

GIB/KN/MAXWELL/18.09.2019/AAR-232

Advance Ruling Category : Taxability

State : Karnataka

Order No.: GIB/KN/MAXWELL/18.09.2019/AAR-232

Name of Entry :

Maxwell Electrical Engineers

Date : 18-09-2019

Breif Issue :

Issue & Fact of the Case:

Whether the rate of tax specified in entry SI No 3 (vi) (a) of N/N 11/2017-CT(Rate) dated 28.06.2017 as amended till date is applicable for the aforesaid service as a main contractor or the rate of tax specified in Entry Sl. No. 3 (ix) of N/N 11/2017-CT(Rate) dated 28.06.2017 as amended till date is applicable as a subcontractor

If the rate of tax specified in Entry SI No 3 (vi) (a) or SI No. 3(bc) is not applicable, could you please elaborate on the reasons for non-applicability and which is the entry of the notification to determine the applicable rate?

If the aforesaid notification itself is not applicable, then under which service the activity has to be taxed and at what rate?

Applicant is principal contractor and providing supply of service to government entities as composite works contracts as per sec 2(119) of CGST Act, such as design, erection, testing, commissioning, including pre-commissioning activities in relation to or incidental to installation of transformer of various capacity and provide electrical infrastructures.

The applicant is principal contractor and providing supply of service to government entities as composite works contracts per provision 2(119) such as design, erection, testing, commissioning. The applicant does not fulfill the conditions prescribed in notification no 11/2017.

In order to qualify for the composite supply as specified in serial no 3 item (vi)(a) of N/N 11/2017-CT(Rate) dated 28.06.2017 the following conditions shall be satisfied:

- a. the supply must be made to Central Government, State Government, union Territory, a local authority, a Governmental Authority or a government Entity

- b. the civil structure or the original work should be meant predominantly for use other than for commerce, industry, or any other business or profession.

Decision of Advance Ruling Authority :**Decision:**

The rate of tax applicable to the composite supply of works contract as defined in clause (119) of Section 2 of the Central Goods and Services Tax Act undertaken by the applicant is to be charged at 9% under the CGST Act and 9% under the KGST Act under item no. (ii) of Sl. No. 3 till 28.03.2019 and thereafter at the same rate under item no. (xii) of Sl. No. 3 of N/N 11/2017-CT(Rate) dated 28.06.2017.

The amendments to the N/N 11/2017-CT(Rate) dated 28.06.2017 has no effect on the taxability of the transactions of the applicant as the transactions of the applicant are covered under item no. (ii) of Serial No. 3 of the N/N 11/2017-CT(Rate) dated 28.06.2017 till 28.03.2019 and under item no. (xii) of Serial No. 3 of the N/N 11/2017-CT(Rate) dated 28.06.2017 dated covered under item no. (vi) of the of Serial No. 3 of the said Notification.