

**THE AUTHORITY ON ADVANCE RULINGS  
IN KARNATAKA  
GOODS AND SERVICES TAX  
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD  
GANDHINAGAR, BENGALURU - 560 009**

**Advance Ruling No. KAR ADRG 17 / 2021**

**Date : 25-03-2021**

Present:

1. Dr.M.P.Ravi Prasad  
Additional Commissioner of Commercial Taxes . . . . Member (State)
2. Sri.Mashhood Ur Rehman Farooqui,  
Joint Commissioner of Customs & Indirect Taxes, . . . . Member (Central)

1.	Name and address of the applicant	M/s Arvind Envisol Limited, Apartment No.D-902, NCC Meadows, Doddaballapur Road, S.N.Halli Post, Bengaluru- 560064.
2.	GSTIN or User ID	29AAGCA9687A1ZD
3.	Date of filing of Form GST ARA-01	02/06/2020
4.	Represented by	Sri. Puneet Bansal, CA & Authorised Representative
5.	Jurisdictional Authority - Centre	The Commissioner of Indirect Taxes, Bangalore North Commissionerate, Bengaluru (Range-AND8)
6.	Jurisdictional Authority - State	LGSTO-153, Doddaballpura
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000/- under CGST Act and Rs. 5,000/- under KGST Act vide CIN UTIB20032900028304 dated.04.03.20

**ORDER UNDER SECTION 98(4) OF CGST ACT, 2017  
& UNDER SECTION 98(4) OF KGST ACT, 2017**

M/s. Arvind Envisol Limited (herein after referred as Applicant), Apartment No. D-902, NCC Meadows, Doddaballapur Road, S.N.Halli Post, Bengaluru-560064 having GSTIN number 29AAGCA9687A1ZD, filed an application for Advance Ruling under Section 97 of CGST Act, 2017 read with Rule 104 of the KGST Rules, 2017 and Section 97 of the KGST Act, 2017 read with Rule 104 of KGST Rules 2017 in FORMGST ARA-01 discharging the fee of Rs.5,000/- each under the CGST Act and the KGST Act.

2. The applicant submitted that they are engaged in providing end-to-end solutions for water treatment, industrial waste-water treatment, sewage treatment and zero liquid discharge solutions, on engineering and procurement construction / turnkey basis, by setting up effluent treatment plant (ETP), sewage treatment



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plant (STP), Packaged STP (PSTP), and Zero Liquid Discharge Plant (ZLD). The applicant also provides services in the nature of operation and maintenance of such plants.

3. The applicant submitted that M/s Karnataka Power Corporation Limited (hereinafter referred as KPCL) has awarded a contract to the applicant for supply, erection, commissioning and installation of a waste-water treatment plant (ZLD plant) followed by its operation and maintenance ('O&M') for a period of 5 years. The applicant has to carry out the work as detailed in the letter of award issued by the KPCL.

In view of the above, the applicant had sought Advance Ruling in respect of the following question:

*"Whether the service of supply, erection, commissioning and installation of waste-water pretreatment plant followed by operation and maintenance of such plant attracts rate 12% of GST in terms of notification No.11/2017 Central Tax (rate) Dated 28/06/2017?"*

#### APPLICANT'S INTERPRETATION OF LAW

4. The applicant contends that the supply, erection, commissioning and installation of ZLD plant on turnkey basis including provision of O&M services for a period of 5 years qualifies to be 'Composite supply of works contract' under Sl. No. 3(iii) of Notification No. 11/2017-Central Tax (Rate) dated June 28, 2017 and would attract GST @ 12%. The relevant extract of the Notification is provided hereunder for reference:

Sl. No	Chapter, Section, Heading, Group or Service Code(Tariff)	Description of services	Rate (per cent.)	Condition
1	Chapter 99	All Services		
2	Chapter 5	Construction Services		
3	Heading 9954 (Construction services)	(iii) Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017, supplied to the Central Government, State Government, Union territory, a local authority, a Governmental Authority or a Government Entity by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of, - .....	6	Provided that where the services are supplied to a Government Entity, they should have been procured by the said entity in relation to a work entrusted to it by the Central Government, State Government,



	(c) pipeline, conduit or plant for (i) water supply (ii) water treatment, or (iii) sewerage treatment or disposal.	Union territory or local authority, as the case may be.
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5. The applicant submitted that the GST Law provides the concept of 'Composite Supply' and as defined under section 2(30) of the CGST Act 2017 "composite supply" means

*a 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.*

Further the term 'Principal Supply' as defined under Section 2(90) of the CGST Act 2017 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.*

The applicant further submitted that section 8 of the CGST Act 2017 stipulates that composite supply shall be treated as a supply of principal supply and the applicable tax rate on such supply shall be of the principal supply.

