NATION TAX MARKET	**KERALA AUTHORITY FOR ADVANCE RULING** **GOODS AND SERVICES TAX DEPARTMENT** **TAX TOWER, THIRUVANANTHAPURAM**	KERALA GST State Goods & Services Tax

BEFORE THE AUTHORITY OF: Shri. Jomy Jacob IRS &

: Shri. Mansur M.I.

Legal Name of the applicant	M/s. HISHAM TRANSPORT
GSTIN	32AADFH0003K1Z3
ARN	AD320124002067V
Address	15/332B, Mundampalam, Kangarappady, Ernakulam, Kerala-682021.
Advance Ruling sought for	1. Whether the supply of potable water to customers in tanker lorries having capacity of 2000 Kiloliters to 30,000 Kiloliters, as per the orders received customers is exempted under the Central Goods and Services Tax Act, 2017 vide serial No. 99 of Notification Number 2/2017- Central Tax (Rate) dated 28.06.2022 and under Kerala Goods and Services Tax Act, vide Notification SRO No. 361/2017 dated 30.06.2017, as amended from time to time ? 2. If the supply does not qualify for exemption under Notification No. 2/2017 dated 28.06.2017, what will be the applicable rate of tax and under which entry the same is taxable?
Date of Personal Hearing	02/04/2025
Authorized Representative	Shri. M.A. Moideen, Chartered Accountant

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ADVANCE RULING No.KER/05/2025 Dated 02/04/2025

1. M/s.Hisham Transport, Door No. 15/332B, Mundampalam, Kangarappady, Ernakulam is a partnership firm, registered as a regular tax payer under CGST/ KSGST Act. The applicant is engaged in the business of supplying drinking water and also operates fuel filling stations.

2. At the outset, it is clarified that, any reference hereinafter to the provisions of the CGST Act, Rules and the Notifications issued there under shall include a reference to the corresponding provisions of the KSGST Act, Rules and the Notifications issued thereunder.

3. The applicant has sought an advance ruling under section 97(1) of the CGST/KSGST Act 2017 on the matter specified above.

4. Contentions of the Applicant:

4.1. The applicant seeks clarification on the taxability of potable drinking water supplied through tanker lorries to both Government institutions and private customers. The water is collected from various sources such as dug wells, bore wells, and occasionally from the Kerala Water Authority. Water collected from sources other than the Kerala Water Authority is filtered to remove suspended solids and organic matter, and subsequently chlorinated to eliminate bacteria, pathogens, and other harmful organisms, thereby bringing it to drinking water standards before being supplied to customers in tanker lorries. Water collected from the Kerala Water Authority requires no further processing and is directly distributed to customers.

4.2. The applicant states that the supply of drinking water is carried out to customers as per agreements executed with them. After filtration, chlorination, and other essential processes, the water is transported in tanker lorries with capacities ranging from 2,000 kilolitres to 30,000 kilolitres. Customers provide containers or tanks for storing the water upon delivery for further use.

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4.3. The applicant argues that water is a fundamental necessity for human beings, and that the Government has a primary responsibility to ensure its affordable availability. Since basic necessities like food grains, milk, and vegetables are exempt from GST, water should also be treated similarly. As per Serial No. 99 of Notification No. 2/2017-Central Tax (Rate), dated 28.06.2017, "Water (other than aerated, mineral, distilled, medical, ionic, battery, demineralized and water sold in sealed container)" is exempted from the whole of the tax leviable thereon under Section 9 of the CGST Act, 2017.

4.4. The applicant submits the different classifications of drinking water under the GST Act, based on the nature of supply to customers. Drinking water packed in 20-litre bottles is taxable at 12% GST as per Serial No. 46B of Schedule II to Notification No. 01/2017-Central Tax (Rate). As per Serial No. 24 of Schedule III to Notification No. 01/2017-Central Tax (Rate), water—including natural or artificial mineral water and aerated water—not containing added sugar or other sweetening matter nor flavoured, is taxable at 18% GST. However, Circular No. 52/26/2018, dated 09.08.2018, clarifies that the supply of water, other than those excluded from Serial No. 99 of Notification No. 02/2017-Central Tax (Rate), dated 28.06.2017, is exempted. Therefore, the applicant asserts that drinking water supplied in bulk, not in sealed containers, is eligible for exemption from taxation under GST.

