

**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 20/2021

Dated : 06-04-2021

Present:

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

1.	Name and address of the Applicant	M/s Bharat Earth Movers Limited, 23/1, 4 th Main, BEML Soudha, S.R.Nagar, Bengaluru -560 027
2.	GSTIN or User ID	29AAACB8433D1ZU
3.	Date of filing of Form GST ARA-01	03-11-2020
4.	Represented by	Sri Ravi Raghavan, Advocate and DAR
5.	Jurisdictional Authority - Centre	The Principal Commissioner of Central Tax, South GST Commissionerate,Bengaluru
6.	Jurisdictional Authority - State	LGSTO-110A Bengaluru
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000-00 under CGST Act & Rs. 5,000-00 under SGST Act vide CIN No. SBIN20102900551262 dated 27-10-2020

**ORDER UNDER SECTION 98(4) OF THE CENTRAL GOODS AND SERVICES TAX
ACT, 2017 AND UNDER THE SECTION 98(4) OF KARNATAKA GOODS AND
SERVICES TAX ACT, 2017**

1. M/s BEML Limited, 23/1, 4th Main, BEML Soudha, SR Nagar,Bengaluru-560027 having GSTIN number-29AAACB8433D1ZU have filed an application for Advance Ruling under Section 97 of CGST Act,2017 read with Rule 104 of the CGST Rules, 2017 and Section 97 of the KGST Act, 2017 read with Rule 104 of the KGST Rules 2017, in FORM GSTARA-01 discharging the fee of Rs.5,000/- each under the CGST Act and the KGST Act.



2. The applicant is a Public Sector Undertaking, engaged in manufacture of wide range of products to meet the needs of mining, construction, power, irrigation, fertilizer, cement, steel and rail sectors. The applicant has sought advance ruling in respect of the following question:

"Whether the supplies made by Cost Centres C,D, E and G are independent supplies of goods and services (as applicable) or composite supply with principal supply of goods?"

3. Regarding the admissibility of the application, it is seen that the question is about "determination of the liability to pay tax on any goods or services or both" and hence is admissible under Section 97(2)(e) of the CGST Act 2017 and Section 97(2)(e) of the KGST Act, 2017 and hence admitted.

4. The applicant has furnished some facts relevant to the issue and the same is as under:

4.1 The applicant is a Company *inter-alia* engaged in manufacture and supply of a wide range of products to meet the needs of mining, construction, power, irrigation, fertilizer, cement, steel and rail sectors. The applicant is also one of the leading manufacturers of rail and metro coaches.

4.2 The applicant was a successful bidder to the tender invited by BMRCL for Supply of "150 numbers of Standard Gauge Intermediate Cars compatible with and suitable for integration with existing trains of Bangalore Metro Rail Project Phase-1" procured under Contract No.2 RS-DM. The Applicant entered into a contract with BMRCL vide Contract No.3RS-DM dated 25th March, 2017.

4.3 In relation to the scope of work under the contract, the applicant states that as per the terms of the contract, the broad scope of activity to be undertaken by the applicant was to manufacture and supply the Standard Gauge Intermediate Cars along with the installation and commissioning of the cars supplied, including training, supervision of maintenance, supply of spares, preparation of manuals etc.

4.4 In order to undertake the scope of work as agreed in the contract, the applicant procures the raw materials from overseas suppliers and also from local registered suppliers. The goods so purchased is used in the manufacture of Standard Gauge Intermediate Cars which are supplied to M/s. BMRCL.

4.5 The supply by the applicant to BMRCL involves both the supply of goods and services which were to be supplied in a phased manner. The nature of supply undertaken by each of the Cost Centres of the Applicant as also forthcoming from the Contract is tabulated hereunder for ease of reference.

Cost Centres	Schedule of Activity
A	Preliminaries & General Requirements for Rolling Stock including 'Design' which is incidental to supply of Rolling Stock
B	Delivery and receipt of offshore manufacturing



C	Delivery and receipt of indigenous manufacturing
D	Commissioning and Acceptance of trains/cars in Depot
E	Taking over of unit/train for revenue services
F	Deleted
G	Supply of Unit Exchange spares, mandatory spares and consumable spares and special tools, testing and diagnostic equipment
H	Training, Operation and Maintenance Manuals (Optional) which is incidental but integral part of the Supply Contract.

4.6 The applicant has provided the summary of the scope of work undertaken by each of the cost centres and the same is as under:

4.6.1 Cost Centre A: Preliminaries & General Requirements for Rolling Stock including 'Design' which is incidental to supply of Rolling Stock

The activities undertaken by Cost Centre A includes:

- i. Submission of Project Management Plan
- ii. Submission of Interface Management Plan and Detailed Interface Documents
- iii. Submission of Works Programme
- iv. Submission of Design Submission Programme
- v. Submission of Quality Assurance Plan
- vi. Submission of Safety Assurance Plan and Site Safety Plan
- vii. Submission of Environmental Plan
- viii. Submission of Software Quality Assurance Plan;
- ix. Submission of Inspection, Testing and Commissioning Plan
- x. Liaison with other Designated Contractors during the design process
- xi. Submission of the Preliminary Design, the pre-Final Design
- xii. Submission of the Final Design Document
- xiii. Submission of As-Built drawings
- xiv. Any other item considered necessary to comply with the Scope of Supply

4.6.2 Cost Centre B: Delivery and receipt of offshore manufacturing

The activities undertaken by Cost Centre B includes:

- i. Selection of suppliers for major system and sub-systems for Trains/Cars
- ii. Completion of all routine and type testing of equipment
- iii. Completion of Main Tooling for manufacture
- iv. Completion of all Factory Acceptance Tests
- v. Completion of test running in factory
- vi. Completion of manufacture, testing, running etc and inspection/clearance of first prototype unit by the Engineer and shipping to port in India
- vii. Completion of the shipment to port in India



- viii. Provision of Marine and Transit Insurance from off-shore Factory to Depot Site in Bangalore
- ix. Transportation costs off-shore manufactured trains from the port in India to Depot in Bangalore
- x. All handling costs and incidental charges at port in India. Depot and any intermediate location in India
- xi. All costs associated with special traffic arrangements necessary for transportation

4.6.3 Cost Centre C: Delivery and receipt of indigenous manufacturing

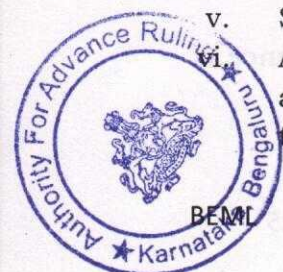
The activities undertaken by Cost Centre C includes:

- i. Selection of suppliers for major system and sub-system for units/cars
- ii. Completion of all routine and type testing of component equipments
- iii. Completion of Main Tooling for manufacture
- iv. Completion of all Factory Acceptance Test
- v. Completion of test running in factory
- vi. Completion of manufacture, testing, running and inspection/clearance by the Engineer
- vii. Provision of insurance, dispatch, transit insurance ex-Factory to Depot Site in Bangalore
- viii. Transportation costs of indigenously manufactured trains from factory in India to Depot(s) in Bangalore
- ix. All handling costs and incidental charges at factory in India, Depot(s) and any intermediate location in India
- x. All costs associated with special traffic arrangements necessary for transportation

4.6.4 Cost Centre D: Commissioning and Acceptance of trains/cars in Depot

The activities undertaken by Cost Centre D includes:

- i. Formation of unit and integration of unit into existing 3-car train to form 6 car train, completion of functional tests of 6-Car Train and running of 6-Car Train in the Depot and test track
- ii. Type test/Routine test of 6-Car Train set on mainline
- iii. Integrated testing and commissioning of 6 car trains in the nominated Depot and on sections
- iv. Instrumentation Tests and Oscillation trails on first prototype 6-Car train only as necessary for obtaining sanction of statutory authorities in regard to introduction of train for carriage of passengers, if required
- v. Service trail of trains
- vi. All instrumentation, computers and any other item including supervisory and operating staff essential for testing, commissioning and service trails of trains etc will be provided by the Applicant



- vii. Any other item considered necessary to comply with the scope of 'Facilities'

4.6.5 Cost Center E: Taking over of unit/train for revenue services

The activity undertaken by Cost Centre E includes:

- i. Completion of minor outstanding works during dispatch of unit
- ii. Completion of any defects/deficiencies observed during machine type test and integration test
- iii. Joint inspection
- iv. Completion of defects and deficiencies observed during the joint inspection
- v. Any other item considered necessary to comply with the scope of 'Facilities'

4.6.6 Cost Center G: Supply of Unit Exchange spares, mandatory spares and consumable spares and special tools, testing and diagnostic equipment

The activities undertaken by Cost Centre G includes:

- i. Supply of unit exchange spares up to expiry of Defect Liability Period
- ii. Supply of mandatory spares up to expiry of Defect Liability Period
- iii. Supply of consumable spares up to expiry of Defect Liability Period
- iv. Supply of special tools, testing and diagnostic equipment
- v. Supply of special jigs, fixtures and gauges for repair and maintenance
- vi. Any other item considered necessary to comply with the scope of supply

4.6.7 Cost Centre H: Training, Operation and Maintenance Manuals (Optional) which is incidental but integral part of the Supply Contract.

The activities undertaken by Cost Centre G includes:

- i. Deputation of instructors by the Contractors for training of operating and maintenance personnel of the Employer in India
- ii. Training of operating and maintenance personnel of the Employer at the Contractor's facilities off-shore
- iii. Furnishing of Training Manual and connected Materials
- iv. Any other item considered necessary to comply with the scope of supply

5. The present Application is being filed relating to the determination of nature of supply and applicable rate of tax for the scope of supplies covered under Cost Centres C, D, E and G.

6. In relation to the contract price, the applicant has stated as under:-



6.1 The Contract stipulates the total contract price of the "Facilities" supplied by BEML along with break-up of the costs relatable to each of the Cost Centres. Broadly, table tabulating the contract price for different Cost Centres depending on the nature of the works is as under:

Cost Centre	Cost Centre Wise Schedule of Activity Description	Total Apportioned Amounts of Cost Centre Items / Schedule for release of part payment for the supply contract		
		*Foreign Currency		Indian Rs
		Euro	Japanese Yen	INR
		Column A1	Column A2	Column B
A	Preliminaries & General Requirements for Rolling Stock including Design which is incidental to Supply of Rolling Stock	6,27,328	4,02,22,560	6,15,09,360
B	Delivery and Receipt of offshore manufactured Cars in depot	-	-	-
C	Delivery and Receipt of Indigenous manufactured Cars in depot	5,26,94,600	3,37,86,94,450	5,16,67,85,150
D	Commissioning & acceptance of Trains / Cars in Depot	75,27,800	48,26,70,650	73,81,12,200
E	Taking Over of Unit / Train for Revenue service	18,81,950	12,06,67,700	18,45,28,050
F	Deleted			
	Sub-Total (A to E)	6,27,31,678	4,02,22,55,360	6,15,09,34,760
Cost Centres on Actual Amount Basis				
G	Supply of Unit exchange spares, mandatory spares and consumable spares for period up to expiry of defect liability period and special tools, testing and diagnostic equipment	25,15,637	84,524,000	44,45,60,498
	Bid Total 'A' To 'G' (Excluding Cost Center 'H')	6,52,47,315	4,106,779,360	659,54,95,258
H	Training, Operation and Maintenance Manuals (Optional) which is incidental but integral part of the Supply Contract	13,62,275	12,05,23,710	10,51,68,588



6.2 For Cost Centres A to E, Clause 4 of the contract states that contract price is inclusive of the Basic Customs Duty at the concessional rate available under the project import registration. Further, it is agreed that applicable excise duty, service tax, VAT as applicable prior to 1.07.2017 and GST as applicable post 1.07.2017 shall be paid by BMRCL to the Applicant based on the invoice of the applicant.

6.3 Similarly, for imported spares supplied by Cost Centre G, it is agreed that the contract price shall be inclusive of Basic Customs Duty, CVD and SAD on imported finished spares. The VAT and GST component as applicable shall be paid by BMRCL as charged by the Applicant. Whereas for indigenous spares, the contract price shall be inclusive of excise duty and CST on indigenous finished spares and VAT and GST as applicable is required to be separately paid by BMRCL to the applicant.

6.4 The applicant has produced a copy of the Pricing Document elaborating on the milestone payment schedule for each of the Cost Centres vis-à-vis the scope of work as elaborated in para above.

7. Regarding the Invoicing pattern and payment of taxes, the applicant stated as under:

7.1 The value/cost of the supplies specific to each Cost Centres are separately stipulated in the Contract and milestones have been identified for raising of invoices for individual supplies. As the supply by the applicant to M/s. BMRCL is an intra state supply of goods and services and liable for tax under the KGST & CGST Acts, the rate of tax on these supplies are at present levied based on the nature of respective transaction for which the invoice is prepared. The applicant is raising separate invoices based on the nature of transactions mentioned in different Cost Centres and accordingly charging GST on separate supplies. He has produced copy of the sample invoices raised by Cost Centre D, E and G.