6. From the above definition, it is submitted that a transaction to qualify as a composite supply it need to satisfy the following conditions:

- There must be two or more taxable supplies of goods / services or any combination thereof.
- Such supplies of goods / services are naturally bundled;
- Such supplies of goods / services are made in conjunction with each other; and
- One of the supplies of goods / services is principal / predominant

7. The applicant submitted that in the instant case they are supplying the goods for erection of ZLD plant along with the services of installation, erection, commissioning of the said plant including operation and maintenance plant for 5 years after handing over ZLD plant to KPCL. Thus, they are supplying combination of both goods and services for erection of ZLD plant and satisfy the first condition.

8. The applicant further submitted that the phrase 'naturally bundled' is not defined under the GST law or rules framed thereunder. Accordingly, a reference can be made to principles of the *erstwhile* Service Tax law where a similar concept of naturally bundled services prevailed. As per the Education Guide issued by Central Board of Indirect Taxes and Customs ('CBIC') 'If various elements of a bundled service are naturally bundled in the ordinary course of business, it shall be





treated as provision of a single service which gives such bundle its essential character'. It further provides following indicators to identify a natural bundle:

- a) The perception of the consumer or the service receiver;
- b) Majority of service providers in a particular area of business provide similar bundle of services; and
- c) The nature of various services in a bundle of services will also help in determining whether the services are bundled in the ordinary course of business. If the nature of services is such that one of the services is the main service and other services combined with such service, are in nature of incidental or ancillary services which help in better enjoyment of a main service.

The applicant submitted that they are awarded a single contract for supply, erection, commissioning and installation of ZLD plant on turnkey basis, followed by its O&M for 5 years. The applicant was entrusted with the responsibility of both procuring the materials as well as erection and installation of ZLD plant. Hence supply of materials along with provision of erection, installation, civil works and O&M involves several taxable supplies of goods and services which are 'naturally bundled' in the ordinary course of business. Thus satisfies the second condition.

9. The applicant submitted that the term 'conjunction' is not defined in the GST law, it is relevant to refer to the natural and dictionary meaning of the term which is provided as under:

1. **Concise Oxford English Dictionary, (12<sup>th</sup> Edition refer at Page No.303)** defines the phrase 'in conjunction' as 'together'.
2. **Merriam Webster Dictionary, (available at: <https://www.merriam-webster.com/dictionary/in%20conjunction%20defines%20the%20phrase%20in%20conjunction%20with>)** defines the phrase 'in conjunction with' as 'in combination with' or 'together with'.
3. **Black's Law Dictionary, 10<sup>th</sup> Edition refer at Page No. 366** defines the latin term 'Conjuncta' as two things joined together.

The applicant further place a reliance on the Advance Rulings pronounced by the Authorities for Advance Ruling regarding whether the supply, installation, commissioning etc. qualify as a Composite Supply or not. The details of such Rulings are as under:

- a) In the case of **Fermi Solar Farms Pvt. Ltd. 2018 (17) GSTL 297 (App. AAR - GST)**, the AAAR was dealing with the question as to whether supply, installation, commissioning etc. of a solar power plant will qualify as a 'composite supply' or not. It was observed that though the parties had entered into separate agreements for the supply of materials and the rendering of services of erection and installation, the same were integrally connected and interdependent. Accordingly, it held that the entire activity of





setting up a solar power plant was a 'composite supply' in terms of Section 2(30) of the CGST Act.

- b) In the case of **Giriraj Renewables Pvt. Ltd. 2018 (17) GSTL 156 (App. AAR-GST)**, the Karnataka AAAR held that the supply of components of solar power plant and services of design, erection, installation etc. are naturally bundled and hence, the same can be treated as a 'composite supply'. Similar view was also taken in the following cases;
- c) **In Re: Premier Solar Systems (P) Limited, 2019 (23) GSTL 234 (AAR-GST).**
- d) **In Re: NR Energy Solutions India Pvt. Ltd. 2019 (26) GSTL 280 (AAR-GST)**
- e) Further, reliance is placed on the settled principle of law that 'A contract must be read as a whole'. In **M.O.H. Uduman and Ors. v. M.O.H. Aslum, AIR 1991 SC 1020**, the Apex Court held that it is settled canon of construction that a contract of partnership must be read as a whole and the intention of the parties must be gathered from the language used in the contract by adopting harmonious construction of all the clauses contained therein. The cardinal principle is to ascertain the intention of the parties to the contract through the words they have used, which are key to open the mind of the makers. Similar observations were reiterated in the case of **Novartis Vaccines and Diagnostics Inc. vs. Aventis Pharma Limited, 2010 (2) Bom CR 317.**

