HARYANA AUTHORITY FOR ADVANCE RULING,
GOODS AND SERVICES TAX,
HARYANA VANIJYA BHAWAN, PLOT NO I-3, SECTOR 5,
PANCHKULA-134151 (HARYANA)

ADVANCE RULING NO.HAR/HAAR/R/2018-19/25
(In Application No. 25/2018-19, dated 21.08.2018)

Name & Address of the Applicant	:	M/s Ecoppia Scientific LLP, Level 6, Wing B, Two Horizon Centre, Golf Course Road, DLF-5, Sector-43, Gurgaon-122002 (HARYANA)
GSTIN of the Applicant	:	06AAFFE9473L1ZX
Date of Application	:	21.08.2018
Clause(s) of Section 97(2) of CGST/HGST Act, 2017, under which the question(s) raised.	:	(I) Classification of goods and/or services or both (v) Determination of the liability to pay tax on any goods or services or both
Date of Personal Hearing	:	19.11.2018.
Present for the Applicant	:	Ms. Tanushree Roy, Consultant, Ms. Tanu Garg, Consultant, Sh. Amit Singla, AVP (Operation), Sh. Eran Meller, CEO, Sh. Areye Lumelsky, Director (Finance) and Shailey Malik, Manager Finance.

1. M/s Ecoppia Scientific LLP, Level 6, Wing B, Two Horizon Centre, Gold Course Road, DLF-5, Sector-43, Gurgaon-122002 (HARYANA) [hereinafter referred to as the "applicant"], has submitted that they are engaged in the business of designing, 'supplying and installation of solar powered Robotics Cleaning System (hereinafter referred as 'RCS', also termed as 'E4') for cleaning photovoltaic solar panel arrays in solar parks. RCS is a water-free cleaning system for utility-scale solar installations and removes soiling using a combination of three factors:

- a microfiber that gently wipes soiling away;
- controlled airflow over the panel surface and
- gravity to ensure soiling is moved downwards and off panel rows.

2. Ecoppia's end-to-end cleaning solution is enabled by a unique water-free robotic cleaning process, offering an alternative to the traditional water and labour intensive techniques. Each E4 cleaning fleet is remotely managed from a dashboard or mobile app;

3. Each robot uses a dedicated solar panel to charge onboard batteries, requiring no external power supply. The microfiber elements with controlled air flow, robots utilize gravitation to move dust particles downwards and off the panels. The robots move along a rigid aluminum frame using wheels coated with polyurethane to ensure smooth movement and no load on the solar panels' surface (i.e. the robot carry out repeatedly a cycle of movements) Each cleaning robot is powered by five electric motors - two motors driving the horizontal movement along the solar panel row, two motors powering the vertical up-and-down movement, and one motor operating the rotation of the microfiber elements. To maintain a smooth sustainable upward and downward movement, the E4 robot uses a winch system with two coated silicon rubber wires that operate angularly from opposite sides of the winch cylinder to the centre point of the microfiber cylinder frame;

4. When not cleaning, robots are securely locked in their docking stations (which serves also as the charging station) outside of the solar PV row, protected from the elements and

strong winds. Charging occurs during the day while the robots are docked, with a full battery charge typically supporting 3 sequential cleaning cycles - ensuring that the E4 will be available to clean even during extended cloudy periods or dust storms. Ecoppia's patented Eco-hybrid technology further increases the energy efficiency of the system by capturing potential energy of the robots during their descent on the solar panels and converting it to kinetic energy, decreasing lost energy and extending the useful battery life. Upon completion of a cleaning descent, the [4 robot performs a rapid auto-clean of the Micro fiber elements before ascending the panel again. An additional self-cleaning routine is carried out at the end of the cleaning cycle, before the robot returns to its docking station;

5. The Applicant typically enters into a supply agreement with its customers. Scope of the said supply agreements essentially involve:

- Supply and delivery of RCS; and
- Erection, Commissioning and installation of the RCS (so. supplied) on the customer's solar panels at customer premises. **It is relevant to note that civil works (for installation of the RCS) is not undertaken by the Applicant at customer premises at any point in time;** the installation, erection and commission uses simple nuts, bolts and torque wrench —similar to installation of television sets in a house.

