

GIB/Guj/Raj Quarry/19.05.2020/AAR-336

Advance Ruling Category : Classification and Rate

State : Gujarat

Order No.: GIB/Guj/Raj Quarry/19.05.2020/AAR-336

Name of Entry :
Raj Quarry Works

Date : 19-05-2020

Breif Issue :

Facts & Issue Of The Case :

Raj Quarry Works, is carrying out mining activity on a plot of land leased from the government of Gujarat. The applicant is quarrying “BLACK TRAP” products used for concrete mixing and sells it to the customers. BLACKTRAP material attracts GST at 5% under Heading 2517 in Schedule-I. The Applicant has entered into Quarrying lease/license agreement for “BLACKTRAP” material with the Government of Gujarat. The Applicant seeks Advance Ruling on the following questions –

- i. What is the classification of service provided in accordance with Notification No. 11/2017-CT (Rate) dated 28.06.2017 read with annexure attached to it, issued by the State Government to M/s Raj Quarry Works, for which royalty is being paid. Whether said service can be classified under Tariff Heading 9973, specifically under 997337 as Licensing services for the right to use minerals including its exploration and evaluation or as any other service?
- ii. What is rate of GST on given services provided by State of Gujarat to M/s Raj Quarry Works for which Royalty is being paid?
- iii. Whether services provided by the State Government is governed by applicability of Notification No 13/2017-CT(Rate), dated 28.06.2017 under entry number 5 and whether M/s Raj Quarry Works is taxable person in this case to discharge GST under reverse charge mechanism or whether given service is covered by exclusion clause number (1) of entry no 5 and State Government is liable to discharge GST on same?

Decision of Advance Ruling Authority :

Decision :

The activity undertaken by the applicant is classifiable under Heading 9973 (Leasing or rental services, with or without operator), as mentioned in the annexure at Serial No. 257 (Licensing services for the right to use minerals including its exploration and evaluation) sub-heading 997337 of Notification Number 11/2017-C.T. (Rate), dated 28-6-2017.

The activity undertaken by the applicant attracts 18% GST (9% CGST+ 9% SGST).

The applicant is not covered under exclusion clause 1 of Sr. No. 5 of the Notification. Therefore, applicant is liable to discharge tax liability under reverse charge mechanism vide Notification No. 13/2017-C.T. (Rate), dated 28-6-2017 (as amended from time to time) of the CGST Act, 2017.