

	KERALA AUTHORITY FOR ADVANCE RULING GOODS AND SERVICES TAX DEPARTMENT TAX TOWER, THIRUVANANTHAPURAM	
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BEFORE THE AUTHORITY OF : Shri Jomy Jacob IRS &
: Shri Mansur M.I.

Legal Name of the applicant	GRAND CENTRE MALL
GSTIN	32ABXFS3867K1ZC
ARN	AD3203250024540
Address	21/1088/H1, Grand Centre Mall, Fourth Floor, Muvattupuzha, Ernakulam, Kerala 686661.
Advance Ruling sought for	Whether the applicant is eligible to claim ITC as Input/Capital Goods or Input Service on solar plant purchased with installation and commissioning in terms of Section 16 & 17 of the CGST Act, 2017?
Date of Personal Hearing	19-05-2025.
Authorized Representative	Shri.Nandakumar Suresh, GST Practitioner

ADVANCE RULING No.KER/15/2025 Dated 19.05.2025

1. Grand Centre Mall is a partnership firm engaged in providing services such as renting of immovable property and common area maintenance. These services include air conditioning, housekeeping, CCTV surveillance, security, lift and escalator maintenance, utilities, and other business support services. The firm issues monthly tax invoices to its licensees under SAC codes 997212, 998599, and 998366. All outward supplies made by the applicant are taxable at the rate of 18% GST. To support these services, the applicant has installed a 500 KW solar power plant on the rooftop and parking area of the shopping mall. The electricity generated from this solar plant is exclusively used for powering the mall's



common facilities-such as lighting, air conditioning, CCTV systems, network infrastructure, UPS systems, lifts, and escalators. The solar energy is used entirely in the course or furtherance of business. The cost of such common services, including the use of solar-generated electricity, is recovered from licensees through monthly common area maintenance (CAM) invoices.

2. In this Rulings, a reference hereinafter to the provisions of the CGST Act, Rules or the Notifications issued thereunder shall include a reference to the corresponding provisions of the KSGST Act, Rules or the Notifications issued thereunder.

3. The details of the issues on which advance ruling is sought are given above and are not being reproduced.

4. The contentions of the applicant:

4.1. As per Section 16(1) of the Central Goods and Services Tax (CGST) Act, 2017, a registered person is entitled to avail input tax credit (ITC) on any supply of goods or services or both received by him, provided such goods or services are used or intended to be used in the course or furtherance of business. The eligible credit shall be credited to the electronic credit ledger of the said registered person.

4.2 The applicant submits that they have installed a 500 KW solar power plant at the rooftop and parking area of the commercial premises. The energy generated from this plant is exclusively used for operating common facilities such as lighting, air conditioning, CCTV surveillance, networking, UPS systems, lifts, and escalators - all of which form part of the taxable common area maintenance services provided to licensees. Hence, the solar power plant is clearly used in the course or furtherance of business, satisfying the condition under Section 16(1).

4.3 As per the Explanation to Section 17(6) of the CGST Act, "plant and machinery" includes any apparatus, equipment, and machinery fixed to earth by



foundation or structural support, which is used for making outward supply of goods or services or both. It also includes such foundation and structural supports but specifically excludes: Land, building or any other civil structures, Telecommunication towers, and Pipelines laid outside the factory premises.

The solar plant installed by the applicant:

- Is bolted and fixed to the rooftop and parking area using screws and anchors for structural stability and operational efficiency.
- Does not fall under the excluded categories such as land, building, civil structures, telecommunication towers, or external pipelines.
- Is capitalized in the books of accounts (excluding the GST component), and thus satisfies the condition of being treated as plant and machinery under the law.

4.4 Accordingly, the solar power plant qualifies as plant and machinery as per the statutory definition, and the GST paid on its procurement and installation is eligible for input tax credit, subject to the fulfillment of other general conditions under Section 16. In support of their stand, they pointed to the decisions of in the following advance ruling applications.

1. Unique Welding Products Pvt. Ltd (GST AAR Gujarat), Advance Ruling No. GUJ/GAAR/R/2024/01, Date of Judgement/Order : 05/01/2024.
2. M/s. KLF Nirmal Industries Pvt. Limited [Order No. 19/ARA/2021 dated June 18, 2021.

5. Personal Hearing:

The applicant was granted an opportunity for a personal hearing on 19.05.2025. Shri.Nandakumar Suresh, GST Practitioner represented for the applicant in personal hearing and reiterated the contentions in the written submission.