7.2 The applicant stated that at present, he is levying tax @ 12% on the supply of Standard Gauge Intermediate Cars and 18% on other supply of services as supplied by the respective Cost Centers. The table indicating the treatment of different supplies as goods or services vis-à-vis details of tax charged by the applicant for such supplies made through their different Cost Centres is tabulated hereunder for ease of reference:

Cost Centre	Description	Supply	GST Rate levied by BEML
A	Preliminary and general requirements for rolling stock including design which is incidental to the supply of rolling stock	Goods	5 % & 12%w.e.f. 01-10-19
C	Delivery and receipt of indigenous manufacturing	Goods	5 % & 12% w.e.f. 01-10-19



D	Commissioning and acceptance of trains/ cars in depot	Service	18%
E	Taking over of unit/ train for revenue service	Service	18%
G	Supply of unit exchange spares, mandatory spares and consumable spares and special tools, testing and diagnostic equipment.	Goods	28% / 18%

8. Regarding the dispute on nature of supply and applicable rate of tax charged by BEMRL, the applicant stated as under

8.1 While, BMRCL has paid GST charged relatable to the supplies made by cost center A and C, they have disputed the payment of GST at the rates charged by the applicant for supplies made vide Cost Centers D, E and G.

8.2 It is the understanding of BMRCL that the supply for the disputed cost centers are essentially composite supply taxable at the rate of 5%/12% i.e., the rate applicable to principal supply of Rolling stock and that other supplies in the cost center D to G are incidental and naturally bundled to the principal supply of rolling stock and supplied in conjunction with each other.

8.3 The details of the nature of supply and rate of tax as disputed by BMRCL is as under:

Cost Centre	Description	Supply	GST Rate levied by BEMRL	Admitted by BMRCL
D	Commissioning and acceptance of trains/ cars in depot	Service	18%	5 % & 12% w.e.f. 01-10-2019
E	Taking over of unit/ train for revenue service	Service	18%	5 % & 12% w.e.f. 01-10-2019
G	Supply of unit exchange spares, mandatory spares and consumable spares and special tools, testing and diagnostic equipment.	Goods	28% / 18%	12%

9. Regarding the correspondences exchanged between the applicant and BMRCL, the applicant states as under

9.1 The BMRCL has paid GST as levied by the applicants for 14 Train sets upto Jun 2019. However, in view of the disagreement on the nature of supply and applicable rate of tax, BMRCL recovered differential GST by treating the supply relatable to testing and commissioning as composite supply in the month of August 2019. Copy of Statement showing T&C Differential GST as withheld by BMRCL as on August 2019 is enclosed as Annexure-5.



9.2 On account of the disagreement on the nature of supply and applicable tax to be charged, total differential GST of Rs.19,90,84,844/- stands withheld by BMRCL relatable to cost centres D, E and G.

9.3 The applicant stated that they have borne the cost of the differential GST on their own account and duly deposited the same to the government in a timely manner. He has stated that they have also duly declared the details of tax paid in their GSTR-3B as regularly filed during the relevant period.

10. In the above factual matrix, the applicant seeks clarity on the following questions:

- i. Whether the supplies made by cost centres C, D, E and G to BMRCL are to be considered as independent supplies of goods and services depending upon the scope of the work and applicable GST at the rate of 18% for supply of services and at the rate of 5%/12% for supply of goods shall be levied and charged? Consequently, what will be the time of supply for each supplies made by the cost centres?
- ii. Whether the supplies made by cost centres C, D, E and G to BMRCL are to be considered as 'composite supply' as defined under Section 2(30) of the CGST Act, 2017 read with Section 9(1) of the CGST Act, 2017, with the supply of intermediate cars undertaken by Cost Center C as the principal supply on which GST at 12% shall be levied and charged? Consequently, what will be the classification and time of supply for the entire Contract considering supplies made by Cost Centre C as principal supply?

11. The grounds to support the understanding of the Applicant on the nature of transaction and applicable rate of GST to be levied and charged are:-

11.1 The applicant states that the supply of goods and services from cost centers should be treated as independent supplies for the following reasons:-

11.1.1 In terms of Section 9 of the CGST Act, there shall be levied a tax called the central goods and service tax (hereinafter referred to as "CGST") on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, on the value determined under Section 15 and at such rates, as may be notified by the Government on the recommendations of the Council and collected in such manner as may be prescribed and shall be paid by the taxable person.

11.1.2 The SGST Act/UTGST Act provides for levy of SGST on intra-State supplies of goods or services or both. Similarly, in terms of Section 5(1) of the IGST Act, IGST shall be levied on all inter-State supplies of goods or services or both at the stipulated rate and value.

11.1.3 Section 7(1) of the CGST Act provides that supply includes all forms of supply of goods and/or services or both made or agreed to be made for a consideration by a person in the course or furtherance of business, import of



services for a consideration and activities specified in Schedule I made or agreed to be made without a consideration and activities specified in Schedule II.

11.1.4 It is submitted that definition of “supply” under GST as provided under Section 7 of the CGST Act is an inclusive definition in terms of which, supply includes all forms of supply of goods or services or both such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business. It includes import of services, activities treated as supply under Schedule II and activities specified in Schedule I even if made without consideration.

11.1.5 It is submitted that apart from the taxability of the transaction within the defined contours of law, the intention of the parties to the contract is of paramount importance to determine the scope of supplies and its taxability. In the instant case, the scope of activities to be undertaken has been clearly demarcated in the contract entered with BMRCL and accordingly each cost centre of the applicant is making separate supplies based on their scope.

11.1.6 The applicant submitted that the contract categorically stipulates that the scope of each of the cost centres are independent of each other and the obligations and responsibilities of each of the Cost Centres should be based on their independent scope of works.

