RAJASTHAN AUTHORITY FOR ADVANCE RULING GOODS AND SERVICES TAX ROOM NO. 208, KAR BHAWAN, AMBEDKAR CIRCLE, BHAWANI SINGH ROAD, C-SCHEME JAIPUR – 302005 (RAJASTHAN)	राष्ट्र कर बाजार

सत्यमेव जयते

ADVANCE RULING NO. RAJ/AAR/2026-27/14

Mahipal Singh Additional Commissioner	:	Member (Central Tax)
Dr. Akhedan Charan Additional Commissioner	:	Member (State Tax)
Name and address of the applicant	:	M/s PINKCITY DEVELOPERS, Khasra No. 1286, Gram Ugariyawas, Tehsil Muaimabad, JAIPUR, Rajasthan-303338
GSTIN of the applicant		08AAQFP9247E2ZP
Clause(s) of Section 97(2) of CGST/SGST Act, 2017, under which the question(s) raised	:	(a)Classification of goods and/or services or both (e)Determination of the liability to pay tax on any goods or service or both
Date of Personal Hearing	:	13.07.2026
Present for the applicant	:	Mr. Ranjan Mehta Advo., Neha Sethi Advo., Vaidik Sharma Advo.
Date of Ruling	:	04.08.2026

1. केंद्रीय वस्तु एवं सेवा कर अधिनियम, 2017 तथा राजस्थान वस्तु एवं सेवा कर अधिनियम, 2017 (जिन्हें आगे क्रमशः 'सीजीएसटी अधिनियम' एवं 'आरजीएसटी अधिनियम' कहा गया है) की धारा 102 के अनुसार, इस अग्रिम निर्णय में अभिलेख पर प्रत्यक्ष रूप से विद्यमान किसी त्रुटि के सुधार हेतु प्राधिकरण द्वारा संशोधन किया जा सकता है, यदि ऐसी त्रुटि आदेश की तिथि से छह माह की अवधि के भीतर स्वयं प्राधिकरण के संज्ञान में आए अथवा आवेदक, संबंधित अधिकारी अथवा क्षेत्राधिकार अधिकारी द्वारा उसके संज्ञान में लाई जाए। तथापि ऐसा कोई संशोधन, जिससे कर देयता में वृद्धि हो अथवा अनुमन्य इनपुट टैक्स क्रेडिट में कमी हो, आवेदक/अपीलकर्ता को सुनवाई का अवसर प्रदान किए बिना नहीं किया जाएगा।

1. In terms of Section 102 of the Central Goods and Services Tax Act, 2017 and the Rajasthan Goods and Services Tax Act, 2017 (hereinafter referred to as the CGST Act and the RGST Act respectively), this Advance Ruling may be amended by the Authority for Advance Ruling so as to rectify any error apparent on the face of the record, if such error is noticed by the Authority on its own motion or is brought to its notice by the applicant or the concerned officer or the jurisdictional officer within a period of six months from the date of the order. Provided that no rectification which has the effect of enhancing the tax liability or reducing the amount of admissible input tax credit shall be made unless the applicant or the appellant has been given an opportunity of being heard.

2. सीजीएसटी अधिनियम, 2017 एवं आरजीएसटी अधिनियम, 2017 की धारा 103(1) के अनुसार, अध्याय XVII के अंतर्गत दिया गया यह अग्रिम निर्णय केवल निम्नलिखित पर बाध्यकारी होगा: (क)

उस आवेदक पर जिसने अधिनियम की धारा 97(2) में उल्लिखित विषय के संबंध में अग्रिम निर्णय प्राप्त किया है; तथा (ख) उक्त आवेदक के संबंध में संबंधित अधिकारी अथवा क्षेत्राधिकार अधिकारी पर।

2. Under Section 103(1) of the CGST Act, 2017 and the RGST Act, 2017, this Advance Ruling pronounced under Chapter XVII of the Acts shall be binding only: (a) on the applicant who had sought it in respect of any matter referred to in Section 97(2) of the Acts; and (b) on the concerned officer or the jurisdictional officer in respect of the applicant.