6. Discussion and Findings:

6.1 The primary issue under examination is whether Grand Centre Mall, a registered partnership firm, is eligible to claim Input Tax Credit (ITC) on the



procurement and installation of a rooftop solar power plant at its commercial premises. As per the details submitted, the solar power plant consists of the following components- Solar panels, Solar inverters, and Solar consumable kits. The applicant has stated that the entire energy generated from the said solar installation is used exclusively for captive consumption to operate common facilities within the mall, including lighting, air-conditioning systems, CCTV surveillance, Network infrastructure, UPS systems, and lifts and escalators. These utilities are essential for the functioning of the mall and form an integral part of the taxable Common Area Maintenance (CAM) services provided by the applicant to its licensees on a monthly basis. Accordingly, the electricity generated through the solar plant is used wholly and exclusively in the course or furtherance of business, specifically for making taxable outward supplies falling under SAC codes 997212, 998599, and 998366. Therefore, the question to be determined is whether such usage-together with the nature and manner of installation of the solar plant-qualifies the applicant for input tax credit under Section 16(1) of the CGST Act, 2017, and whether the said plant falls within the scope of "plant and machinery" as defined in the Explanation to Section 17(6) of the Act.

6.2 The eligibility and restrictions regarding Input Tax Credit (ITC) are governed by Sections 16 and 17 of the Central Goods and Services Tax (CGST) Act, 2017. As per Section 16(1), a registered person is entitled to avail ITC on any supply of goods or services or both, provided such inputs are used or intended to be used in the course or furtherance of business. This entitlement is further subject to the conditions laid down under Sections 16(2) to 16(6), which, while relevant in implementation, are not in contention in the present case. Based on the submissions made by the applicant, it is evident that the solar power plant-comprising solar panels, inverters, and consumable kits- has been installed for the purpose of operating common facilities within the mall, including lighting, air-conditioning, CCTV surveillance, networking infrastructure, UPS systems, lifts, and escalators. These services form part of the common area maintenance (CAM) activities, which are taxable outward supplies rendered by the applicant to the



licensees. There is, therefore, no dispute that the solar power plant is used in the course and furtherance of business. The electricity generated by the plant is consumed by the applicant for operational efficiency, enhanced business infrastructure, and safety- all of which are essential to the functioning of a modern commercial mall. Furthermore, the solar installation enables the applicant to meet these functional requirements in a cost-effective and sustainable manner. Accordingly, it is concluded that the solar power plant is integrally linked to the applicant's business operations. Hence, subject to compliance with the general conditions prescribed under Section 16(2) to 16(6), the applicant is eligible to avail input tax credit on the procurement and installation of the rooftop solar power plant.

6.3 Having established that the solar power plant is used in the course or furtherance of business, it becomes essential to examine the restrictive provisions under Section 17(5) of the CGST Act, 2017, which outline specific situations where Input Tax Credit (ITC) is blocked. The applicant has submitted that the expenditure incurred on the solar power plant (excluding the GST component) has been capitalised in the books of accounts. As per Section 2(19) of the CGST Act, *"capital goods" means goods, the value of which is capitalised in the books of account of the person claiming the input tax credit and which are used or intended to be used in the course or furtherance of business.* It is, therefore, evident that the solar power plant in question qualifies as capital goods. Furthermore, the solar panels and systems are mounted without major civil structures and can be dismantled without significant damage or effort. As such, they do not qualify as immovable property under general legal interpretation. Hence, the restrictions under Section 17(5)(c) and 17(5)(d) of the CGST Act are not applicable in the present case.

6.4 The above cited provisions are as follows:

- Clause (c): ITC is not available on *works contract services* when supplied for the *construction of an immovable property* (other than plant and machinery),



except where it is an input service for further supply of works contract service.

- Clause (d): ITC is not available on *goods or services or both* received by a taxable person for the *construction of an immovable property* (other than plant and machinery) on their own account, even when such goods or services are used in the course or furtherance of business.

6.5 In the present case, the solar plant-comprising solar panels, inverters, and consumables-is bolted and anchored to the rooftop and parking area using screws and structural supports. This mode of installation satisfies the legal test of being “fixed to earth by foundation or structural support”. What all the plant requires is sufficient exposure to sunlight and the building or parking structure to which it is affixed may itself be construed as the structural support. Hence, the plant qualifies as “plant and machinery” under the Explanation to Section 17(6) of the CGST Act. Consequently, the solar power plant falls squarely within the ambit of both “capital goods” and “plant and machinery”, and is therefore not covered by the restrictions placed under Section 17(5)(c) and 17(5)(d). Accordingly, we are of the considered opinion that there is no bar under GST law on availing ITC on the rooftop solar power plant installed by the applicant, subject to fulfilment of the other conditions laid down in Section 16 of the CGST Act.

6.6 In support of the applicant's claim, it is pertinent to refer to relevant advance rulings, which have addressed similar issues regarding the eligibility of Input Tax Credit (ITC) on rooftop solar installations.

- I. AAR, Gujarat- Ruling No. GUJ/GAAR/R/2024/01 dated 15.01.2024 in the case of M/s. Unique Welding Products Pvt. Ltd. In this ruling, the Gujarat Authority for Advance Ruling held that:

“It is therefore clear that the rooftop solar plant, affixed on the roof of the building, is not embedded to earth. Accordingly, it is not an immovable property but qualifies as plant and machinery, which is utilized to generate



electricity that is solely and captively used in the manufacture of welding wires. The applicant is engaged in the business of supply of welding wires on payment of GST at applicable rates. The applicant has also capitalized the cost of the rooftop solar plant in their books of accounts. The rooftop solar plant, as evident, is not permanently fastened to the building. Thus, it qualifies as plant and machinery and not as immovable property, and hence, is not covered under the blocked credit provisions under Section 17(5)(d) of the CGST Act, 2017. Therefore, we hold that the applicant is eligible to avail input tax credit on the rooftop solar plant."

