toilets, drainage system including cleaning of manholes and septic tanks in the contract area. The septic tanks shall be cleaned for every six months or whenever they are filled whichever is earlier at his own cost.

8. The contractor shall arrange for the removal of cobwebs, bird nests, sack and other dirty matter within the contract area.

9. The contractor has to attend for repairs to pipe lines taps, avoiding leakages of water, in order to ensure continuous water supply to the toilets. In case of the damages to exhaust fans, lights, Mirror taps, pipe lines etc., are to be attended replaced at their own cost within four hours failing which the cost of same will be collected from the contractor,

10. All the tools, material including detergents such as acid, bleaching powder and phenoil, lemon grass oil etc. required to carry out the above works to be brought by the Contractor himself at his own cost"

6.3 As can be seen from the above agreement, the agreement is between "APSRTC"(Licensor) and "Chandu Sanitation Workers Welfare Association"(Licensee) and it grants a license to operate and maintain public toilets at the Pandit Nehru Bus Station (PNBS), Vijayawada.

It is also seen that the licensee pays a fixed monthly license fee of Rs.3,09,999/- + GST @ 18% and the instant agreement runs for 2 years, with terms for security deposit, advance license fee, and periodic payments.

6.4 is respectfully submitted that vide Sl. No. 76 of Notification No.12/2017-Central Tax (rate) read with G.O.Ms.No.588 dated 12.12.2017, issued by Revenue (Commercial Taxes-II) Department, Government of A.P., exempts the payment of GST on provision of services by way of public conveniences such as provision of facilities of bathroom, wash room etc., Relevant entry of the exemption notification is reproduced herein for ease of reference:

76	Heading 9994	Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets.	Nil	Nil
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This being the case, it is respectfully submitted by the applicant that they are renting the public facilities to third parties who are in-turn paying license-fee/ rent to the Applicant and who in-turn collect fee of Rs. 5/- per passenger using the facilities.

6.5 In this regard, the applicant would like to rely on the decision of the Hon'ble High Court of Andhra Pradesh of **Rajeev Yuvajana Sangham Vs. The State of AP** decided vide **W.P. No. 16162 of 2022**, wherein, the Hon'ble High Court had held that licensee fee in lieu of the work contract

of maintenance of toilets is exempted. Relevant extract of the decision is reproduced hereunder:

9.A perusal of the Notification, dated 28.06.2017, (Notification No.12/2017-Central Tax (Rate), would show that Heading 9994 relates to "Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets" and the rate of tax against the said heading is shown as "nil". Similarly, the Government of Andhra Pradesh, vide G.O.Ms.No.588, dated 12.12.2017, issued similar notification exempting payment of tax for the services rendered by such Agency.

10.As these two notifications are still in force and no notification is issued modifying or overriding the same, we feel that the writ petition deserves to be allowed.

11.Accordingly, this Writ Petition is allowed, declaring the action of the respondents in demanding C.G.S.T. and A.P.G.S.T. at the rate of 9% each on the monthly license fee paid by the petitioner for the work contract of maintenance of toilets at respondent No.4 bus station as illegal and improper. There shall be no order as to costs.

In view of the above, it is respectfully submitted that the amounts paid by the license-awardees to the Applicant for renting out the public facilities such as toilets shall be exempt.

It is respectfully submitted that the Applicant is in the process of renewal of the present licenses and humbly prays that the present authority may decide whether the license fee collected shall be liable to GST?

In case the service of provision of license is exigible to GST, whether the same must be collected from the recipient and paid or the recipient directly pays by way of reverse charge mechanism?

7. Personal Hearing:

The proceeding of Personal Hearing was conducted on 29.08.2025, for which the authorized representative Sri Sai Makarandh.P Advocate and Sri G. Venkata Ramana Rao, CGM Finance & Accounts, has appeared and reiterated the facts narrated in their application and also submitted copies of Agreements made between (i) APSRTC and M/s Chandu Sanitation Workers Welfare Association, (ii)APSRTC and Sri Challa Ramarao and (iii) APSRTC and Sri Challa Ramarao .

8. Discussion and Findings:

8.1 We have carefully examined the statement of facts, contents of the application filed by the applicant, along with the supporting documents and submissions made during the personal hearing held on 29.08.2025, in which the applicant was represented by Sri Sri Sai Makarandh.P, Advocate, and Sri G. Venkata Ramana Rao, CGM Finance & Accounts and Authorized Representative.