11.1.7 In this regard, it is pertinent to address the supplies made by each of the Cost Centres separately as summarized in the table below:

Cost Centre	Description	Supply	HSN/SAC	GST Rate levied by BEML
A	Preliminary and general requirements for rolling stock including design which is incidental to the supply of rolling stock	Goods	8603	5 % & 12% w.e.f. 01-10-19
C	Delivery and receipt of indigenous manufacturing	Goods	8603	5 % & 12% w.e.f. 01-10-19
D	Commissioning and acceptance of trains/ cars in depot	Service	998739	18%
E	Taking over of unit/ train for revenue service	Service	998739	18%
G	Supply of unit exchange spares, mandatory spares and consumable spares and special tools, testing and diagnostic equipment.	Goods	Depending upon spares supplied Eg: 84213920 (spares for HVAC systems)	28%/18%



11.2 Cost Centre A & C:

11.2.1 It is submitted that the supplies relatable to Cost Centre A are incidental to supplies made by Cost Centre C. The activities undertaken by Cost Centre A includes:

- i. Submission of Project Management Plan
- ii. Submission of Interface Management Plan and Detailed Interface Documents
- iii. Submission of Works Programme
- iv. Submission of Design Submission Programme
- v. Submission of Quality Assurance Plan
- vi. Submission of Safety Assurance Plan and Site Safety Plan
- vii. Submission of Environmental Plan
- viii. Submission of Software Quality Assurance Plan;
- ix. Submission of Inspection, Testing and Commissioning Plan
- x. Liaison with other Designated Contractors during the design process
- xi. Submission of the Preliminary Design, the pre-Final Design
- xii. Submission of the Final Design Document
- xiii. Submission of As-Built drawings
- xiv. Any other item considered necessary to comply with the Scope of Supply

11.2.2 It is submitted that the supply is incidental to Cost Centre C, the supply is that of goods and the scope and taxability is as discussed in detail under Cost Centre C.

11.2.3 As per the Contract entered, Cost Centre C is engaged in the supply of Standard Gauge Intermediate Cars to BMRCL. The activities undertaken by Cost Centre C includes the following:

- i. Selection of suppliers for major system and sub-system for units/cars
- ii. Completion of all routine and type testing of component equipments
- iii. Completion of Main Tooling for manufacture
- iv. Completion of all Factory Acceptance Test
- v. Completion of test running in factory
- vi. Completion of manufacture, testing, running and inspection/clearance by the Engineer
- vii. Provision of insurance, dispatch, transit insurance ex-Factory to Depot Site in Bangalore
- viii. Transportation costs of indigenously manufactured trains from factory in India to Depot(s) in Bangalore
- ix. All handling costs and incidental charges at factory in India, Depot(s) and any intermediate location in India
- x. All costs associated with special traffic arrangements necessary for transportation

11.2.4 The applicant submitted that as evident from above, the activities undertaken by Cost Centre C clearly falls in the ambit of supply of goods. The term 'goods' under Section 2(52) of the CGST Act is defined to mean "every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply".



11.2.5 Undisputedly, supply of Standard Gauge Intermediate Cars to BMRCL is covered under the definition of goods read with Section 7 of the CGST Act which prescribes the scope of supply. The Central Government vide Notification No. 1/2017-Central Tax (Rate), dated 28.06.2017, has notified the rate of tax on the goods as per the Schedules appended to it as per which the goods falling under I & II Schedules attract tax under Sec. 9(1) of the Act at 2.5% and 6% respectively on intra-state supplies of it. The relevant portion of the notification is reproduced herewith for ready reference:

Sl. No.	Chapter Heading/Sub-heading/Tariff item	Description of Goods
237.	8603	Self-propelled railway or tramway coaches, vans and trucks, other than those of heading 8604

11.2.6 Accordingly, the applicant stated that the supply of self-propelled railway passenger coaches attracts tax CGST at the rate of 2.5%. However, some of the entries in the said notification got amended vide Notification No.14 /2019-Central Tax (Rate) dated 30-09-2019 as per which goods falling under tariff heading 8603 have been shifted to Schedule II from Schedule I attracting CGST at the rate of 6%. Similar notifications have been issued by the Government of Karnataka under the KGST Act also.

11.3 Regarding the time of Supply, the applicant submitted as follows

11.3.1 It is submitted that once the nature of supply has been ascertained as supply of goods, time of such supply shall be understood in terms of Section 12 of the CSGT Act. Section 12(2) of the CGST Act provides that time of supply for goods shall be the earlier of the following dates, namely: —

- (a) the date of issue of invoice by the supplier or the last date on which he is required, under section 31, to issue the invoice with respect to the supply; or
- (b) the date on which the supplier receives the payment with respect to the supply.

11.3.2 In the instant case, various milestones have been identified and cost towards the same has been apportioned against the milestone as per Annexure FB2 of the Contract itself. Accordingly, the Applicants are raising invoices based on the achievement of the milestone. Therefore, for Cost Centre C, raising of invoices shall be the time of supply of goods.

12. Regarding the Cost Centre D, the applicant submitted as follows:-



12.1 It is submitted that Cost Centre D is involved primarily in the activity of commissioning and installation of the metro rails. The activities undertaken by Cost Centre D includes:

- i. Formation of unit and integration of unit into existing 3-car train to form 6 car train, completion of functional tests of 6-Car Train and running of 6-Car Train in the Depot and test track
- ii. Type test/Routine test of 6-Car Train set on mainline
- iii. Integrated testing and commissioning of 6 car trains in the nominated Depot and on sections
- iv. Instrumentation Tests and Oscillation trails on first prototype 6-Car train only as necessary for obtaining sanction of statutory authorities in regard to introduction of train for carriage of passengers, if required
- v. Service trail of trains
- vi. All instrumentation, computers and any other item including supervisory and operating staff essential for testing, commissioning and service trails of trains etc will be provided by the Applicant
- vii. Any other item considered necessary to comply with the scope of 'Facilities'

12.2 The supply made by Cost Centre D is a supply of service as covered under the definition of 'service' under section 2(102) of the CGST Act which is defined as "anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged".

12.3 The activity of commissioning and installation of the metro rails by itself is an independent supply in terms of Section 7 of the CGST Act and classifiable under SAC 998739 as 'installation services of other goods'.

12.4 The applicant is presently charging GST at the rate of 18% as applicable under Notification No. 11/2017 dated 28.06.2017 for supply of commissioning and installation services.

12.5 Regarding the time of supply of the above work, the applicant stated as under:

Since the nature of supply supplied by Cost Centre D is supply of services, the time of supply for such a transaction will be governed by Section 13 of the CGST Act. Section 13(2) of the CGST Act states that the time of supply of services shall be the earliest of the following dates, namely :—

- (a) the date of issue of invoice by the supplier, if the invoice is issued within the period prescribed under section 31 or the date of receipt of payment, whichever is earlier; or



(b) the date of provision of service, if the invoice is not issued within the period prescribed under section 31 or the date of receipt of payment, whichever is earlier; or

(c) the date on which the recipient shows the receipt of services in his books of account, in a case where the provisions of clause (a) or clause (b) do not apply.

