

GIB/RJ/SANDVIK ASIA/18.03.2019/AAAR-59

Appellate Advance Ruling Category : Classification of Supply

State : Rajasthan

Order No.: GIB/RJ/SANDVIK ASIA/18.03.2019/AAAR-59

Name of Entry :

M/S. SANDVIK ASIA PVT. LTD

Date : 18-03-2019

Breif Issue :

FACTS AND ISSUE OF THE CASE:

In this case the Appellant is engaged into the business of after sales support for the mining equipment manufactured by its overseas group entities which are imported by the customers into India. In respect of the supply of parts under the proposed Agreements, the Appellant would supply parts falling under multiple GST rates such as 18%, 28%, etc.

The Appellant provides the maintenance services through two separate Agreements (referred to as Agreement-1 i.e. 'Comprehensive Maintenance Agreement' and Agreement-2 i.e. 'Equipment Parts Supply and Services Agreement').

Under the said Advance Ruling Order, the Rajasthan Authority for Advance Ruling, GST, has held that the activities performed under Agreement-i shall be classified as "Composite Supply", where principal supply would be the supply of maintenance services. In respect of Agreement- 2, the AAR has held that the services provided under the said Agreement are classifiable as "Mixed Supply" under Section 2(74) of CGST/SGST Act, 2017.

The Appellant is not satisfied with the classification of the activities performed under Agreement-2 as "Mixed Supply" and therefore has preferred the subject appeal under Section 100 of the CGST Act/SGST Act, 2017.

Decision of Advance Ruling Authority :

DECISION:

Under the second Agreement i.e. 'Equipment Parts Supply and Services Agreement', both the supplies i.e. supply of services and supplies of parts are not integral to each other unlike supplies involved in Agreement-1. Hence, it is not a case of two or more taxable supplies which are naturally bundled and supplied in conjunction with each other in the ordinary' course of business, one of which is a principal supply.

The activities performed under the impugned Agreement, though comprise of two or more individual supplies of goods or services, cannot be held as “Composite Supply”. Consequently, such activities will fall under the category of ‘Mixed Supply’ as per definition of Mixed Supply, under Section 2(74) of CGST Act, 2017.

Thus, the activities performed by the Appellant under Agreement-2 will fall under the category of “Mixed Supply”.

The present appeal has been filed against the Advance Ruling No. [RAJ/AAR/2018-19/21](#) dated 12.10.2018.