6. The Applicant raises invoices on the customer towards the sale of cleaning systems [comprising of supply and delivery of RCS as well as installation of the RCS (so supplied) at customer premises]. The payment is made, typically on a milestone basis, as per the terms and conditions of the respective supply agreement.

7.1. **QUESTION 1 -** Whether the solar powered RCS/ E4 supplied by the Applicant qualifies as a 'solar power based device' in terms of sub-clause (b) of Entry no. 234 of Notification no.1/ 2017 Integrated Tax (Rate) dated 28 June 2017 (as amended from time to time) liable to GST @ 5%? Further, what would be the most appropriate 4-digit HSN classification under which solar powered RCS should be classified, for GST purposes.

7.2. The GST Rate Notification, inter alia, provides as follows:

S.No.	CHAPTER/ HEADING/ SUB-HEADING/TARIFF ITEM	DESCRIPTION OF GOODS	GST RATE
234.	84, 85 or 94	Following renewable energy devices & parts for their manufacture (a) Bio-gas plant **(b) Solar power based devices** (c) Solar power generating system (d) Wind mills, Wind Operated Electricity Generator (WOEG) (e) Waste to energy plants/ devices (f) Solar lantern/solar lamp (g) Ocean waves/tidal waves energy devices/plants (h) Photo voltaic cells, whether or not assembled in modules or made up into panels	5%

Relevant extracts of Tariff Heading 8479 of the First Schedule to the Customs Tariff Act, 1975 ('Customs Tariff') reads as follows:

Tariff Item		Description of Goods
8479		**MACHINES AND MECHANICAL APPLIANCES HAVING INDIVIDUAL FUNCTIONS, NOT SPECIFIED OR INCLUDED ELSEWHERE IN THIS CHAPTER**
8479 50 00	-	Industrial robots, not elsewhere specified or included
84799090	---	Other

Explanatory notes to Chapter 84 clearly states "Subject to Note 2 to this Chapter and Note 3 to Section XVI, a machine, the principal purpose of which is not described in any heading or for which no one purpose is the principal purpose is, unless the context otherwise requires, to be **classified in heading 8479.**"

Further, Explanatory notes to HSN classification state as follows w.r.t Industrial robots:

"Industrial robots for multiple uses. Industrial robots are automatic machines which can be programmed to carry out repeatedly a cycle of movements. By the use of sensors, industrial robots are able to acquire information about the field in which they operate and to analyse the information thus obtained to be able to adopt their pattern of activity to variations in their field of operation.

Industrial robots may consist of an articulated structure comparable to that of the human arm, mounted on a base in a horizontal or vertical position and having at its extremity a mobile holder for the tool holder (so called vertical robots). They may consist of a rectilinear structure often moving on a vertical axis of which the holder forms the terminal part of the operating mechanism often moving on a horizontal axis.

The different parts of the structure are activated by electric motors or by means of hydraulic or pneumatic system.

Industrial robots have many uses; welding, painting, handling, loading and unloading., cutting, assembling, metal trimming, etc. They are replacing humans in tasks performed in hostile environment (with toxic products, dust, etc) or with laborious tasks (moving of heavy loads, repetitive tasks of a boring nature). For these varied applications, robots are equipped with a tool holder and tools specifically designed for the accomplishment of the task (pincers grippers, welding heads, for example).

The heading covers only industrial robots capable of performing a variety of functions simply by using different tools However, the heading excludes those industrial robots specifically designed to perform a specific function; these industrial robots are classified in the heading covering their function (e g, heading 84 24, 84 28, 84.86 or 85.15)."

7.3. The applicant submitted that the term 'solar power based device has not been defined under the GST Act, Customs Tariff and the HSN Explanatory Notes. Therefore, dictionary meanings need to be referred to. As per Oxford Dictionary, the term 'solar-powered is defined as "Using power derived directly from the sun's rays" Additionally, Oxford Dictionary defines 'device' as "a thing made or adapted for a particular purpose, especially a piece of mechanical or electronic equipment." Hence, device typically includes various components/ parts which are manufactured/ assembled together for performing a function. Various dictionaries define solar power based devices generally to mean the

devices which are powered by sunlight, either directly or through electricity generated by solar panels.