This ruling directly supports the position that solar installations not permanently embedded to the earth and capitalised in the books of accounts qualify as plant and machinery and are not restricted under Section 17(5)(d).

- II. AAR, Tamil Nadu- Order No. 19/ARA/2021 dated 18.06.2021 in the case of M/s. KLF Nirmal Industries Pvt. Ltd. The Tamil Nadu Authority for Advance Ruling held:

"The applicant is eligible to avail input tax credit to the extent of ₹8,47,458/- paid as GST on the procurement of design, engineering, supply, and execution (EPC) of a 265KW rooftop grid-connected solar photovoltaic (PV) power plant."

This decision further affirms that GST paid on EPC services for solar rooftop plants is eligible for ITC, provided the installation supports business operations and satisfies the conditions under Section 16 of the CGST Act.

These rulings reinforce the view that rooftop solar power plants when used in the course or furtherance of business, not permanently embedded in the earth, and treated as capital goods are eligible for input tax credit and are not hit by the restrictions under Section 17(5)(c) or (d) of the CGST Act.



6.7 However, the eligibility for such ITC in full or part is subject to the conditions stipulated under Section 17 (2) of the CGST Act, 2017. It is pertinent to examine the applicability of Section 17(2) of the CGST Act, 2017, which mandates reversal or restriction of input tax credit (ITC) to the extent inputs or capital goods are used for making exempt supplies. "Electrical energy" is classified as an exempt supply under Sl. No. 104 of Notification No. 2/2017-Central Tax (Rate), dated 28.06.2017, under HSN 2716. Ordinarily, where electricity generated from a solar power plant is supplied or invoiced separately to other persons, such supply constitutes an exempt supply, thereby attracting the provisions of Section 17(2) and necessitating proportionate ITC reversal. However, as per the written submission furnished by the applicant vide letter dated 19.05.2025, each shop within the mall has a separate electricity connection in the name of the respective licensee (tenant), and the licensees individually pay their electricity bills directly to the Kerala State Electricity Board (KSEB). The applicant does not supply or invoice electricity to the tenants in any form. The electricity generated from the rooftop solar power plant is entirely used for powering the mall's common facilities such as lighting, air-conditioning, elevators, CCTV systems, UPS systems, and other shared infrastructure. These are provided collectively as part of the common area maintenance (CAM) services, for which the applicant raises a consolidated tax invoice to each licensee, and such CAM services are taxable under GST. Based on the above factual position, it is evident that the solar-generated electricity is not supplied or sold as electrical energy, but is instead used internally and integrally for the provision of taxable CAM services. Therefore, no exempt supply arises from the usage of the solar plant, and the provisions of Section 17(2) of the CGST Act are not attracted. The applicant shall be eligible to avail ITC on the solar power plant, subject to fulfillment of the other conditions prescribed under Section 16 of the CGST Act, 2017.

7. In the light of the facts and legal position as stated above, the following ruling is issued:



RULING

Question: Whether the applicant is eligible to claim ITC as Input/Capital Goods or Input Service on solar plant purchased with insulation and commissioning in terms of Section 16 and 17 of the CGST Act, 2017.

(a) Yes- the applicant is eligible to claim ITC as Input/Capital Goods or Input Service on solar plant purchased with insulation and commissioning in terms of Section 16 and 17 of the CGST Act, 2017


Jomy Jacob IRS

Addl. Commissioner of Central Tax
Member





Mansur M.I.
Joint Commissioner of State Tax
Member

To

M/s Grand Centre Mall,
21/1088/H1,
Grand Centre Mall, Fourth Floor
Muvattupuzha,
Ernakulam,
Kerala 686661.

Copy submitted to:-

1. The Chief Commissioner of Central Tax and Central Excise, Thiruvananthapuram Zone, C.R.Building, I.S.Press Road, Cochin- 682018. [E-mail ID: cccocochin@nic.in; ccu-cexcok@nic.in]
2. The Commissioner of State Goods and Services Tax Department, Tax Towers, Karamana, Thiruvananthapuram – 695002.



3. The Commissioner of Central GST and Central Excise, Cochin Commissionerate.

Copy to :

1. The Additional Commissioner, TPS, HQ, Thiruvananthapuram.
2. The Deputy Commissioner, ITMD, Thiruvananthapuram.
3. The Superintendent, Central Tax, Perumbavoor Division, Muvattupuzha Range.
4. The Assistant Commissioner/State Tax Officer, Tax payer services Circle, Muvattupuzha, Ernakulam.