The applicant submitted that the intention of KPCL while awarding contract was to take services of applicant in a package both for set up of ZLD plant along with O&M service for a lump sum consideration. The setting up of plant involves various steps and it is *consensus ad idem* that any requirement to set-up the plant has to be mandatorily fulfilled by the applicant. The same was offered as a package in the tender document as the applicant never had any choice to pick and choose any portion of the contract. It is important to mention here that the supplies as separate line of items with independent considerations in the LOA will not change the nature of supply from being a composite supply in terms of Section 2(30) of the CGST Act. Thus, according to the applicant the condition 3 stands satisfied.

10. Further the applicant submitted that the supply, erection, commissioning and installation of ZLD plant on turnkey basis including provision of O&M services for a period of 5 years qualifies to be composite supply of works contract as per section 7 (1)(d) of the CGST Act, 2017 which creates a deeming fiction for the service stipulated under Schedule II appended to the CGST Act. Entry No.6 (a) of the Schedule II states that 'composite supply of works contract' as defined in clause (119) of Section 2 shall be treated as a supply of service. Section 2(119) of the CGST Act defines "works contract" to mean

"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”.

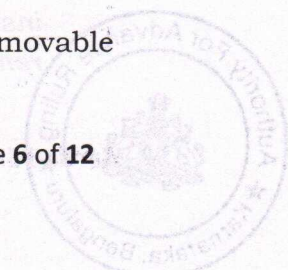
11. Thus the applicant submitted that the scope of works contract can be delineated as an arrangement *inter alia* involving construction, completion, erection, installation, fitting out, repair, maintenance or commissioning of any immovable property. The term ‘immovable property’ is not defined under the CGST Act, hence reference shall be made to allied laws dealing with immovable property. Section 3(26) of the General Clauses Act, 1897 defines “immovable property” to include land, benefits arising out of land, and things attached to the earth, or permanently fastened to anything attached to the earth. Further, Section 3 of the Transfer of Property Act, 1882 defines the term “attached to the earth” to mean:

- a. **Rooted** in the earth, as in the case of trees and shrubs;
- b. **Embedded** in the earth, as in the case of walls or buildings; and
- c. **Attached** to what is so embedded for permanent beneficial enjoyment of that to which it is attached.

Further applicant places reliance on the some of the judgements to determine the tests for classifying any property as immovable property.

- I. In the case of **Quality Steel Tubes (P) Limited v. CCE, UP, 1994 (12) TMI 75 SC**, the assessee carried out work of setting-up of tube mill in several phases. The tube mill consisted of several machines and components which after installation got embedded to earth and formed part of plant. The Supreme Court held that goods are those which can be bought to the market to be sold. The goods attached to earth become immovable and do not satisfy the test of goods. A tube mill was immovable since it was not transferable or transportable.
- II. In the case of **CCE, Ahmedabad v. Solid and Correct Engineering works and others, (2010) 4 TMI 15 (SC)**, the Supreme Court observed that ‘attachment to earth’ is a key factor for determining immovable nature of a property. Further, such attachment should be for permanent beneficial enjoyment of land to which it is attached.
- III. In the case of **Virgo Industries (Eng.) Pvt Ltd vs CCE, Chennai, 2015 (4) TMI 247(Mad.)**, the Madras High Court observed that an item fixed to the earth can continue to be movable if the same is capable of being shifted to another place without having to dismantle the same into constituent components and without causing substantial damaging to such individual components.
- IV. In the case of **T.T.G. Industries Ltd. v. Collector of Central Excise 2004 (5) TMI 77 SC**, the Supreme Court treated a machine as immovable owing to permanency in its installation.

12. The applicant further submitted that any item qualifies as an ‘immovable property’ should satisfy the following parameters.