As per the Law Lexicon the term 'solar has been defined 'as pertaining to the sun, measured by the progress of the sun; produced by the sun". Further the term device has been defined in the Law Lexicon Dictionary as "that which is devised or formed by design; a contrivance; an artificial contrivance. So also the term has been variously defined as meaning an invention; a stratagem, a project, and artifice, also, used to denote hearing or emblematic representation or motto;

"Further, the scheme of the central Excise Tariff is based on Harmonised System of Nomenclature (for short "HSN") and the explanatory notes thereto Therefore HSN along with the explanatory notes provides a safe guide for interpretation of an entry"

Even under erstwhile regime 'solar power based devices' have not been defined under any law. However, under erstwhile Excise law, various exemptions were extended to non-conventional energy devices which included 'Solar photovoltaic module and panel for water pumping and other applications' - List 8 of Notification no. 12/2012- Central Excise, dated 17 March 2012. The intent of law seems to be clear to provide benefit to solar power based devices. Further, it is an accepted rule of interpretation that when an expression is not defined in the Act, natural and ordinary meaning 4of such expression must be kept in view **[CC v Gujarat Perstorp Electronics Ltd. (2005) 75CC 118=186 ELT 52];**

Additionally, in terms of the rule of literal construction, the words of a statute are first understood in their natural, ordinary or popular sense and phrases and sentences are construed according to their grammatical meaning, unless that leads to some absurdity or unless there is something in the context or in the object of the statute to suggest the contrary. Thus, the cardinal rule of construction of statutes is to read the statutes literally, that is by giving the words their ordinary, natural and grammatical meaning. If however such a reading leads to absurdity and the words are susceptible to another meaning, the court may adopt the same. But if no such alternative construction is possible, the court must adopt the ordinary rule of literal interpretation.

Therefore, going by the rule of literal construction and in absence of specific definition, any device powered by solar power is a 'solar powered based device'.

7.4. RCS typically consists of a centrally managed fleet of cleaning robots, each assigned to a row of panels. RCS does not require any external energy source and is fully energy independent — an on board solar panel charges the E4 system batteries Each RCS is assigned to a specific solar row and includes its own electric motor, ,a set of two micro fiber cleaning modules, and communication board.RCS does not require any support from the solar panels on which it is installed and the whole set up is placed on rails.

The various components/ substations of the RCS supplied by the Applicant for cleaning of the solar panels have been mentioned below:

i. Control and power supply

- Solar panel assembly- Solar panel, positioned in the central lower part of the docking station outside the array, charges the batteries;
- Control box assembly- Control box includes programmable logic controller (PLC), Power Board PCB, transceiver unit and wiring;
- Batteries box assembly- Battery box consists of 4 batteries - 2 main and 2 back up supplies power of 24V for the system operation;

ii. **Main structure**

- Main frame assembly - It is constructed from aluminum profiles, the main frame overlaps the width dimension of the solar row and has all other subsystems connected to it;

- Left and right wheel assemblies - The wheels enable the movement of the frame and the robotic unit horizontally alongside the array;

iii. **Rotational cleaning Cylinder assembly (Cleaning apparatus)** - The cleaning apparatus consists of two rotational cylinders with microfiber fins. A motor drives the unit with a belt system and aluminum wheels. Cables drive the cleaning system upward and downward the main frame;

iv. **Winch Assembly** -It includes a drum cylinder which is connected to the cables that are rolled up upon it. A cable arrangement between the winch and the cleaning apparatus ensures an orderly rolling of the cables on the winch drum. The drum is driven by two motors-generators. When the cleaning apparatus moves upward, the motors operate as regular DC motors, when the
cleaning apparatus moves downward, the two DC motors operate as DC generators that control the rate of the cleaning unit while using the generated electricity to charge the batteries The motors generators are connected to the drum through design belts speed reduction transmission;

v. **Horizontal drive assembly**- Horizontal drive unit is assembled on the upper part of the E4 system and drives it along the panel array. Motors are assembled in the horizontal drive unit, and with belts, they turn the drive wheels;

vi. **Control and power supply unit frame:**

- Control unit frame assembly - Components such as the power control unit and PLC are located within boxes and are placed within the Control Unit Frame on part of the main structure;

vii. **Docking system**

- **Canopy assembly (optional)** - A Canopy is placed on the upper part of the docking system to protect the robotic unit during the day and in between cleaning solar panel. The Canopy is an optional component;

The applicant submitted that in view of the above, as a 'solar power based device' and that the same is accordingly classifiable under Entry no. 234(b) (i.e. solar power based device) of GST Rate Notification, attracting GST @ 5%.