3. सीजीएसटी अधिनियम, 2017 एवं आरजीएसटी अधिनियम, 2017 की धारा 103(2) के अनुसार, यह अग्रिम निर्णय तब तक बाध्यकारी रहेगा जब तक कि उस निर्णय के आधारभूत विधिक प्रावधान, तथ्य अथवा परिस्थितियों में कोई परिवर्तन न हो जाए।

3. In terms of Section 103(2) of the CGST Act, 2017 and the RGST Act, 2017, this Advance Ruling shall be binding unless the law, facts or circumstances supporting the original ruling have changed.

4. सीजीएसटी अधिनियम, 2017 एवं आरजीएसटी अधिनियम, 2017 की धारा 104(1) के अनुसार, यदि प्राधिकरण यह पाता है कि आवेदक ने धोखाधड़ी, महत्वपूर्ण तथ्यों के दमन अथवा तथ्यों के मिथ्या प्रतिपादन द्वारा यह अग्रिम निर्णय प्राप्त किया है, तो वह आदेश द्वारा ऐसे निर्णय को प्रारंभ से ही शून्य (Void ab initio) घोषित कर सकता है और ऐसी स्थिति में अधिनियमों तथा उनके अधीन बनाए गए नियमों के सभी प्रावधान आवेदक पर ऐसे लागू होंगे मानो यह अग्रिम निर्णय कभी दिया ही नहीं गया हो।

4. Under Section 104(1) of the CGST Act, 2017 and the RGST Act, 2017, where the Authority finds that the Advance Ruling has been obtained by the applicant by fraud or suppression of material facts or misrepresentation of facts, it may, by order, declare such ruling to be void ab initio and thereupon all the provisions of the Acts or the Rules made thereunder shall apply to the applicant as if such Advance Ruling had never been made.

5. इस अग्रिम निर्णय के विरुद्ध अपील, सीजीएसटी अधिनियम, 2017 एवं आरजीएसटी अधिनियम, 2017 की धारा 100 के अंतर्गत राजस्थान अपीलीय अग्रिम निर्णय प्राधिकरण (Appellate Authority for Advance Ruling, Rajasthan) के समक्ष प्रस्तुत की जाएगी। ऐसी अपील निर्णय की सूचना आवेदक, संबंधित अधिकारी अथवा क्षेत्राधिकार अधिकारी को प्राप्त होने की तिथि से तीस दिनों के भीतर प्रस्तुत की जानी होगी। यदि अपीलीय प्राधिकरण यह संतुष्ट हो कि अपीलकर्ता पर्याप्त कारणों से उक्त अवधि के भीतर अपील प्रस्तुत नहीं कर सका, तो वह अधिकतम अतिरिक्त तीस दिनों की अवधि तक विलंब को क्षम्य करते हुए अपील स्वीकार कर सकता है।

5. Any appeal against this Advance Ruling shall lie before the Appellate Authority for Advance Ruling, Rajasthan, in terms of Section 100 of the CGST Act, 2017 and the RGST Act, 2017. Such appeal shall be filed within **thirty days** from the date on which the ruling is communicated to the applicant, the concerned officer or the jurisdictional officer, as the case may be. The Appellate Authority may, if satisfied that the appellant was prevented by sufficient cause from presenting the appeal within the said period of thirty days, allow it to be presented within a further period not exceeding **thirty days**.

The issue raised by M/s PINKCITY DEVELOPERS, Khasra No. 1286, Gram Ugariyawas, Tehsil Muaimabad, JAIPUR, Rajasthan-303338 (hereinafter *"the applicant"*) is fit to pronounce advance ruling as they have deposited prescribed Fee under CGST Act and it falls under the ambit of the Section 97(2) given as under:

(a)Classification of goods and/or services or both

(e)Determination of the liability to pay tax on any goods or service or both

A. <u>SUBMISSION OF THE APPLICANT (in brief) :-</u>

Brief facts of the case:

1. That the Applicant intends to obtain the Short Term Permit in terms of Rule 51 of the Rajasthan Minor Minerals Concession Rules, 2017 [RMMCR 2017] read with Mines and Minerals [Development and Regulation] Act, 1957 [MMDR Act]. Being the STP holder, the Applicant intends to engage in quarrying and extraction of minor minerals, including sand, stone chips, and stone aggregates, within the State of Rajasthan.
2. That pursuant to the STP, the Applicant will be granted a specific and limited right to extract and remove minor minerals from a designated mining area for a stipulated duration, and will be correspondingly obligated to pay royalty to the State Government of Rajasthan on all minerals extracted, at the rates prescribed under the applicable Rajasthan Minor Mineral Rules.
3. That in consideration of the aforesaid rights, the Applicant will be required to pay royalty to the State Government of Rajasthan on the quantity of minor minerals extracted, at the rates prescribed under the applicable provisions of the RMMCR 2017 and relevant notifications issued thereunder.
4. That the State Government of Rajasthan, while collecting such royalty in its capacity as the owner of mineral resources, does not levy or collect Goods and Services Tax on the said royalty.
5. That in the aforesaid factual background, a bona fide doubt has arisen as to whether the Applicant, being the recipient of the mining rights/service, will be liable to discharge GST on the royalty paid to the State Government under the Reverse Charge Mechanism in terms of the relevant provisions of the CGST Act and applicable notifications issued thereunder.
6. That the Applicant, being desirous of complying with its statutory obligations in a correct and timely manner, is constrained to approach this Hon'ble Authority for Advance Ruling under Section 97 of the CGST Act, 2017 read with Rule 104 of the CGST Rules, 2017.

B. <u>INTERPRETATION AND UNDERSTANDING OF APPLICANT ON QUESTION RAISED (IN BRIEF)</u>

(a) Mines And Minerals (Development and Regulation) Act 1957:

(i) The MMDR Act is the principal Central legislation governing the regulation and development of mines and minerals in India. Section 9 mandates that a mining lease holder shall pay royalty at rates specified in the Second Schedule. The Central Government has the power to revise such rates.

(ii) Section 15 of the MMDR Act empowers State Governments to make rules in respect of minor minerals (defined under Section 3(e) to include ordinary sand, gravel, quartzite, murrum, kankar, etc.). Minor minerals fall within the regulatory domain of State Governments, as opposed to major minerals which are governed by the Central Government.

(iii) The MMDR Act recognizes various forms of mineral concessions including Prospecting Licenses, Mining Leases, and other concessions for minor minerals as may be prescribed under State rules. The Short-Term Permit (STP) is one such minor mineral concession created under the State of Rajasthan's rule-making authority under Section 15 of the MMDR Act.

(b) Rajasthan Minor Mineral Concession Rules, 2017 (RMMCR 2017):

(i) The RMMCR 2017 was enacted by the State of Rajasthan in exercise of the powers conferred under Section 15 of the MMDR Act. **Rule 51 thereof specifically provides for the grant of Short-Term Permits (STPs) for the extraction of minor minerals in exceptional or time-bound circumstances, such as for government works or specific short-duration requirements**. The STP is granted by the Collector / District Mines Officer (DMO) and specifies the mining area, mineral type, quantity, duration, and applicable royalty rates.

(ii) The pivotal provision for the present Application is Rule 51 of the RMMCR 2017, which expressly provides that the STP holder shall pay royalty at the same rates as apply to Quarry Leases for the respective mineral as prescribed in the State Schedule. This statutory parity of royalty rates is the cornerstone of the argument that the GST treatment applicable to Quarry Lease holders (RCM on royalty) is equally applicable to STP holders such as M/s Pink City Developers.

(iii) Under the RMMCR 2017, a Quarry Lease is the principal form of concession for extracting minor minerals, and it is entirely settled that a Quarry Lease holder pays royalty on extracted minerals and that such royalty attracts GST under RCM. Since Rule 51 expressly equates the royalty obligation of an STP holder with that of a Quarry Lease holder (Under Rule 28, read with Schedule II), the GST obligation on such royalty must be identical.

C. GST FRAMEWORK INCLUDING NOTIFICATIONS, CIRCULARS AND STATUTORY PROVISIONS:

Classification of Royalty as Consideration for the Taxable 'Services':

(i) Under Section 7(1) of the CGST Act, 'supply' includes all forms of supply of goods or services or both made for a consideration in the course or furtherance of business. The grant of a right to use minerals/mineral resources by the Government to a permit/lease holder for consideration (royalty) constitutes a 'service' classifiable under SAC 997337 — Licensing Services for the Right to Use Minerals, including its Exploration and Evaluation (under Group 99733, Heading 9973).

(ii) That the royalty payable by the Applicant to the State Government of Rajasthan under the Short-Term Permit is in the nature of consideration for the grant/enjoyment of mining rights and not merely a payment for the extracted minerals. Accordingly, the said royalty constitutes consideration for a taxable supply of service under the GST law, and GST is liable to be discharged thereon under the reverse charge mechanism, as applicable to services supplied by the State Government.