- i. Equipment / machinery / plant must be permanently fastened or embedded to earth, mere attachment for operational purposes do not give such goods a color of immovable property;
- ii. Such goods cannot be brought to and sold in the market; and
- iii. Such goods cannot be shifted from one place to another without substantial dismantling and causing damage to individual components.

From the above, the applicant submitted that in the instant case all these parameters satisfied as ZLD plant is permanently fastened to earth, is not saleable in open market and cannot be moved without substantial dismantling. Thus, it can be said that ZLD plant will qualify as an 'immovable property'. As a corollary, construction, assembly, commissioning of such immovable structure qualifies as a 'works contract' transaction. The Applicant further submits that the impugned arrangement of supply, erection, commissioning and installation of ZLD plant on turnkey basis including provision of O&M services for a period of 5 years in pursuance of the LOA qualifies to be 'Composite supply of works contract ... by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of ... water treatment' and such service of works contract is deemed as supply of service and bears the relevant SAC of 9954 as per Entry 6(a) of Schedule II of the CGST Act.

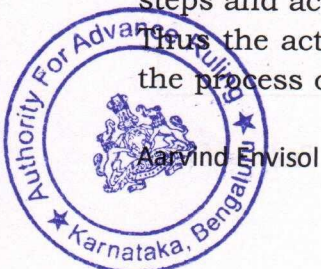
13. The applicant submitted that SI. No. 3(iii) of the Rate Notification specifies the Composite Supply of Works Contract Service to a 'Government Entity' attract GST @ 12% on such supply. Clause (x) of the Rate Notification defines Government Entity means an authority or a board or any other body including a society, trust, corporation which is:

- (i) set up by an Act of Parliament or State Legislature; or
- (ii) established by any Government,

with 90% or more participation by way of equity or control, to carry out a function entrusted by the Central Government, State Government, Union Territory or a local authority'.

Thus, applicant submitted that the KPCL is a wholly owned subsidiary of Government of Karnataka established for the functions of transmission of power in the entire State of Karnataka and also construction of stations & transmission lines and maintenance of sub-stations. Hence, KPCL qualifies to be a government entity.

14. The applicant submitted that KPCL was specifically set up by the Karnataka State Government in 1970 for the specific purpose of developing power projects for the generation of electricity in the State of Karnataka. The core activities of the entity are to identify, construct, establish, operate and maintain power stations and generate electricity. The scope of work of KPCL extends to undertake all initiatives, steps and activities that are incidental and ancillary to carry out its core functions. Thus the activities proposed to be provided by Applicant forms an integral part in the process of power generation since the same deals with treatment / recycling of



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waste-water discharged during the process of power generation. Thus, the condition of work entrusted by State Government should get fulfilled in the present case of setting-up of ZLD plant. Hence all the conditions of Entry No.3(iii) of the Rate Notification as stated above are satisfied and setting up of ZLD plant including the provision of O&M is amenable to 12% GST.

### PERSONAL HEARING

15. Sri Puneet Bansal Chartered Accountant and authorized representative of the applicant company, appeared for personal hearing proceedings before this authority in virtual mode on 08.10.2020 and made the submissions as narrated above.

### DISCUSSION AND FINDINGS

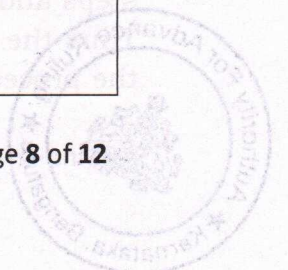
16. At the outset we would like to make it clear that the provisions of CGST Act 2017 and KGST Act 2017 are in *parimateria* and have the same provisions in like matter and differ from each other only on a few specific provisions. Therefore, unless a mention is particularly made to such dissimilar provisions, a reference to the CGST Act would also mean reference to the corresponding similar provision in the KGST Act.

17. We have considered the submissions made by the applicant in their application for advance ruling as well as the submissions made by Sri Puneet Bansal, CA and authorized representative during the personal hearing. We also considered the issues involved, on which advance ruling is sought by the applicant, relevant facts & the applicant's interpretation of law.

18. We observe, on examination of the nature of the activity carried out by the applicant, that the applicant is engaged in providing end-to-end solutions for supply, erection, commissioning and installation of a waste-water treatment plant (ZLD plant) to KPCL along with the operation and maintenance of said plant for 5 years.