8.1. **QUESTION 2** - Whether the supply of RCS along with provision of ancillary services, erection and commissioning services) by the Applicant can be construed as a Composite supply as per Section 2(30) of the CGST Act? If yes whether the principal supply in case of a Composite Supply can be said to be supply of RCS, chargeable to GST, at the rate determined in terms of Point (a) above?

8.2. The applicant submitted that Section 2(30) of the CGST Act defines 'Composite supply' to mean "supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply";

b. Section 2(90) of the CGST Act defines principal supply as "principal supply means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary";

Thus, principal supply refers to the supply which is the predominant element in a composite supply;

Illustration: Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply.

c. Section 8 of the CGST Act states that the tax liability in case of a composite supply shall be determined in the following manner, namely:

"(a) a composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply"

Thus, in case of composite supply, the rate applicable on the principal supply applies on the entire bundle of taxable supplies.

d. Section 2(119) of CGST Act defines 'Works contract' as follows:

"a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract."

e. Schedule II clause 6 of GST law states as under:

The following composite supplies shall be treated as a supply of services, namely:—

(a) works contract as defined in clause (119) of section 2";

Therefore, 'works contract' has been deemed to be supply of 'service' under GST. The general rate of GST on 'works contracts' is 18%.

8.3. From the definition of 'composite supply' in terms of Section 2(30) of the CGST Act, it follows that the essential conditions for a supply to qualify as a 'composite supply' are as under;

- There should be two or more supplies of goods or services or both,
- The taxable supplies should be naturally bundled;
- Taxable supplies should be supplied in conjunction with each other;
- One of the taxable supplies should be a principal supply.

In such a case the supply which is the principal supply is treated as the main supply and the entire transaction is taxed as per the GST rate applicable to the principal supply.

8.4. That the applicant typically enters into a supply agreement with its customers. Scope of the said supply agreements essentially involve:

- Supply and delivery of RCS; and
- Erection, Commissioning and installation of the RCS (so supplied) on the customer's solar panels at agreed locations/ customer premises. **It is relevant to note that civil works (for installation of the RCS) is not undertaken by the Applicant at customer premises at any point of time.**

The Applicant raises invoices on the customer towards the sale of cleaning systems [comprising of supply and delivery of RCS as well as installation of the RCS (so supplied) at customer premises]. The payment is made, typically on a milestone basis, as per the terms and conditions of the respective agreement;Thus, the scope of work of the Applicant involves supply of goods as well as installation services. It is evident that the principal supply in such contracts is the supply of RCS/ E4 along with ancillary services of erection, commissioning and installation of the RCS/ E4 at customer premises.

8.5 - *Relevant extracts of various agreements entered into by the Applicant*

a Relevant clauses of the Supply agreement between Ecoppia and Heramba Renewables Limited dated 26 May 2017:

"Ecoppia and Purchaser shall hereinafter be referred to jointly as the "Parties," or singularly as a "Party" WHEREAS Ecoppia designs, manufactures and supplies robotic technology which (cleans photovoltaic solar panel arrays in solar parks, and

*WHEREAS **Purchaser desires that Ecoppia supplies, and Ecoppia agrees to supply such robotic technology to Purchaser** for the PY Plant (as defined below) pursuant to the terms set forth herein below."*

*2. **Supply***

Ecoppia agrees to undertake the design and supply of the products in accordance with the technical specifications provided for in Annexe 2.1(A) hereto ('the Product'), pursuant to the milestones (each a 'Milestone' and together the 'Milestones') and the time schedule (the Schedule) attached as Annexe 2.1(B) hereto.....