(iii) Since the Government, being the service provider in respect of the aforesaid grant of mining rights, falls within the specified category of services notified under Section 9(3) of the CGST Act, 2017, the liability to discharge GST on such service stands shifted to the recipient, namely M/s Pink City Developers, under the Reverse Charge Mechanism.

(iv) Hence it is the understanding of the Applicant that the activity undertaken by the State Government under the Short-Term Permit by the permit holder is in the nature of a service and not a supply of goods, inasmuch as the Applicant is granted the right to enter the designated mining area, extract and remove minor minerals, and pay royalty thereon for such right. The Applicant further understands that, under Rule 51 of the Rajasthan Minor Mineral Concession Rules, 2017, the holder of a Short-Term Permit is obliged to pay royalty at the same rates as are applicable to a quarry lease, and therefore the Short-Term Permit holder stands on the same footing as a quarry lease or mining lease holder insofar as the nature of the grant, the right to extract minerals, and the obligation to pay royalty are concerned, the only distinction being the period for which such right is granted. Accordingly, it is the understanding of the Applicant that royalty paid under the Short-Term Permit is consideration for a taxable supply of service by way of granting the right to use minerals/mineral resources. Therefore, the consequence of payment of tax under reverse charge follows as the service provider is the State Government and the Applicant is the Business Entity.

CONSOLIDATED TABLE OF ALL RELEVANT NOTIFICATIONS AND CIRCULARS:

Notification / Circular	Date	Relevance to Present Application
Notfn. No. 13/2017-Central Tax (Rate)	28.06.2017	Principal RCM Notification, Sl. No. 5 — Services supplied by the Govt to a business entity is taxable under RCM u/s 9(3) CGST Act
Notfn. No. 11/2017-Central Tax (Rate)	28.06.2017	Rate schedule for services SAC 997337 (licensing services for right to use minerals) — 18% GST
Notfn. No. 02/2018-Central Tax (Rate)	25.01.2018	Amended Notification. 12/2017, specifically excluded services of grant of mineral exploration and mining rights from exemption and no exemption available for mining royalty from this date.
Notfn. No. 27/2018-Central Tax (Rate)	31.12.2018	Amended Notfn. 11/2017 w.e.f. 01.01.2019 — explicitly prescribed 18% GST on SAC 997337 (licensing services for the right to use minerals) — removed all rate ambiguity

Notification / Circular	Date	Relevance to Present Application
Notfn. No. 05/2022-Central Tax (Rate)	13.07.2022	Amended Notfn. 13/2017, inserted Sl. No. 5B, services by the Govt by way of assignment of right to use natural resources (including minerals) to business entities, RCM confirmed w.e.f. 18.07.2022
CBIC Circular No. 164/20/2021-GST	06.10.2021	DEFINITIVE CLARIFICATION, 18% GST on mining/mineral exploration rights under SAC 997337, applicable for the entire GST period from 01.07.2017 — GST for period 01.07.2017 to 31.12.2018 regularised on 'as is where is' basis, meaning where 18% was paid, it is accepted; where a different rate was applied, it is regularised without demanding the difference.
Rajasthan GST Notfn. (RGST) equivalent of Notfn. 13/2017	28.06.2017	State RCM notification, SGST/RGST of 9% payable by Applicant on royalty under RCM for intra-State supply

D. **RELEVANT CASELAW AND ADVANCE RULINGS:**

"Mineral Area Development Authority v. Steel Authority of India — 2024 (8) TMI 956 — Supreme Court (LB)"

The Supreme Court held that royalty payable under a mining lease is not a tax, but is consideration paid by the lessee to the lessor for the grant and enjoyment of mineral rights; the Court further recognized that a mining lease confers a right to enjoy immovable property, namely the mineral-bearing land, and therefore royalty partakes the character of contractual consideration for such right.

The Applicant, **M/s Pink City Developers**, therefore approaches this Hon'ble Authority with full disclosure of the above pending litigation. The present Application is made: (a) to obtain clarity as to the Applicant's position as an **STP holder specifically** (as distinct from a lease holder, which is the subject of the pending SC litigation); (b) to ensure compliance in the event the Supreme Court ultimately upholds RCM liability; and (c) to avail the benefit of the Advance Ruling for planning and compliance purposes. **The Applicant is not seeking to pre-empt or circumvent any judicial outcome.** If the Supreme Court ultimately holds that GST is not leviable on mining royalty, the Applicant would be entitled to seek appropriate relief under the GST law.