12.6 In this case also, the applicant states that the contract specifies individual milestones, timeframe for completion of the milestone vis-à-vis the cost apportioned against each milestone. The Applicant makes the supplies based on the timelines and the milestones as agreed and accordingly raises the invoices.

12.7 The Applicant have been raising invoices as per the timeframe indicated under Section 31 of the CGST Act. It is submitted that the time of supply will be determined based on the invoices as the payment is received by the Applicants only after issuance of the invoice.

13. Regarding the Cost Centre E, the applicant states as under:

13.1 The Cost Centre E of the Applicant undertakes the activity of rectifying the defects observed during trial runs and submission of related documentations in relations thereto. The activities undertaken by Cost Centre E includes:

- i. Completion of minor outstanding works during dispatch of unit
- ii. Completion of any defects/deficiencies observed during machine type test and integration test
- iii. Joint inspection
- iv. Completion of defects and deficiencies observed during the joint inspection
- v. Any other item considered necessary to comply with the scope of 'Facilities'

13.2 The scope of supply as supplied by Cost Centre E is covered under the definition of service read with scope of supply of services under Section 7 of the CGST Act. Based on the scope of activities to be undertaken, the applicants have classified the supply of services under SAC 998739 as 'installation services of other goods' and are presently charging GST at the rate of 18% as applicable under Notification No. 11/2017 dated 28.06.2017 for supply of said services.

13.3 Regarding the time of supply related to the above, the applicant submits as under

13.3.1 Similar to Cost Centre D, the time of supply of services by Cost Centre E is also determined by Section 13 of the CGST Act. In the instant case also, separate milestones have been identified based on which invoices are being raised by the



Applicant. In some cases a common invoice has been issued on completion of different milestones.

13.3.2 However, the payments are cleared only after receipt of the invoice by the recipient of such supplies and accordingly the time of supply of services being provided by Cost Centre E shall be the date of issuance of invoice.

14. Regarding the Cost Centre G, the applicant submits as under:

14.1 It is submitted that the activities undertaken by Cost Centre G includes:

- i. Supply of unit exchange spares up to expiry of Defect Liability Period
- ii. Supply of mandatory spares up to expiry of Defect Liability Period
- iii. Supply of consumable spares up to expiry of Defect Liability Period
- iv. Supply of special tools, testing and diagnostic equipment
- v. Supply of special jigs, fixtures and gauges for repair and maintenance
- vi. Any other item considered necessary to comply with the scope of supply

14.2 It is submitted that this separate identifiable nature of the supplies is more particular in the supply of spares made by Cost Centre G which is completely contingent on requirement of spares by BMRCL. In other words, the supplies effected in so far as Cost Centre G is concerned is made on the basis of actual requirement and the quantity of spares shall be increased or decreased as per foot note (4) under Cost Centre G of Pricing Document. Therefore, it establishes that the spares supplied are independent of the supplies made by other cost centres.

14.3 The classification and rate of tax for such supply of goods are dependent on the types of spares supplied based on the requisition by the recipient of such supplies. For instances, the Applicant have classified supply of spares for HVAC systems under Chapter Heading 84213920 chargeable to CGST at 18%. Therefore, depending upon the nature of spares, the supply of goods are classified under different Chapter Headings and taxed accordingly.

14.4 Regarding the time of supply for the above, the applicant submitted as under

14.4.1 In terms of Section 12 of the CGST Act, the time of supply is dependent upon the raising of invoices for supply of each independent spares based on the requirement of BMRCL.

15. The applicant reiterates that as per the Contract entered into with BMRCL, separate scope of work has been identified and separate values have been apportioned to different Cost Centres of the applicant. The applicant is accordingly supplying the said services and goods independently and issuing separate invoices for supply of each of the goods and services as supplied by respective Cost Centers.



16. In this regard, the applicant has placed reliance on Para 2.2 of CBIC Circular No. 47/21/2018-GST, dated 8.6.2018, wherein the Board in the context of servicing of cars involving both supply of goods (spare parts) and services (labour), where the value of goods and services are shown separately, has clarified that where the value of such goods and services supplied are shown separately, the goods and services would be liable to tax at the rates as applicable to such goods and services separately.

17. It is submitted that the transactions or supplies undertaken by the Cost Centres separately are independent supply of goods and services and do not form part of the same bundle. The applicant submitted that the bundling of supply is not relevant in the facts of the present case as the interdependence of each transaction is absent.

18. It is submitted that even if there is one single contract but the obligations of supplies envisaged there in are distinct and separable then the courts have interpreted it to be two separate activities under the same contract taxable separately on their own merits with different classification and rates.

19. In this regard, the applicant places reliance on the following decisions and states as under:

19.1 In the case of *In Re : Kalyan Toll Infrastructure Ltd. 2020 (32) G.S.T.L. 288 (A.A.R. - GST - M.P.)* wherein the question before the Hon'ble Authority of Advance Ruling was whether works undertaken by the applicant under a single contract wherein the scope and payment schedule is bifurcated constitute composite contract or is it separate contract for each work under taken. It was held that tender document was not a consolidated contract and each supply under said contract was chargeable to tax individually, depending upon individual classification of such supplies and rate of tax applicable at time of supply.

19.2 In the case of *Radox Laboratories India Private Limited 2020 (32) G.S.T.L. 261 (A.A.R. - GST - Kar.)*, the question before the Authority for Advance Ruling was whether sale of reagent along with machine rentals and services is a composite supply or not. It was held that even though the supplies were flowing from a single contract, supplies were not made in conjunction with each other and there was specific considerations for each of the supplies. Accordingly, the transaction could not be treated as "composite supply" and supply of goods and services were to be taxed separately on invoice value, which would be transaction value.

19.3 In the case of *Keysight Technologies International India Pvt. Ltd. 2020 (32) G.S.T.L. 126 (A.A.R. - GST - Haryana)*, the question before the Authority for Advance Ruling was whether the supply of electricity through power grids and supply of utilities/leasing by way of DG sets are separate supplies or composite supplies. It was held that supply of utilities and supply of electricity were neither naturally bundled together nor supplied in conjunction with each other. Also, neither of the two supplies i.e. utility services and electricity supply can be termed as a principal



supply and the other one being a natural ancillary and accordingly the transaction would not be a 'composite supply'.