*4. **Delivery and Installation; Title***

Ecoppia agrees to sell, assign, install, convey, handover and transfer the Systems specified in Annexure 4.1 hereto ('the System') to the Purchaser on a date (being the System Installation Date).....

4.6 Title to the Products shall pass to the Purchaser upon payment of the final Milestone set forth in the Schedule

Annexure 2.1(B) - The Milestones and the Schedule

"The Milestones for the payment for the Products are as follows:

1. 25% of the Contract Price at commissioning against payment of the ABG; SPY to transfer advance amount of 25% and issue LCfor balance 75%, within 7 days of receipt of ABG2

3. 50% of the Contract Price on supply of the Products at the Site; SPV3 to transfer this amount within 7 days of receipt of invoice

4. 10% of the Contract Price at Installation of all the Products; SPY to transfer this amount within 7 days of receipt of invoice and

5. 15% of the Contract Price at the time of issuance of PBG, post commissioning. SPy to transfer this amount within 7 days of receipt of invoice or PBG4, whichever is later."

"C. WHEREAS, the Supplier has expertise and experience in the design, engineering, procuring, packing, loading, shipping, unloading, installation, construction, erection, inspection, interconnection, commissioning, testing, completion, documentation and delivery of robotic cleaning systems for the solar photovoltaic electricity generation, facilities in India.

D. WHEREAS, the Project Company desires to engage the Supplier to design, engineer, procure, pack, load, deliver and unload, equip, install, construct, erect, inspect, interconnect, commission, test, complete, document and deliver the Robotic Systems (defined below), and the Supplier desires to provide such services and is willing to guarantee the timely completion of the Works and the performance of the Robotic System, all in accordance with the terms and conditions set forth in this agreement."

'Works' means (I) the supply of the Robotics System, (ii) all erection, commissioning and testing works of the Robotics System, (iii) any and all services, work and other actions performed by or to be performed by Supplier and its Sub Suppliers, (iv) the obligations, duties and responsibilities of Supplier set forth in Article 3, (v) other actions incidental thereto which are reasonably required for performance of the Robotic Systems in accordance with this Agreement."

3.1 "Generally. Supplier shall perform all services necessary to procure, supply, pack, load, ship, and unload at the Site the Robotic System and design, engineer, equip, install, construct, erect, inspect, interconnect, commission, test, complete, document and deliver the Robotic System in accordance with.....

"3.2 Design and Engineering.

3.2.1 Supplier shall perform all design and, engineering of the Robotic System in accordance with all Contract Requirements....

3.3 Robotic Systems.

3.3.1 Supply

Supplier shall manufacture, assemble and supply the Robotic Systems in accordance with the Project Schedule and as otherwise required for the completion and safe and proper operation of the Facilities in accordance with (a) Applicable Law, (b) the Specifications, and (c) Prudent Utility Practices."

3.4 Installation, Erection, Construction and Inspection of Work.

3.4.1 Setting Out. Supplier shall be responsible for accurately setting out, assembly and installation of Robotic System inspection and quality control services required to ensure that all Work is performed in accordance with this Agreement. Supplier shall be solely responsible for all construction means methods techniques, sequences procedures, safety, and security programs in connection with the performance of the Work.

3.4.3 EPC-related Work.

(a) General. Supplier shall be responsible for the following (the "EPC-related Work"):

(i) co-ordination with the EPC Contractor's for all interface related works until Robotic Acceptance with O&M Contractor thereafter.

*(ii) the Supplier's obligations set forth in the scope matrix attached as **Exhibit B** hereto.....*

"2. Payment Terms:

2.1 80% of the Contract Price on pro-rota basis for each batch of units delivered and shall be payable on delivery of the Robotic Systems at the Site as per approved billing breakup. Supplier shall be paid within 30 days from the date of submission of the following:.....