Circular No. 164/20/2021-GST dated 06.10.2021 clarified that the service by way of grant of mining rights was taxable at 18% even for the period 01.07.2017 to 31.12.2018 on the basis of the residuary GST rate, and that from 01.01.2019 onwards the applicable rate position stood expressly clarified. The said clarification has been relied upon to support the view that royalty/dead rent paid for mining rights constitutes consideration for a taxable supply of service under GST even by the Short Term Permit Holder.

AAR Rajasthan – M/s Vinayak Stone Crusher [AAR No. RAJ/AAR/2019- 20/08] - The Authority held that the service supplied by the State of Rajasthan in connection with royalty/dead rent for mining rights is classifiable under service code 997337, "Licensing services for the right to use minerals including its exploration and evaluation," falling under item (viii) of serial no. 17 of Notification No. 11/2017-CT (Rate), and is taxable at 18% (9% CGST + 9% SGST). It further held that, since the service is supplied by the State Government to a business entity, GST is payable by the recipient under reverse charge mechanism in terms of Notification No. 13/2017-CT (Rate), and the exemption granted to services supplied to an ERCC does not extend to or absolve the mining lease holder's liability to pay GST on the service received from the State.

E. QUESTIONS ON WHICH THE ADVANCE RULING IS SOUGHT:

Q1) Whether the royalty paid or payable by M/s Pink City Developers, as a Short-Term Permit holder in a mining area in Rajasthan, to the Government of Rajasthan is 'consideration for a service of granting the right to use minerals or mineral resources', taxable under SAC 997337, and liable to GST under the Reverse Charge Mechanism?

Q2) Whether the GST position applicable to a Quarry Lease or Mining Lease holder under the RMMCR, 2017 and the MMDR Act, 1957, in relation to payment of GST on royalty under RCM, also applies to M/s Pink City Developers as a Short-Term Permit holder?

F. COMMENTS OF THE JURISDICTIONAL OFFICER: -

Comments received from the Office of Deputy Commissioner, State Tax, Circle-N, ZONE- JAIPUR-3rd, Divisional Kar Bhawan, Jhalana Dungri, JAIPUR, Rajasthan vide letter Sr.No. 108, Dated 09.06.2026 are as under:-

The applicant M/s Pink City Developers intend to obtain a Short-Term Permit in terms of Rule 51 of the Rajasthan Minor Mineral Concession Rules, 2017 (RMMCR, 2017) read with the Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act). Two questions have been raised for advance ruling:

(i): Whether the royalty paid / payable by the Applicant, M/s Pinkcity Developers, being a short term permit (STP) holder in a mining area in the State of Rajasthan, to the State Government of Rajasthan, constitute consideration for a 'service' by way of grant of right to use minerals / mineral resources, classifiable under SAC 997337 and is liable to Goods & Service Tax under the Reverse Charge Mechanism (RCM).

(ii): Whether the GST position applicable to a Quarry Lease or Mining Lease holder under the RMMCR, 2017 and the MMDR Act, 1957 in relation to payment of GST on royalty under RCM, also applies to the applicant as a Short-Term Permit holder, given that, the STP confers an identical right to extract minerals; royalty under an STP is payable at the same rates as under a Quarry Lease by virtue of Rule 51 of the RMMCR 2017; and the grantor (State Government) and the nature of the supply are identical ?

Comments on Question

Question (i) Yes, The royalty is taxable under SAC 997337 and GST is payable by the applicant under RCM.

The grant by the State Government of the right to extract / use minerals against consideration in the form of royalty is a **supply of service**. It is classifiable as "licensing services for the right to use minerals including its exploration and evaluation" under **SAC 997337**.

This service supplied by the Government to a business entity is notified under **Sl. No. 5 of Notification No. 13/2017-Central Tax (Rate) dated 28.06.2017**, whereby the tax is payable by the recipient of the service on Reverse Charge basis. The applicant, being the recipient, is therefore liable to discharge GST on the royalty under RCM.

