

GIB/KA/YULU BIKES/30.09.2020/AAR-466

Advance Ruling Category : CLASSIFICATION OF GOODS

State : Karnataka

Order No.: GIB/KA/YULU BIKES/30.09.2020/AAR-466

Name of Entry :

M/S. YULU BIKES PVT. LTD.

Date : 30-09-2020

Breif Issue :

FACTS OF THE CASE:

The Applicant is engaged in renting of vehicles like e-bikes (Miracle), bicycles (Move) in Bengaluru, Karnataka through a technology driven mobility platform. They enter into contract/agreement with the customers with regard to usage / renting of the e-bikes (Miracle), bicycles (Move) and charge based on the time of usage of such vehicles. Representative sample agreements/terms are enclosed along with the application for perusal and records. The applicant currently is charging GST @ 18% in respective services.

ISSUE OF THE CASE:

Whether renting of e-bikes (Miracle), bicycles (Move) without operator can be classified under the SAC 9973 - Leasing or rental services without operator - Sl.No.17 (vii) of Notification No.11/2017 Central Tax (Rate) dated 28th June 2017 as amended?

Decision of Advance Ruling Authority :

DECISION:

It is observed, from the applicant's interpretation of law, that the applicant construed the amendment to the rate notification under Notification No. 20/2019-CT(R) dated 30.09.2019 as that of the amendment to the classification, which is incorrect. The classification of the services does not change but the rate of tax can be changed by the rate notification.

It is an admitted fact that the applicant is involved in renting of e-bikes (Miracle) & bicycles (Move), which are meant for transportation and hence are covered under transport vehicles.

The Heading 9966 reads as Rental Services of transport vehicles with or without operators. Heading 9973 reads as Leasing or rental services with or without operator and includes rental or operational leasing of machinery and equipment, personal and household goods, but does not include leasing services of machinery and equipment of personal and

household goods on a purely financial service basis. Further sub headings of 9973 pertain to other goods, IPR, etc. with no mention of transport goods/vehicle. Thus the applicant's services are squarely covered under SAC 9966. The specific description is preferred to general one as per the Explanatory Notes and hence we conclude that applicant's activity is classifiable under Heading 9966.

Applicant's interpretation that post 30th Sept 2019, renting/leasing of all goods without operator should be falling under Heading 9973 is not correct and hence is not tenable under the law, for the reason that the so called amendment, under Notification No. 20/2019-C.T.(R) dated 30.09.2019, is to the rate of GST for the services covered under SAC 9973, but not to the classification of the services. Therefore the said amendment is irrelevant to the instant case.

Thus, Renting of e-bikes/ bicycles without operator cannot be classified under SAC 9973 - Leasing or rental services without operator and Sl.no.17(viia) of Notification no.11/2017 CT(R) dated 28th June 2017 as amended is not applicable to the instant case.