19.4 In the case of *Deepak & Co 2018 (13) GSTL 382 (AAR-GST)*, the Authority for Advance Ruling New Delhi dealt with the question of taxability of supply of food, bottled water along with services of catering in running train as a composite supply of catering. The Hon'ble Authority held that various goods and catering services supplied by applicant have separate value in terms of agreement with IRCTC wherein separate values for goods and services are indicated in the billing. It was held that since the nature of entire supply is such that no supply can be termed as principal supply and such supplies are not naturally bundled, the transaction is not in the nature of 'composite supply'.

19.5 In the case of *Vista Marine And Hydraulics 2019 (30) G.S.T.L. 671 (A.A.R. - GST)*, the question before the Authority for Advance Ruling was whether supply of repair services for Naval Boats along with supply of spare parts is a composite supply or not. It was held that it was clear from contract between applicant and Naval Ship Yard that work order is for two distinct and separately identifiable supplies, one for goods, i.e., spare parts and other for services. Further, the applicant was issuing separate invoices for these two supplies. It was held that the supplies were independent taxable supplies and not composite supplies.

19.6 The applicant submitted that the reasoning of the above decisions are squarely applicable in the instant case and accordingly the supplies made by separate Cost Centres should be treated distinctly as also understood from the intention of the parties to the Contract.

19.7 Alternatively, the applicant submits that the supply of goods and services from Cost Centers D and E should be treated as 'composite supply' with the supply of intermediate cars undertaken by Cost Center C as the principal supply.

20. The applicant, without prejudice to the above submissions, has submitted that alternatively if the supplies under different cost centers are considered to be made in connection with each other and naturally bundled, the supply of goods and services from Cost Center D and E can be treated as 'composite supply' with the supply of intermediate cars undertaken by Cost Center C as the principal supply on which GST shall be payable at the rate of 5% vide Entry 237 of Notification 1/2017 dated 28.06.2017 upto 30.09.2019 and thereafter at the rate of 12% vide Notification No. 14/2010 dated 30.09.2019.

21. Regarding the Classification and rate of tax, the applicant has submitted as under:

21.1 It is submitted that once the entire Contract is considered to be a composite supply with supply of Standard Gauge Intermediate Cars as the principal supply, the classification of Self-propelled railway or tramway coaches, vans and trucks,



other than those of heading 8604 under Chapter Heading 8603 is to be resorted to for the entire supply.

21.2 Therefore, applicable tax payable on the entire composite supply shall be at the rate of 5% till 30.09.2019 in terms of Notification No. 1/2017-Central Tax (Rate), dated 28.06.2017 and at the rate of 12% from 1.10.2019 in terms of Notification No.14 /2019-Central Tax (Rate) dated 30.09.2019.

21.3 Regarding the time of Supply for the above, the applicant has submitted as under:

21.3.1 It is submitted that in the event it is held that the entire transaction of the Contract needs to be read as a whole, and the supply will be a composite supply with supplies made by Cost Centre C as principal supply, the determination of time of supply for such transaction will be relevant.

21.3.2 It is submitted that principal supply as made by Cost Centre C is supply of goods and determination of time of supply for goods is determined by Section 12 of the CGST Act. As per Section 12(2) of the CGST Act, time of supply of goods is earlier of (a) issuance of invoice or last date on which invoice is required to be raised or (b) date of receipt of payment by supplier.

21.3.3 Since the principal supply is that of supply of goods, the time of supply for the entire composite supply shall be removal of the Standard Gauge Intermediate Cars pursuant to which invoice will be raised by the Applicants.

21.3.4 Where the supply is held to be a composite supply, the same is a continuous supply of goods as defined under 2(32) of the CGST Act as "a supply of goods which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, whether or not by means of a wire, cable, pipeline or other conduit, and for which the supplier invoices the recipient on a regular or periodic basis and includes supply of such goods as the Government may, subject to such conditions, as it may, by notification, specify". Therefore, the time of supply will be the time of completion of each milestone and invoice is required to be raised on the basis of completion of each milestone such as supply of cars, Testing and Commissioning and Supply of spare parts in terms of Section 31(4) of CGST Act.

21.3.5 As per the scope of the Contract, different Cost Centres have various milestones and payments are to be made only on the completion of the milestones. In the instant case time of supply can be determined based on the payments made with reference to the invoices raised at the end of completion of each milestone which is dependent on supply of Standard Gauge Intermediate Cars.

21.3.6 Accordingly, in the event the transaction is held to be composite supply, time of supply shall be the date of payments made against the invoices on completion of the pre-determined milestones.



21.3.7 It is submitted that even assuming the entire transaction is a composite supply with supply of goods as the principal supply, the time of supply is to be understood in terms of Section 12 of the CGST Act read with Section 31(4) of the CGST Act for each milestone. Therefore, the time of supply will be the time of completion of each milestone and invoice is required to be raised on the basis of completion of each milestone such as supply of cars, Testing and Commissioning and Supply of spare parts.

22. In view of the submissions made, the applicant has requested to pass a ruling on the following:

(a) Whether the supplies made by all Cost Centres C, D, E and G is to be considered as separate supplies and time of supply is to be determined independently based on the nature of supplies?

(b) Whether the supplies by Cost Centre C is supply of goods and taxable at the rate of 5%/12%; that the supplies by Cost Centres D and E are supply of services and are taxable at the rate of 18%; that the supplies by Cost Centre G are supply of goods taxable at the applicable rates of 18% / 28%?

(c) If the answer to question in serial no (a) is in negative, then whether Supplies made by Cost Centre D and E along with other Cost Centres A B C and G should be held to be composite supply with supply made by Cost Centre C as the principal supply being supply of goods classifiable under Chapter Heading 8603 chargeable to GST at the rate of 5%/12%?

(d) If the answer to question in serial no (c) is in affirmative, then whether the time of supply of the composite supply including supplies made by Cost Centre D and E shall be the time of completion of each milestone and invoice raised on the basis of completion of each milestone such as supply of cars, Testing and Commissioning and Supply of spare parts in terms of Section 12 of the CGST Act read with Section 31(4) of the CGST Act?

(e) That once the transaction is held to be composite supply, the applicants should be entitled to refund of differential GST paid on their own account by treating the supplies as independent supplies.

PERSONAL HEARING: / PROCEEDINGS HELD ON 15-12-2020

23. Sri. Ravi Raghavan, Advocate and duly authorised representative of the above concern appeared and reiterated the submissions made in the application.



FINDINGS AND DISCUSSION

24. We have considered the submissions made by the applicant in their application for advance ruling as well as the issues involved and relevant facts having a bearing on the questions in respect of which advance ruling is sought by the applicant.