Question (ii) —Yes, the RCM treatment is identical for a Short-Term Permit holder.

The GST liability arises from the **nature of the underlying supply** -namely, the grant of the right to use minerals by the Government for consideration- and not from the nomenclature, form or duration of the instrument under which that right is conferred.

Whether the concession takes the form of a Quarry Lease, a Mining Lease, or a Short-Term Permit under the RMMCR, 2017 and the MMDR Act, 1957, the transaction in each case is the supply of "licensing services for the right to use minerals" by the State Government. The charging provisions and the RCM notification draw no distinction based on the tenure of the grant.

Consequently, M/s Pink City Developers, as a Short-Term Permit holder, stands equal as a lease holder and is liable to pay GST on the royalty / permit fee under RCM.

G. PERSONAL HEARING:

Personal hearing in the matter was granted to the applicant on 13.07.2026. Mr. Ranjan Mehta Advo., Neha Sethi Advo., Vaidik Sharma Advo. Authorized Representative appeared for personal hearing. They reiterated the submission already made by them.

H. DISCUSSIONS AND FINDINGS

1. At the outset, we would like to make it clear that the provisions of both the CGST Act and the RGST 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 provision under the RGST Act. Further to the earlier, henceforth for the purposes of this Advance Ruling, a reference to such a similar

provision under the CGST Act / RGST Act would be mentioned as being under the "GST Act".

2. We have considered the submissions made by the applicant in their application for advance ruling as well as the submissions made both oral and written during the course of personal hearing. We have also considered the issue involved, the relevant facts & the applicant's submission/views in respect of question on which the advance ruling is sought.

3. We found that under Section 7(1) of the CGST Act, 2017, 'supply' includes all forms of supply of goods or services made for a consideration in the course or furtherance of business. The expression "services" has been defined under Section 2(102) of the CGST Act to mean anything other than goods, money and securities and includes activities relating to the use of money or its conversion for which a separate consideration is charged. The grant, by the State Government, of a right to use minerals/mineral resources to a permit or lease holder, against payment of royalty, constitutes a supply of service.

4. Such service is classifiable under SAC 997337 – "Licensing services for the right to use minerals including its exploration and evaluation" – falling under Group 99733, Heading 9973 of the Scheme of Classification of Services annexed to Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017. By virtue of the amendment carried out with effect from 01.01.2019 (Notification No. 27/2018-Central Tax (Rate) read with subsequent amendments), such leasing/licensing services other than those separately specified, are taxable at 18% (9% CGST + 9% SGST) under Sl. No. 17, item (viii) of the said notification. CBIC Circular No. 164/20/2021-GST dated 06.10.2021 has clarified that this service was taxable at 18% for the entire period from 01.07.2017.

5. In terms of Sl. No. 5 of Notification No. 13/2017-Central Tax (Rate) dated 28.06.2017 (and the pari materia Rajasthan State notification), services supplied by the State Government to a business entity are taxable under the Reverse Charge Mechanism, with the liability to pay tax cast upon the recipient, save for two exclusions – (1) renting of immovable property, and (2) certain specified services (Department of Posts, aircraft/vessel-related services, and transport of goods or passengers). The grant of the right to extract minerals is not renting of immovable property, nor does it fall within any of the specified exclusions. The applicant, being a business entity receiving this service from the State Government of Rajasthan, is therefore squarely covered by this entry.

6. The character of royalty as consideration for a supply, rather than as a tax, stands further reinforced by the decision of the Hon'ble Supreme Court (Larger Bench) in Mineral Area Development Authority Vs. Steel Authority of India, 2024 (8) TMI 956, which held that royalty payable under a mining lease is contractual consideration paid by the lessee to the lessor for the grant and enjoyment of mineral rights, and not a tax. The Authority notes the applicant's submission that certain questions concerning the leviability of GST on mining royalty consequent to the Supreme Court judgment remain

the subject of pending litigation. This Authority proceeds to rule on the basis of the statutory and notification framework as it stands as on the date of this ruling, without prejudice to the outcome of any such pending proceedings, consistent with the approach taken in this Authority's ruling in M/s Vinayak Stone Crusher (RAJ/AAR/2019-20/08 dated 17/20.05.2019), where an identical position was taken in respect of a Quarry Lease holder. In light of paragraphs 3 to 5 above, the royalty paid or payable by the applicant to the State Government of Rajasthan constitutes consideration for a 'service' by way of grant of right to use minerals/mineral resources, classifiable under SAC 997337, and is liable to Goods and Services Tax at 18% (9% CGST + 9% SGST) under the Reverse Charge Mechanism, to be discharged by the applicant as recipient.