2.2 10%ofthe Contract Price on prorata basis for each lot of Robot System within 30 days of robot commissioning for each lot of 25MWdc Robotic System upon submission of the following:

2.2.1 Acceptance of Robotic Commissioning Certificate for each lot of 25 MWdc

2.2.2 Invoice

2.3 5% of the Contract Price on pro rota basis for each lot of Robotic System within 30 days of Total Robotic Commissioning upon submission of the following:

2.3.1 Acceptance of Total Robotic Commissioning Certificate

2.3.2 Invoice

2.4 5% of the Contract Price on pro rota basis for each lot of Robotic System within 30 days of Robotic Acceptance Date upon submission of the following:

2.4.1 Acceptance Certificate for achievement of Robotic Acceptance Date

2.4.2 Invoice

8.6. The Applicant submits that on a reading of the above clauses of the agreements it is evident that the main intent of the agreements entered into by the Applicant is sale of RCS/ E4. Services like erection, commissioning and installation are merely incidental/ ancillary to the supply of RCS/ E4. It is further submitted that the service portion of the contract is merely 10% to 15% and major portion of the agreement pertains to sale of RCS. This substantiates the fact that provision of services is incidental to the supply of goods. Thus, sale of RCS/E4 by the applicant is the principal supply and the entire contract should be taxed as supply of RCS/E4, and GST should be attracted accordingly. Further, the services being incidental to the principal supply should also get covered as composite supply and taxable at the rate applicable to the principal supply of RCS/ E4 (i.e. solar power based device).

In view of the above, it is submitted that in the instant case, the sale of the RCS is principal intent between the Applicant and its customers and the installation of RCS is and incidental

activity. Accordingly, the transaction should be treated as that of sale of RCS and GST should be levied accordingly.

8.7. Supply of RCS and its erection, installation and commissioning services are naturally bundled - that in order to make the RCS operational, it is essential that the same be erected and installed atop the solar panels, by way of nuts and bolts. Without such erection and commissioning activity, the RCS would not be able to function; that in the instant case the customer perceives the entire contract to be a contract for supply of RCS/ E4 as the intent of both the parties is supply of RCS, for cleaning of solar power plants! panels. Hence the entire contract for supply of RCS and its erection, commissioning and installation (both goods and services) are naturally bundled and linked wherein the main intent is sale of RCS (i.e. goods) for cleaning of solar panels.

In this regard, reliance has been placed on the case of T. V. Sundram Iyengar & Sons v. The State of Madras [1975]22SCR372

8.8. The applicant submitted that contracts entered into by the Applicant do not constitute 'Works Contract' in terms of the OT legislation; that works contract is also defined as a composite contract and includes a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract; that there is no civil works for erection and installation of the RCS and as such RCS does not become part and parcel of any **immovable property**. Instead the contracts are entered into for sale of robots for cleaning of the solar panels to which the activities of erection/ commissioning/ installation etc. are only incidental.

Even if the agreements entered into by the Applicant qualify as a composite supply, the principal supply would be that of sale of RCS and not for provision of works contract services. As highlighted above, the principal supply or dominant intent is sale of goods as RCS and hence the entire contract should be taxable as the principal supply itself. Reliance is placed on the case of judgment of the Andhra Pradesh High court in the case of Hindustan Shipyard Limited v State of Andhra Pradesh [(1997) 25 APSTJ 9] and following case laws.

- Union of India v. Central India Machinery Manufacturing Co. Ltd. (1977) 2SCC847

- Ernakulam District Rolling Shutter Fabricators Assn vs CCT (2009) 26 VST 499 (Kar HC 08

- Solid & Correct Engineering Works & Others Vs CCE Ahmedabad (2010 (4) TMI 15 Supreme Court of India)

- In Mallur Siddeswara Spinning Mills (P) Ltd Vs CCE Coimbatore (2004 (3) TMI 68 Supreme Court of India)

- Perumal Naicker Vs T. Ramaswami Kane and Anr. (AIR 1969 Mad 346)

RECORDS OF PERSONAL HEARING – 2ND PROVISO TO SECTION 98(2) OF CGST/HGST ACT, 2017

10. Opportunity for personal hearing was granted to the applicant on 19.11.2018 which was attended by Ms. Tanushree Roy, Consultant, Ms. Tanu Garg, Consultant, Sh. Amit Singla, AVP (Operation), Sh. Eran Meller, CEO, Sh. Areye Lumelsky, Director (Finance) and Shailey Malik, Manager Finance. They had reiterated the submissions made by them in their application and the accompanying record.

