

GIB/MH/Cable Corporation/03.11.2018/AAR-338

Advance Ruling Category : Work Contract

State : Maharashtra

Order No.: GIB/MH/Cable Corporation/03.11.2018/AAR-338

Name of Entry :
CABLE CORPORATION OF INDIA LTD.

Date : 03-11-2020

Breif Issue :

Facts & Issue of The Case:

Applicant is engaged in work of supply, laying and terminating of 220 KV U/G cables package to the recipient and the engagement comprises of two separate agreements with respect to supply of goods and services.

- a. A supply of goods contract regarding the engineering, manufacturing, supply and type testing of Cable Package - C.
- b. A Services Contract for Cable Package - C (which includes Detailed Route Survey, Planning, Transportation, Insurance, Delivery at site, Unloading, Handling, Store, laying, installation (including civil works), Jointing, Termination, testing, Demonstration for acceptance, Commissioning, Documentation required for complete execution of Cable Package-C).

Issue raised as to whether the supply of transportation services, rendered by the Applicant, will be exempt from the levy of GST in terms of Sl. no. 18 of the Notification No. 12/2017 – Central Tax (Rate) dated 28th June, 2017”.

Decision of Advance Ruling Authority :

Decision

- It was held that even though two separate agreements have been executed, but since the two contracts are dependent on each other in many aspects and cannot be executed independently, therefore the contract would be an

indivisible contract and cannot be treated separately for supply of goods and supply of services.

- Referring the judgement of Andhra Pradesh High Court in the matter of **M/S Larsen and Toubro Ltd. vs State of Andhra Pradesh on dated 14.09.2015** can give useful insights into the issue of two separate agreements when can be considered as an indivisible and a single contract.
- The ‘**Cross fall breach clause**’ settles unambiguously that supply of goods, their transportation to the contractee’s site delivery & related services are not separate contracts, but only form parts of an indivisible composite works contract supply, as defined under Section 2(119) of the GST Act, with single source responsibility.
- The supply of transportation services, rendered by Applicant, will not be exempted from levy of GST and is in the nature of ‘Composite supply of Works Contract’ which is a service & would be taxable @ 18% in terms of Sr. No. 3(11) of Notification No. 11/2017 – Central tax (Rate) dated 28.06.2017.