

GIB/TN/Tamil Nadu Generation/20.04.2020/AAR-383

Advance Ruling Category : GST Applicability

State : Tamil Nadu

Order No.: GIB/TN/Tamil Nadu Generation/20.04.2020/AAR-383

Name of Entry :

M/s. Tamil Nadu Generation and Distribution Corporation Limited

Date : 20-04-2020

Breif Issue :

Facts & Issue Of The Case :

The applicant M/s. Tamil Nadu Generation and Distribution Corporation Limited is engaged in the generation and distribution of electricity. They are registered under GST vide GSTIN 33AADCT4784E1ZC.

The applicant, seeking an advance ruling in respect of :

1. GST applicability on the transactions between TANGEDCO Ltd. & TANTRANSCO Ltd
2. Applicability of GST on Deposit Contribution Works
3. Whether TANGEDCO Ltd can be considered a “Government Entity”
4. Applicability of GST on Transmission Charges for Natural Gas.

The applicant has stated that the transactions are in the course of generation, transmission and distribution of electricity. This activity of transmission, or distribution of electricity by an electricity transmission or distribution utility is exempt under SI.No. 25 of Notification No. 12/2017-C.T. (Rate) dated 28.06.2017 with corresponding exemption for SGST. **The applicant has sought Advance ruling to confirm that the above said activity is exempt under SI.No.25 of Notification No.12/ 2017-Central Tax (Rate)**

Decision of Advance Ruling Authority :

Decision :

1. GST is applicable on the following as the same are 'supply of goods' to TANTRANSCO:

i.) a. Supply of Operation and maintenance materials used in the regular day to day functioning; and

b. Transfer of capital Assets

ii.) GST is applicable on the deployment of employees to TANTRANSCO as the same is supply of Service

iii.) GST is not applicable on the following as the same are transaction in money:

a. Transactions of physical fund flow between the companies by the way of repayment of existing loan, availment of fresh loans, etc. on actual basis without any interest component on such fund flow.

b. Income such as transmission charges, Scheduling and Systems Operating charges, Reactive Energy Charges, etc. received from open access consumers by the applicant and adjusted through payable to TANTRANSCO.

iv.) The exemption under Sl.No. 25 of Notification No. 12/2017-C.T.(Rate) dated 28.06.2017 as amended is not applicable to the below stated transactions between TANGEDCO Ltd and TANTRANSCO Ltd, namely-

a. Supply of Operation and maintenance materials used in the regular day to day functioning as the same is 'Supply of Goods';

b. Transfer of capital Assets as the same is declared as 'Supply of Goods';

c. Deployment of Employee under their role and related fund flow-not a service involving distribution of electricity exempted in the said entry;

v.) On the non-payment of long term open access transmission charges payable to TANTRANSCO, no ruling is offered as the applicant is not the person supplying the service and Advance Ruling is a decision in relation to the supply undertaken by the applicant as per Section 95 (a) of CGST/TNGST Act 2017.

2. Depository Contribution Works is classifiable under SAC 99873 and the applicable rate of tax is CGST (4, 9% as per Sl.No. 25 of Notification No. 11/2017-C.T. (Rate) dated 28.06.2017 and SGST C 9% as per Sl.No. 25 of Notification No. II (2)/ CTR/ 532 (d-14)/2017 vide G.O. (Ms) No. 72 dated 29.06.2017 as amended and the same is not exempted.

3. TANGEDCO is a 'Government Entity' as defined under Notification No. 11/2017-C.T.(Rate) dated 28.06.2017 as amended and 12/2017-C.T.(Rate) dated 28.06.2017 as amended by Notification No. 31/2017-Central Tax (Rate) dated 13.10.2017 and Notification No. 32/2017-C.T.(Rate) dated 13.10.2017 effective from 13.10.2017

4. The applicability of GST on the 'Transmission Charges' billed by GAIL is not answered as not admitted, under sub-section (2) of section 98 of the CGST Act, 2017 and the TNGST Act, 2017 read with Section 95(a) of the Act.