25. At the outset, we would like to state that the provisions of both the CGST Act, 2017 and the KGST Act, 2017 are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the corresponding similar provisions under the KGST Act.

26. It is seen that the applicant was a successful bidder to the tender invited by the BMRCL and the tender is for "Supply of 150 numbers of Standard Gauge Intermediate Cars compatible with and suitable for integration with the existing trains of Bangalore Metro Rail Project Phase-1". The applicant has applied and been allotted the work and the applicant has entered into the contract with BMRCL vide Contract No.3 RS-DM dated 25th March, 2017. It is clear from the above, that the contract is for manufacture and supply of Standard Gauge Intermediate Cars along with integration with installation and commissioning of cars supplied, including training, supervision and maintenance, supply of spares, preparation of manuals etc.

27. It is also seen from the above, that the contract was for supply of intermediate cars which are compatible with the existing trains and for integration with installation and commissioning of cars supplied, including training, supervision and maintenance and supply of spares and preparation of manuals etc. and this is a single contract.

28. The contention of the applicant is that since the scope of activities to be undertaken has been clearly demarcated in the contract entered with BMRCL, each cost centre of the applicant is making separate supplies based on their scope. The applicant further states that the scope of each of the cost centres are independent of each other and the obligations and responsibilities of each of the Cost Centres should be based on their independent scope of works. With this, the issue whether the individual cost centres are independent of each other is to be verified.

28.1 The contract is verified and found that the contract is a single contract for both supply of goods and also for services related to those goods supplied, like installation, integration, commissioning, training and maintenance and splitting of the entire contract is for the purposes of milestones in the completion of the contract and is a single continuous chain. The Contract agreement also clearly states that the contract is a single contract involving supply of goods and services. Further, it is also seen that the contract cannot be separated and awarded to



different persons and since the nature of the spares and services are exclusive to the main supply, it cannot but be awarded to the same person.

28.2 Clause 4 of the Contract Agreement, which is related to Contract Price and Completion time, clearly states as under:

"The Employer agrees to pay and the Contractor agrees to accept the sums mentioned below in the following currencies, to be the total cost of "Facilities" to be supplied by them as part of their obligations, responsibilities and liabilities under and according to the provisions and obligations imposed on them by Contract.

The Total Contract Price in different currencies is: EuroXXX, Japanese Yen YYY and INR ZZZ.

It follows:

"The breakup of the Contract Price is as follows:

A) **Cost Centre A to E** The Contract Price for Cost Centre A to E is Euro AAA, Japanese Yen BBB and INR CCC (which shall be inclusive of Basic Custom Duty (BCD) at the concessional duty rate available under the project import registration). Employer shall reimburse to the Contractor, the following taxes and duties as applicable and invoiced by the Contractor to the Employer:

- a) Excise Duty on the value of finished metro cars
- b) VAT under Karnataka VAT on the sale of finished metro cars
- c) Service Tax including cess on the value of the service portion of the contract (Cost Centres – D, E, H).

In the event of implementation of Goods & Service Tax (GST), BMRCL shall reimburse the applicable GST as invoiced to BMRCL by the Contractor.

In case of decrease/ increase in the rate of Basic Custom Duty, the contract price shall be decreased / increased accordingly.

B) **Cost Centre G (Spares)** :The Contract Price for Cost Centre G is Euro DDD, Japanese Yen EEE and INR FFF. In case of imported spares, the contract price shall include the following duties and taxes: Custom duties (including CVD and SAD) on imported finished spares. However, the VAT payable will not be part of the Contract Price. VAT on spares as invoiced by the Contractor to the Employer shall be reimbursed to the Contractor. In the event of GST being implemented, GST as applicable shall be reimbursed to the Contractor as invoiced by the Contractor to the Employer. In case of decrease/ increase in the rate of Basic Custom Duty, the contract price shall be decreased / increased accordingly.

In case of indigenous spares, the contract price shall include the following duties and taxes: Excise Duties and CST on indigenous finished spares. The Contract price shall not include the VAT payable on the transaction between the Contractor and the Employer. The Employer shall reimburse the VAT payable to the Contractor as invoiced by the Contractor. In the event of GST being implemented during the contract period, Employer shall reimburse the applicable GST to the Contractor as invoiced by the Contractor to the Employer.



Payments to the Contractor shall be made on the basis of actual supplies made. Further, the quantity of spares shall be increased / decreased as per foot note (4) under the Cost Centre "G" of Pricing Document, Annexure FB-2: Milestone Payment Schedule.

C) **Cost Centre "H": Training, Operation and Maintenance Manuals** :The Contract Price for Cost Centre G is Euro DDD, Japanese Yen EEE and INR FFF, excluding service taxes. The Cost Centre "H" is optional and shall be operated based on the requirement of the Employer and payment to the Contractor shall be on the basis of actual man months and submission of manuals as per Cost Centre H pricing document. The above Contract Price is as per the terms and conditions stipulated in the letter of Acceptance (LoA), issued by the Employer. The Contractor shall complete whole of the "Facilities" as per the Schedule of Key dates, within an overall period of 240 weeks from the commencement date stipulated in the Notice to Proceed (NTP), issued by the employer.

The modifications in the existing cars with respect to improvements to optimize the energy consumption, CCD monitoring and CCTV upgradation are not included in the Contract Price. These modifications required in the existing cars shall be dealt separately as "Change Proposals" in accordance with GC Clause 39 and respective PC Clause."

28.3 From the above, it is seen that the Total Contract Price is split up into separate Contract Prices cost centre wise and one of the cost centre H is optional, and is incidental but integral part of the Supply contract. Further, it is also important to note that there is no option on the supplier as far as supplies of spares are concerned. Hence the analysis of the Contract Pricing clearly shows the following:

28.3.1 The Contract Price of Cost Centres A to E is on the basis of the Contract Price and the Contract Price of Cost Centre G which is related to Spares is on the basis of actual amount supplied and the Contract Price of Cost Centre H which is related to Training etc is only when it is supplied, the supply of which is optional. Hence, it is clear that the total contract price is not a rigid one, but a variable one, based on the supplies made at periodic intervals and hence the total contract price can be treated as the variable price.

28.4.1 Further, it is also seen from the above Contract, that both the contractor and the contractee have agreed that the taxes shall be separately applicable. Further, analysis of pricing of Cost Centre G clearly shows that in case of imported spares, the cost includes Customs duties and in case of indigenous spares, the cost includes Excise duties and CST.

