

GIB/HR/UNITED MINING/15-05-2018/AAR-268

Advance Ruling Category : Classification

State : Haryana

Order No.: GIB/HR/UNITED MINING/15-05-2018/AAR-268

Name of Entry :

United Mining Corporation

Date : 15-05-2018

Breif Issue :

Facts & Issue Of The Case :

The applicant is a proprietorship firm and is registered under CGST Act, 2017. The applicant is engaged in the business of mining of boulders in the state of Haryana. The applicant had sought advance ruling on the following issues :

- a. What shall be the classification of service provided by the state of Haryana to M/s. United mining corporation in accordance with Notification No.11/2017- CT(Rate) 28.06.2017 read with annexure attached to it?
 - b. Whether the said service can be classified under chapter number 9973 specifically under service code 997337 as “licensing services for the right to use minerals including its exploration and evaluation”?
 - c. What shall be the rate of GST on given services provided by state of Haryana to United Mining Corporation for which royalty is being paid ?
- According to the applicant the royalty or the dead rent paid by the applicant to the government is the amount paid for getting right to use the minerals granted to it for a specified period as per terms of the lease.

Decision of Advance Ruling Authority :

Decision :

The services for the right to use minerals including its exploration and evaluation, as per Sr. No 257 of the annexure appended to notification No.11/2017-CT (Rate) dated 28.06.2017 is included in group 99733 under heading 9973. The royalty/dead rent payable to the govt. by the applicant is consideration against the transfer of rights to use minerals including its exploration and evaluation as per the lease granted by the govt. to the applicant.

This shall attract the same rate of tax as on supply of the goods which involves transfer of title in goods. As per notification 1/2017 CT-(Rate), the applicant attracts 5% GST (2.5% CGST + 2.5

%HGST) as per serial No. 124 of the notification.

As per entry No.5 of Notification No. 13/2017-CT (Rate) , the applicant is liable to discharge the tax liability on such services provided to it by the govt. on reverse Charge basis (RCM).