7. In respect of applicant's specific status as a Short-Term Permit holder: Rule 51(5) of the RMMCR 2017 mandates that royalty on minerals extracted under an STP shall be payable at the rate specified in Schedule II – the very same Schedule that governs the royalty payable by a Quarry Lease/Mining Lease holder under Rule 28. The grantor of the right (the State Government of Rajasthan), the nature of the right conferred (entry upon a designated area to extract and remove minor minerals against payment of royalty), and the statutory basis of the payment are identical as between an STP holder and a Quarry Lease/Mining Lease holder. The only material distinction lies in the duration and areal extent of the concession – an STP being confined to a maximum area of one hectare and a shorter, work-order-linked tenure under Rule 51(7) of the RMMCR 2017 – which goes to the tenure of the concession and does not alter the essential character of the transaction as 'licensing services for the right to use minerals' under SAC 997337.

8. Accordingly, this Authority is of the view that the ratio of its ruling in M/s Vinayak Stone Crusher (RAJ/AAR/2019-20/08) – namely, that royalty paid to the State Government for the right to extract minerals is consideration for a taxable supply of service under SAC 997337, taxable at 18%, payable under RCM by the recipient – applies with equal force to a Short-Term Permit holder such as the applicant. The legal position applicable to a Quarry Lease/Mining Lease holder under the RMMCR 2017 and the MMDR Act, 1957 for discharge of GST on royalty under RCM is therefore, equally applicable to the applicant as a Short-Term Permit holder.

I. In view of the foregoing facts, circumstances and provisions of the GST law, we pass the following ruling:

<u>RULING</u>

Q1) Whether the royalty paid or payable by M/s Pink City Developers, as a Short-Term Permit holder in a mining area in Rajasthan, to the Government of Rajasthan is 'consideration for a service of granting the right to use minerals or mineral resources', taxable under SAC 997337, and liable to GST under the Reverse Charge Mechanism?

Ans.- Yes, the royalty paid or payable by the applicant to the State Government of Rajasthan constitutes consideration for a 'service' by way of grant of right to use minerals or mineral resources, classifiable under SAC 997337, and is liable to Goods and

Services Tax at 18% (9% CGST + 9% SGST) under the Reverse Charge Mechanism, to be discharged by the applicant as recipient.

Q2) Whether the GST position applicable to a Quarry Lease or Mining Lease holder under the RMMCR, 2017 and the MMDR Act, 1957, in relation to payment of GST on royalty under RCM, also applies to M/s Pink City Developers as a Short-Term Permit holder?

Ans.- Yes, the legal position applicable to a Quarry Lease/Mining Lease holder for discharge of GST on royalty under RCM is equally applicable to the applicant as a Short-Term Permit holder.

04/08/2026

(Mahipal Singh)
MEMBER
CENTRAL TAX

RAJASTHAN AUTHORITY FOR ADVANCE RULING, JAIPUR • G.S.T. •

(Dr. Akhedan Charan)
MEMBER
STATE TAX

F. No. AAR/SF/2026-27/443-447

Date: 04.08.2026

SPEED POST

M/s PINKCITY DEVELOPERS,
Khasra No. 1286, Gram Ugariyawas, Tehsil Muaimabad,
JAIPUR, Rajasthan-303338

Copy to: -

1. The Chief Commissioner, CGST and Central Excise (Jaipur Zone), NCRB, Statue Circle, Jaipur, Rajasthan-302005.
2. The Chief Commissioner, State Tax, Kar Bhawan, Bhawani Singh Road, Ambedkar Circle, C-Scheme, Jaipur-302005.
3. The Pr. Commissioner, CGST and Central Excise , NCRB, Statue Circle, JAIPUR Rajasthan.
4. The Deputy Commissioner, State Tax, Circle-N, ZONE- JAIPUR-3rd, Divisional Kar Bhawan, Jhalana Dungri, JAIPUR, Rajasthan
5. The Assistant Commissioner, Central Tax, CGST Division- Jaipur(North), Sector-10, JAIPUR, Rajasthan