

**GIB/AP/Halliburton (OIL)/13.05.2020/AAR-382**

**Advance Ruling Category :** Classification of Supply

**State :** Andhra Pradesh

**Order No.:** GIB/AP/Halliburton (OIL)/13.05.2020/AAR-382

**Name of Entry :**

M/S. HALLIBURTON OFFSHORE SERVICES INC. (OIL INDIA)

**Date :** 13-05-2020

**Breif Issue :**

**Facts & Issue Of The Case :**

The applicant Halliburton Offshore Services Inc. is a global service provider, engaged in providing various oilfield services to Exploration and Production companies across the globe. Presently, the Applicant has contracted to provide Mud Engineering and Drilling Waste Management services for drilling three HPHT Exploratory Wells in KG Basin, Andhra Pradesh.

The applicant, seeking an advance ruling in respect of :

- a) Whether the supply of mud engineering services along with supply of imported mud chemicals and additives provided on consumption basis by the Applicant under the Contract qualify as composite supply.
- b) If answer to Para (a) is yes, then whether the supplies made under the Contract merits classification under Entry 9986 (ii) - Service of exploration, mining or drilling of petroleum crude or natural gas or both and subject to GST at the rate of 12%/18% as the case may be.
- c) If the answer to Para (a) is no, then whether such supply of mud chemicals and additives on consumption basis at OIL India's location in India provided under the Contract qualify for concessional GST rate of 5% against an Essentiality Certificate ('EC') under Notification No. 50/2017-Customs dated 30 June 2017.

The applicant is obligated to provide complete Mud Engineering and Drilling Waste Management Services. For provision of such services, it is essential to have all technical support (equipment/tools), technical personnel and required chemicals/additives. These components are clearly incidental and ancillary to main supply i.e. providing of mud

engineering and drilling waste management Services for 3(three) HTHP Wells in KG Basin. If any one or more of these components is removed, the very nature of main supply *i.e. provision of mud engineering and drilling waste management services* would be affected. It also defeats the very purpose of the Contract and in such a scenario; there appears no service to be provided by the Applicant. Thus, the scope of the work to be provided by the Applicant under the Contract is a combination of supply of service and supply of goods which are naturally bundled in the ordinary course of business - wherein the principal supply is supply of service (mud engineering or drilling waste management services) and supply of goods viz. mud chemicals and mud additives which form incidental or ancillary supply to the principal supply.

**Decision of Advance Ruling Authority :**

**Decision :**

(a) No, the supply of mud engineering services along with supply of imported mud chemicals and additives provided on consumption basis by the Applicant under the Contract not qualify as composite supply.

(b) Not applicable as its replied in question (a)

(c) The benefits under referred Customs Notification is available to supply of such goods at the time of their importation subject to fulfilment of description, tariff item, lists and conditions specified therein and subject to the satisfaction of the Proper Officer.