The applicant submitted following copies of the **Deeds of Agreement** entered into by APSRTC with contractors:

1. Deed of Agreement dated 28.12.2023 between APSRTC (Deputy Chief Traffic Manager, Visakhapatnam) and M/s Poul Raju Cleaning Sweeping, Sanitation & Maintenance Society, represented by Sri Chall Rama Rao.
2. Deed of Agreement dated 23.07.2024 between APSRTC (Deputy Chief Traffic Manager, Visakhapatnam) and M/s Poul Raju Cleaning Sweeping, Sanitation & Maintenance Society, represented by Sri Chall Rama Rao.
3. Deed of Contract dated 30.12.2023 between APSRTC (Deputy Chief Traffic Manager, PNBS Vijayawada) and M/s Chandu Sanitation Workers Welfare Association, represented by its President, Sri U. Siva Nageswara Rao.

8.2 The applicant submitted that it is a public sector body under the Government of Andhra Pradesh; that toilet facilities are provided as part of public amenities at bus stands owned by the Applicant; that the maintenance and operation of these facilities are licensed to private parties through a tender process; that no fee is collected by the Applicant from the users; however, the licensees collect a nominal fee from users and pay a monthly license fee to the Applicant. In these circumstances, the applicant sought for Advance Ruling whether the activity of licensing toilet blocks at bus stands owned by the Applicant (Public Transport Department, Government of Andhra Pradesh), to third-party contractors for maintenance and operation—wherein the contractors collect a user fee (Rs. 5/-) from the public and pay a monthly license fee to the Applicant—is exempted in view of the exemption provided vide Sl.No.76 of Notification No.12/2017-Central Tax (Rate) dated 28.6.2017 and if not, the appropriate rate and classification of GST and whether it is forward charge or reverse charge. The

applicant also relied on the decision of the Hon'ble High Court of Andhra Pradesh of Rajeev Yuvajana Sangham Vs. The State of AP decided vide W.P. No. 16162 of 2022, wherein, the Hon'ble High Court had held that licensee fee in lieu of the work contract of maintenance of toilets is exempted.

- 8.3 We observed that the applicant grants license to contractors permitting them to operate and maintain toilet blocks located in bus stations. In consideration, the applicant collects a fixed monthly license fee. The contractors independently engage manpower, supply cleaning materials, and collect user charges directly from the public.
- 8.4 As per para 4 of the above agreements at Sl.No.1 and 2, entered into with the contractors, it is also observed that the contractor shall pay the monthly license fee along with water, electrical charges and GST by 10th of every month and failure to pay within stipulated time may result in levy of penal interest @ 36% for the number of days delayed beyond the due date.
- 8.5 Further, as per the above agreement at Sl.No.3, it is observed that the licensee has paid a security deposit for 3 months license fee and one month advance license fee plus GST @ 18%.

Before proceeding, it is imperative to go through the provision and notification, The relevant portion of the said notification is as under:

The contentions of the applicant are examined with reference to the provisions of the Act and notification.

The scope of supply is as per section 7 of the GST Act and same is as below;-

7. Scope of supply. - (1) For the purposes of this Act, the expression supply includes

- (a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;.....

The relevant portion of the said notification is as under:

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
(1)	(2)	(3)	(4)	(5)
76	Heading 9994	Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets	Nil	Nil

From the above it is noticed that the issuance of 'licence' is a supply. But, the said 'license' in the present case is issued for maintenance of toilets at bus stations for use of passengers and staff and as per the entry at Sl.No.76 of Notification No.12/2017-Central Tax (Rate) dated 28.6.2017 the "services by way of public conveniences such as provision of facilities of bathroom, washroom, lavatories, urinals, or toilets" has been exempted from levy of GST.

8.6 Further, the Hon'ble High Court of Andhra Pradesh in W.P. No. 16162 of 2022 in the case of Rajeev Yuvajana Sangham Vs. The State of AP, held that *demanding C.G.S.T. and A.P.G.S.T. at the rate of 9% each on the monthly license fee paid by the petitioner for the work contract of maintenance of toilets at bus station iss illegal and improper*. Relevant extract of the decision is reproduced hereunder:

9.A perusal of the Notification, dated 28.06.2017, (Notification No.12/2017-Central Tax (Rate), would show that Heading 9994 relates to "Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets" and the rate of tax against the said heading is shown as "nil". Similarly, the Government of Andhra Pradesh, vide G.O.Ms.No.588, dated 12.12.2017, issued similar notification exempting payment of tax for the services rendered by such Agency.