5. Comments of the Jurisdictional Officer:

The application was forwarded to the jurisdictional officer as per Section 98(1) of the CGST Act. The officer, Superintendent, Central Tax and Central Excise, Kakkanad Range, reported that the supply of drinking water, as used in the applicant's business, is not eligible for GST exemption under Serial No. 99 of Notification No. 02/2017-Central Tax (Rate), dated 28.06.2017. The officer also referred to the Advance Ruling pronounced in No. GUJ/GAAR/R/11/2019, dated 24.07.2019. The officer has not reported that any issue relating to the subject case, in respect

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of the applicant, is pending or decided in any proceedings. Hence, it is presumed that no such proceedings are pending or decided against the applicant relating to the issue.

6. Personal Hearing:

The applicant was granted an opportunity for a personal hearing on 02/04/2025. Shri M.A. Moideen, Chartered Accountant, appeared on behalf of the applicant at the hearing. During the hearing, the representative explained that chlorination is the primary purification method used to bring the water, collected from various sources, to drinking water standards. He also requested that a ruling be issued based on the submissions filed in the application and those made during the hearing.

7. Discussion and Findings:

7.1. We have carefully examined the advance ruling application, the statement of facts, and the oral submissions made at the time of the personal hearing. The questions on which advance ruling is sought by the applicant fall within the purview of clause (a) and (b) of sub-section (2) of Section 97 of the CGST Act—namely, "classification of any goods or services or both" and "applicability of a notification issued under the provisions of this Act." Hence, the application is admitted based on its merits.

7.2. The issue here is the applicability of GST exemption on drinking water supplied by the applicant to various customers through tanker lorries based on mutually accepted agreements. The customers include Government institutions, Indian Railways, local authorities, other Government offices, and private customers such as hotels and contractors. The applicant collects water from various sources such as dug wells and bore wells and carries out an initial purification process by filtering to remove suspended solids, organic matter, etc. The second phase of processing involves chlorination at appropriate levels to bring the water up to drinking water standards. Proper testing is also conducted by the applicant before supplying the water to customers. The supply of water is not in sealed containers but is

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filled into tanker lorries with capacities ranging from 2,000 kiloliters to 30,000 kiloliters and transported to the customers' premises, where it is pumped into their tanks or containers for further use.

7.3. The quantity, price, period of supply, and standard of drinking water supplied to the recipients are based on mutually accepted agreements. The applicant submitted a copy of the agreement entered into with Indian Railways for reference. The scope of the contract is the supply of potable water to various railway stations from water sources outside the railway limits, using the contractor's own vehicles. The quoted rate includes the cost of procuring water, loading, transporting, and unloading the water at railway premises using the contractor's own personnel, equipment, and pumps. Hence, it is a supply of goods, i.e., water, and the value of supply will be determined as per Section 15(c) of the CGST/KSGST Acts.

7.4 The various tax rates of water under GST is as follows:

SI No.	Notification/Schedule	Chapter/Heading/Subheading/Tariff item	Description of goods	Tax rate
46B	Schedule II of Notification No.1/2017-Central Tax (Rate) dated. 28-06-2017.	2201	Drinking water packed in 20 litres bottles	CGST: 6% SGST: 6%
24	Schedule III of Notification No.1/2017-Central Tax (Rate) dated. 28-06-2017.	2201	Waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured(other than Drinking water packed in 20 litres bottles)	CGST: 9% SGST: 9%

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99	Exemption Notification No.2/2017-Central Tax (Rate) dated. 28-06-2017	2201	Water [other than aerated, mineral, [***], distilled, medicinal, ionic, battery, de-mineralized and water sold in sealed container]	Nil

7.5. Now, with regard to the tax rate, the applicant submits that as per serial No. 99 of Notification No. 02/2017 – Central Tax (Rate), dated 28.06.2017, "Water (other than aerated, mineral, distilled, medicinal, ionic, battery, de-mineralized, and water sold in sealed containers) is exempted from the levy of tax under the CGST Act." Further, it is clarified in Circular No. 52/26/2018, dated 09.08.2018, that the supply of water, other than those excluded from serial No. 99 of Notification No. 02/2017 – Central Tax (Rate), dated 28.06.2017, would attract GST at a NIL rate.