19. The applicant is supplying both goods as well as services for the erection, commissioning and installation of ZLD plant. Further applicant was also awarded O&M services for a period of 5 years. In the instant case, the core issue before us to decide is whether supply of erection, commissioning and installation of ZLD plant along with O&M services for a period of 5 years qualifies to be 'Composite supply of works contract' or not, under Sl. No. 3(iii) of Notification No. 11/2017-Central Tax (Rate) dated June 28, 2017 as amended by the notification 20/2017 Central Tax (Rate) dated 22/08/2017 and notification No. 24/2017 Central Tax (Rate) dated 21/09/2017 and would attract GST @ 12%. The relevant extract of the Notification is as under:

Sl. No	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of services	Rate (per cent.)	Condition
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3	Heading 9954 (Construction services)	(iii) Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017, supplied to the Central Government, State Government, Union territory, a local authority, a Governmental Authority or a Government Entity by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of, - ..... (c) pipeline, conduit or plant for (i) water supply (ii) water treatment, or (iii) sewerage treatment or disposal.	6	Provided that where the services are supplied to a Government Entity, they should have been procured by the said entity in relation to a work entrusted to it by the Central Government, State Government, Union territory or local authority, as the case may be.
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20. "Composite Supply" is defined under section 2(30) of the CGST Act 2017 to mean *"a 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."*

For a transaction to qualify as composite supply, it needs to satisfy the following conditions:

- There must be two or more taxable supplies of goods or services or any combination thereof.
- Such supplies of goods or services are naturally bundled;
- Such supplies of goods or services are made in conjunction with each other; and
- One of the supplies of goods or services is principal / predominant

21. Now we proceed to examine whether the supply, erection, commissioning and installation of ZLD plant to KPCL qualifies to be a **composite supply of works contract** or not. Clause (d) of sub section 1 of the Section 7 of the of the CGST Act, 2017 states that the activities to be treated as supply of goods or supply of services as referred to in Schedule II. Entry No.6 (a) of the Schedule II states that 'composite supply of works contract' as defined in clause (119) of Section 2 shall be treated as a supply of service. Section 2(119) of the CGST Act defines "works contract" to mean

*"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".*



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22. It could be inferred from the above definition of the works contract that any contract for erection, installation, commissioning, repair and maintenance of immovable property wherein transfer of property in goods (*whether as goods or in some other form*) is involved in the execution of such contract qualifies as works contract transaction as per entry No.6 (a) of the Schedule II. In the instant case applicant has undertaken erection, installation, commissioning of the ZLD plant which is permanently fastened to earth and hence the ZLD plant becomes immovable property. Construction, supply of relevant goods, assembly, commissioning of such immovable structure qualifies as a 'works contract' transaction.

23. Notification 31/2017 Central Tax (rate) dated 13/10/2017, vide clause (x), defines 'Government Entity' to mean an authority or a board or any other body including a society, trust, corporation which is:

(i) *set up by an Act of Parliament or State Legislature; or*

(ii) *established by any Government,*

*with 90% or more participation by way of equity or control, to carry out a function entrusted by the Central Government, State Government, Union Territory or a local authority'.*

In this regard the applicant submitted the list of directors of KPCL and also the letter issued by the KPCL which evidences that the KPCL is established by the Government of Karnataka with 90% or more participation by way of equity or control, to carry out a function entrusted by the State Government. Hence, KPCL qualifies as Government Entity.

24. From the above it is observed that service of supply, erection, commissioning and installation of waste-water pretreatment plant qualifies as Composite supply of Works Contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017. The service of setup of ZLD plant is supplied to the KPCL which is Government Entity. Thus all the conditions of Entry No.3(iii) of the Notification No.11/2017 - Central Tax (Rate) dated 28.06.2017 as amended by the Notification No.20/2017- Central Tax (Rate) dated 22.08.2017 and Notification No.31/2017 - Central Tax (Rate) dated 13.10.2017 are satisfied. Hence the services of setting up of ZLD plant supplied to KPCL by the applicant are classified under SAC 9954 and liable to tax at the rate of 6% under the CGST Act, 2017 and similarly taxable at the rate of 6% under the KGST Act, 2017.

25. The next issue before us is to decide whether the O&M of said ZLD plant for a period of 5 years qualifies to be a composite supply of works contract or not. The applicant, in this regard contends that KPCL has awarded to set up ZLD plant which includes supply, erection, commissioning and installation and also O&M of said ZLD plant for a period of 5 years; that the said activity of O&M qualifies to be a Composite supply of works contract as it satisfies the four condition as narrated in the para 14 supra.