10.As these two notifications are still in force and no notification is issued modifying or overriding the same, we feel that the writ petition deserves to be allowed.

11. Accordingly, this Writ Petition is allowed, declaring the action of the respondents in demanding C.G.S.T. and A.P.G.S.T. at the rate of 9% each on the monthly license fee paid by the petitioner for the work contract of maintenance of toilets at respondent No.4 bus station as illegal and improper. There shall be no order as to costs.

- 8.7 In the present case also, the applicant is granting licenses to third-party contractors for operating and maintaining toilet blocks within bus stations. While the contractors undertake the cleaning, maintenance, and day-to-day operations, the role of the Applicant is pivotal in facilitating public convenience. By granting licenses, the Applicant ensures that these public toilet facilities remain functional, accessible, and hygienic for the public.
- 8.8 The license fee collected by the Applicant is directly linked to enabling public access to toilet facilities and ensuring that the services of public convenience are available to passengers. And the Judicial support available in the decision of the Hon'ble High Court of Andhra Pradesh in *Rajeev Yuvajana Sangham v. State of Andhra Pradesh* (W.P. No. 16162 of 2022), where it was held that license fees collected for the maintenance of public toilets by third parties are exempt under Notification No. 12/2017-Central Tax (Rate) is also in favour of the applicant. In view of the above, the license fees collected by the Applicant clearly fall within the ambit of exemption.

Accordingly, the license fees collected by the applicant from contractors for operation and maintenance of public toilets is exempt from GST under Sl. No. 76 of Notification No. 12/2017-Central Tax (Rate), read with G.O.Ms.No.588 dated 12.12.2017.

As the ruling rendered in response to the first question is in the affirmative, the second and third questions, being consequential in nature, do not warrant separate adjudication and are rendered infructuous.

RULING

(Under Section 98 of Central Goods and Services Tax Act, 2017 and the Andhra Pradesh Goods and Services Tax Act, 2017)

Question: In view of the licenses granted to the tender bidders for maintenance of toilets, whether the license fee paid to the Applicant is exempted in view of the exemption provided vide Sl. No. 76 of Notification No. 12/2017-Central Tax (Rate)?

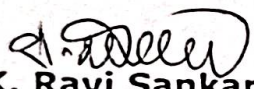
Answer: Affirmative.

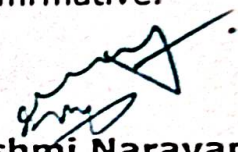
Question: If not, what is the appropriate rate and classification of GST?

Answer: Infructuous as the answer to the first question is in affirmative.

Question: If the above transaction is eligible to GST, whether it must be on forward charge or reverse charge?

Answer: Infructuous as the answer to the first question is in affirmative.


(K. Ravi Sankar)
Member


(B. Lakshmi Narayana)
Member

To

M/s Public Transport Department Government Of Andhra Pradesh (GSTIN: 37AAAGP3279H1Z1), 1st Floor, Rtc House, NTR Administrative Block, Vijayawada Bus Depot Road, Pandit Nehru Bus Station, Krishna Lanka, Vijayawada, NTR, Andhra Pradesh, 520002. **(By Registered Post)**

Copy to

1. The Assistant Commissioner (ST) Governorpet Circle, Vijayawada-II Division through mail)
2. The Commissioner of Central Tax, CGST, GST Bhavan, Central Revenue Buildings, Kannavari Thota, Guntur - 522 004

Copy submitted to

1. The Chief Commissioner (State Tax), O/o Chief Commissioner of State Tax, Kunchanapalli, Guntur District, (A.P)
2. The Principal Chief Commissioner (Central Tax), O/o Principal Chief Commissioner of Central Tax & Customs, Visakhapatnam Zone, GST Bhavan, Port area, Visakhapatnam-530035, A.P.

Note: Under Section 100 of the APGST Act 2017, an appeal against this ruling lies before the Appellate Authority for Advance Ruling constituted under Section 99 of APGST Act, 2017, with in a period of 30 days from the date of service of this order.