DISCUSSIONS AND FINDINGS OF THE AUTHORITY

11. We have carefully gone through the facts and records of the case. In the instant case, the applicant seeks advance ruling in the matter of classification and rate of GST applicable on the robotic cleaning systems (RCS) being supplied by them.

12. The functioning of the said robotic cleaning systems, as is apparent from the submissions made by the applicant it is observed that the applicant is engaged designing, 'supplying and installation of solar powered Robotics Cleaning System for cleaning photovoltaic solar panel arrays in solar parks. Elaborate working and functioning of the said systems have been discussed in the preceding paras, on the basis of submissions made by the applicant. From the submissions of the applicant, it is observed that the said product, is working on solar power and thus, the same merits classification chapter heading 8479 and also qualifies as a 'solar power based device' in terms of sub-clause (b) of Entry no. 234 of Notification no.1/ 2017 Integrated Tax (Rate) dated 28 June 2017 (as amended from time to time) liable to GST @ 5%.

14. Apart from supply of "robotic cleaning system" the applicant is also engaged in installation of same. Hence, the applicant has also raised the question as to whether the supply of RCS along with provision of ancillary services, erection and commissioning services) by the Applicant construes as a Composite supply as per Section 2(30) of the CGST Act.

15. In this regard, it is observed that Section 2(30) of the CGST Act defines 'Composite supply' to mean "supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply" and Section 2(90) of the CGST Act defines principal supply as "principal supply means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary".

Further Section 8 of the CGST Act states that the tax liability in case of a composite supply shall be determined in the following manner, namely:
"(a) a composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply"

16. In the instant case, indeed there are two supplies. Firstly, there being a supply of goods, i.e., "robotic cleaning systems" which qualifies as 'solar power based device' in terms of sub-clause (b) of Entry no. 234 of Notification no.1/ 2017 Integrated Tax (Rate) dated 28 June 2017 (as amended from time to time) liable to GST @ 5%. Secondly it is supply of service also, related to installation, erection commissioning services of the said robotic cleaning systems supplied by the applicant. Therefore, the same comprises of two supplies and one of which, that is supply of robotic cleaning systems is a principal supply. We agree with the contentions of the applicant that supply of RCS and its erection, installation and commissioning services are naturally bundled - that in order to make the RCS operational, it is essential that the same be erected and installed atop the solar panels, by way of nuts and bolts.

Thus, in the instant case, the rate of tax applicable to this composite supply shall be the rate applicable on the principal supply, i.e., 5%.

ADVANCE RULING UNDER SECTION 98 OF THE CGST/HGST ACT, 2017

17.1. The impugned products, i.e., Robotic Cleaning System (RCS) merits classification chapter heading 8479 and also qualifies as a 'solar power based device' in terms of sub-

clause (b) of Entry no. 234 of Notification no.1/ 2017 Integrated Tax (Rate) dated 28 June 2017 (as amended from time to time) liable to GST @ 5%.

17.2. Further, in the instant case, there being two supplies, one of supply of goods, i.e., "robotic cleaning systems" and other of erection and commissioning of same. They both are being naturally bundled, with supply of RCS being dominant part and erection commissioning being ancillary part, thus, the rate of tax applicable to this composite supply shall be the rate applicable on the principal supply, i.e., 5%.

Ordered accordingly.

To be communicated.

Dated : 20.11.2018
Panchkula.

Sangeeta

(SangeetaKarmakar)
Member CGST

(Vijay Kumar Singh)
Member SGST

Certified true Copy

AUTHORITY FOR ADVANCE RULING HARYANA

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Copy to:

1) The Commissioner, CGST Commissionerate , Gurugram, GST Bhawan, Plot No 36-37, Sector 32, Gurugram, Haryana- 122001
2) The Deputy Excise and Taxation Commissioner, Gurugram (East).
3) The Assistant/ Deputy Commissioner, Central Tax Division, Gurugram, CGST Gurugram Commissionerate, GST Bhawan, Plot No 36-37, Sector 32, Gurugram, Haryana- 122001