7.6. We have to examine whether the "drinking water" in the instant case is eligible to qualify for exemption as per serial No. 99 of Notification No. 02/2017 – Central Tax (Rate), dated 28.06.2017. The applicant collects water from different sources and carries out two stages of purification — one is filtering and the other is chlorination. Hence, it is necessary to analyze the purification process to determine whether it is similar or identical to any of the categories of water excluded from exemption under the above Notification:

a) **Aerated water:** Water that has been artificially infused or pressurized with gas, most commonly carbondioxide.

b) **Mineral water:** Water that contains various minerals, such-as salts and sulfur compounds.

c) **Distilled water:** Water purified by boiling it into vapor and then condensing it back to the liquid stage.

d) **Medicinal water:** Also known as mineral water or spring water, which has therapeutic properties due to the presence of high mineral content.

e) **Ionic water:** Water that contains dissolved ions altered through processes like electrolysis.

f) **Battery water:** Special water used in batteries.

g) **Demineralized water:** Water prepared by removing most of the dissolved mineral content through processes like distillation, de-ionization, or reverse osmosis.

7.7. The process of purification and the contents dissolved in the above categories of water have no similarities with the drinking water supplied by the applicant. Chlorination and filtration are the basic purification methods used by any public utility engaged in water distribution to make the water potable. Also, the applicant does not supply the water in sealed containers; rather, it is supplied in bulk quantities through tanker lorries. Hence, we have arrived at the opinion that the drinking water supplied by the applicant is not included in any of the categories of water specifically excluded from exemption under the GST Act as per serial No. 99 of Notification No. 02/2017 – Central Tax (Rate), dated 28.06.2017.

7.8. Furthermore, the applicant sought a ruling on the classification of the drinking water supplied by them, in case it does not qualify for exemption under serial No. 99 of Notification No. 02/2017 – Central Tax (Rate), dated 28.06.2017. In light of the discussions made in Paras 7.6 and 7.7, there is no need to examine classification under other taxable categories.

7.9. On the basis of the facts and legal provisions discussed above, it is concluded that the drinking water supplied by the applicant in bulk to various customers, including Government institutions, through tanker lorries having capacities ranging from 2,000 kiloliters to 30,000 kiloliters, is eligible for exemption from tax under GST as per entry at serial No. 99 of Notification No. 02/2017 – Central Tax (Rate), dated 28.06.2017.

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

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RULING

Question:1. Whether the supply of potable water to customers in tanker lorries having capacity of 2000 Kiloliters to 30,000 Kiloliters, as per the orders received customers is exempted under the Central Goods and Services Tax Act, 2017 vide serial No. 99 of Notification Number 2/2017- Central Tax (Rate) dated 28.06.2022 and under Kerala Goods and Services Tax Act, vide Notification SRO No. 361/2017 dated 30.06.2017, as amended from time to time ?

Ruling: The drinking water supplied by the applicant to various customers through tanker lorries having capacity ranging from 2000 K litters to 30,000 K litters, is eligible for exemption from tax under GST as per entry at serial No. 99 of Notification No. 02/2017- Central Tax (Rate) dtd 28.06.2017, amended time to time.

Question:2. If the supply does not qualify for exemption under Notification No. 02/2017, Dated: 28.06.2017, what will be the applicable rate of tax and under which entry the same is taxable.

Ruling: No ruling.

OFFICE OF THE COMMISSIONER STATE G.S.T.D KERALA THIRUVANANTHAPURAM

Jomy Jacob, IRS
Additional Commissioner of Central Tax
Member

Mansur M.I.
Joint Commissioner of State Tax
Member

To,

M/s. Hisham Transport,
15/332B, Mundampalam,
Kangarappady, Ernakulam, Kerala-682021.

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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: cccochin@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 State Tax Officer, Tax payer services Circle, Thrikkakara, Ernakulam.
4. The Superintendent, Central Tax, Kakkanad Division, Kakkanad Range.

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