Further the applicant submits the following arguments in their support to claim that the supply, erection, commissioning and installation of ZLD plant on turnkey basis including provision of O&M services for a period of 5 years in pursuance of the LOA qualifies to be 'Composite supply of works contract' as per Entry 6(a) of Schedule II of the CGST Act.

- a) The contract is for setting up of ZLD plant (includes erection, commissioning & installation) and also for O&M for 5 years after handing over ZLD plant to KPCL; they are involved in supply of both goods as well as services, which are taxable and hence they satisfy the condition of supply of two or more taxable supplies.
- b) The KPCL through contract entrusted the responsibility of procuring materials required for set up of ZLD plant for which they are involved in supply of materials along with provision of erection, installation, civil works and O&M of the said plant. The applicant, quoting the Education Guide issued by CBIC wherein the concept of naturally bundled services is narrated, claims that their activity involves several taxable supplies of goods & services which are 'naturally bundled' in the ordinary course of business and hence the second condition is fulfilled.
- c) The KPCL has awarded the contract for the setup of ZLD plant and O&M services of ZLD plant for 5 years with the intention to take the services of applicant in a package. Though separate consideration for setup of ZLD plant and O&M service is mentioned in the LOA it doesn't change the nature of supply from being a composite supply in terms of Section 2(30) of the CGST Act 2017 as both the services of setup of ZLD plant and O&M are conjunctive in nature and they are a part of the same contract which cannot be separated. The separate quantification of the consideration is for the purposes of milestone payments which does not affect the nature of the contract being a single composite contract. Hence the condition 3 stands satisfied.
- d) Entry No.6 (a) of the Schedule II states that 'composite supply of works contract' as defined in clause (119) of Section 2 shall be treated as a supply of service. Hence in the instant case supply of service is predominant in nature and satisfies the fourth condition.

26. We proceed to examine the arguments of the applicant mentioned supra and also nature of supply of the O&M services. We observe that Annexure-1 to the LOA dated 30.10.2019 at Sl.No.5, while specifying the Lumpsum price for O&M stipulates that the said lumpsum price is inclusive of spares, consumables and speciality chemicals. Thus the O&M service is inclusive of supply of spares as well as maintenance service, which are taxable supplies. Supply of spares arises consequent to maintenance and hence the said supply is ancillary to the supply of service of maintenance of the ZLD plant. Thus these taxable supplies are naturally bundled and supplied in conjunction with each other where the maintenance





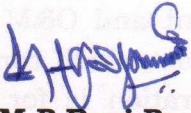
service is predominant and hence becomes principal supply. Therefore the O&M service qualifies to be a composite supply of maintenance service.

27. Now we proceed to examine whether the setting up of ZLD plant, a composite supply of works contract and the supply of O&M service, a composite supply of maintenance service are a composite supply of works contract or not. The definition of works contract as per Section 2 (119) of CGST Act, 2017 includes repair and maintenance of any immovable property. In the instant case the O&M services are meant for maintenance of the ZLD plant, an immovable property and hence the O & M services are covered under Sr. No. 3(iii) of Notification No. 11/2017-Central Tax (Rate) dated June 28, 2017 as amended and attracts GST @ 12%.

28. In view of the foregoing, we pass the following

### **RULING**

*The service of supply, erection, commissioning and installation of waste-water pretreatment plant (ZLD plant) and the services of Operation and Maintenance (O&M) of the said plant together is composite supply of works contract classified under SAC 9954 and is liable to CGST @ 6% and KGST @6% in terms of entry No.3(iii) of the Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017 as amended by Notification No. 20/2017-Central Tax (Rate) dated 22.08.2017 and Notification No. 31/2017-Central Tax (Rate) dated 13.10.2017.*

  
**(Dr.M.P.Ravi Prasad)**  
**Member**  
**Karnataka Advance Ruling Authority**  
Place : Bengaluru, 560 009

  
**(Mashhood Ur RehmanFarooqui)**  
**Member**  
**MEMBER**  
**Karnataka Advance Ruling Authority**  
Bengaluru - 560 009

Date : 25-03-2021

To, The Applicant  
Copy to :

1. The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.
2. The Commissioner of Commercial Taxes, Karnataka, Bengaluru.
3. The Commissioner of Indirect Taxes, Bangalore North Commissionerate, Bengaluru.
4. The Asst. Commissioner, LGSTO-153, Doddaballapura, for information.
5. Office Folder.