28.5.1 From the above, it can be seen that supply covered under Cost Centre H, being optional, cannot be treated as a part of the contract of supply of 150 cars and integration and other services, until that option is exercised by the contractee.



This cost centre would be operative only on the request of the contractee and when such request is made by the contractee, the applicant is bound to provide such services at the agreed upon rates.

28.5.2 It can also be seen that the cost centre relating to spares would be a separate supply, which is supplied in conjunction with the principal supply.

29. Analysis shows that, it is clear that the supplies made under Cost Centre C is of goods, Cost Centres D and E are related to services and supplies made under Cost Centre G is related to the spares.

30. On the question, what would be the nature of supply of the Cost Centres C to E, there is no dispute on this issue being a composite supply of intermediate cars. The composite supply is defined in clause (30) of section 2 of the Central Goods and Services Tax Act, 2017 as under:

"(30) 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, on of which is a principal supply"

30.1 From the above, it can be seen that Cost Centre C to G would form a composite supply as the supply involves supply of intermediate cars and also integration, commissioning etc. There would be supply of goods and supply of services involved in this activity and hence would form a naturally bundled supply.

Further, the agreement also states in para 6 of the Attachment B that as under *"this contract is divided into various activities as detailed in Annexure FB-2 of the pricing document and the activities are conveniently named to enable cash flows to the contractor according to the several phases involved in the supply of the intermediate cars in terms of this contract."*

30.2 Further, Section 8 of the CGST Act, 2017 reads as under:

"Section 8: Tax liability on composite and mixed supplies"

The tax liability on a composite or a mixed supply shall be determined in the following manner, namely:

- (a) a composite supply comprising of two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply; and*
- (b) a mixed supply comprising of two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax."*

30.3 Hence, Cost Centres C to G would only make it a composite supply and the supply of intermediate cars being the principal supply, the entire supply done under Cost Centres A to E would be deemed to be the supply of intermediate cars.



30.4 Further, when the Cost Centres C to G taken together, it is seen that these are two supplies and would amount to a composite supply as per clause (30) of Section 2 of the CGST Act, 2017. Since the agreement itself states that the milestones are only artificial creations to enable cash flows to the applicant, this is treated as a naturally bundled supply with the supply of intermediate cars. Hence Supply under Cost Centre C to G would form a composite supply and the entire supply would amount to composite supply of intermediate cars as per section 8 of the CGST Act, as the composite supply of intermediate cars would be the principal supply.

31. Further, the question is whether there can be multiple supplies within the same contract, the answer is yes, when the parties intend to treat them as different supplies. But in this case, the intention of the parties is to make it an integral part of the same supply contract and the contract is for "Supply of 150 No.s Standard Gauge Intermediate Cars as per the requirements of BMRCL compatible with and suitable for integration with existing trains of Bangalore Metro Rail Project Phase 1"

32. The applicant had taken support of various advance rulings and they are not applicable in the present case, as the rulings are only applicable to the applicant and the department only.

33. Having said that, coming to the question of the applicant, whether the supplies made by Cost Centres C, D, E and G are independent supplies of goods and services (as applicable) or composite supply with principal supply of goods, as already explained, the same are to be treated as forming a composite supply and the same is to be treated as supply of intermediate cars as per section 8 of the CGST Act, 2017.

34. The applicant has also asked that in case the whole activity is considered as composite supply with the Principal supply being the supply of intermediate cars, then whether the time of supply of the composite supply including supplies made by Cost Centre D and E shall be the time of completion of each milestone and invoice raised on the basis of completion of each milestone such as supply of cars, Testing and Commissioning and Supply of spare parts in terms of Section 12 of the CGST Act read with Section 31(4) of the CGST Act?

35. In this regard, we observe that as per Section 12 of CGST Act, 2017, time of supply of goods is earlier of the following:

- the date of the issue of the invoice
- the last date on which she/he is supposed to issue invoice as per Section 31 of CGST Act, 2017

- the date on which supplier receives the payment.

Section 31 (4) & (5) of CGST Act, 2017 reads as below:



(4) In case of continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice shall be issued before or at the time each such statement is issued or, as the case may be, each such payment is received.

(5) Subject to the provisions of clause (d) of sub-section (3), in case of continuous supply of services,—

(a) where the due date of payment is ascertainable from the contract, the invoice shall be issued on or before the due date of payment;

(b) where the due date of payment is not ascertainable from the contract, the invoice shall be issued before or at the time when the supplier of service receives the payment;

(c) where the payment is linked to the completion of an event, the invoice shall be issued on or before the date of completion of that event.

After a combined reading of both the provisions cited above, we conclude that the time of supply is the issuance of an invoice in the present case.

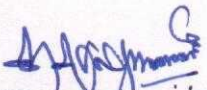
36. The applicant has also put forth a query that in case the whole activity is considered as the composite supply with principal supply being the supply of intermediate cars, then, would the applicant be eligible to claim refund of excess tax payment made by them. We observe that this query is outside the scope of Section 97 (2) of CGST Act, 2017 and therefore we decline to answer this question.




In view of the foregoing, we rule as follows

RULING

The supplies made by the applicant under Cost Centres C, D, E and G form a composite supply and since the supply of intermediate cars is the principal supply, would be treated as the supply of intermediate cars as per section 8 of the CGST Act, 2017 and section 12 of the CGST Act, 2017 is applicable to the issues related to the time of supply.


(Dr.M.P.Ravi Prasad)
Member

Karnataka Advance Ruling Authority,
Place : Bengaluru
Bengaluru - 560 009
Date : 06-04-2021


(Mashhood Ur Rehman Farooqui)
Member

MEMBER
Karnataka Advance Ruling Authority
Bengaluru - 560 009

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 Central Tax, Bangalore South Commissionerate, Bengaluru.
4. The Asst. Commissioner, LGSTO-110A, Bengaluru.
5. Office Folder.



RULING

The supplies made by the applicant under Cost Centres C, D, E and F form a composite supply and since the supply of intermediate goods is the principal supply, would be treated as the supply of intermediate goods as per section 6 of the CGST Act, 2017 and section 12 of the CGST Act, 2017 is applicable to the issues related to the time of supply.

(Signature)
Member
(Maheshwari Hemanth Rao)

MEMBER
Karnataka Advance Ruling Authority
Bengaluru - 560 009

(Signature)
MEMBER
Karnataka Advance Ruling Authority
Bengaluru - 560 009
Date: 06-04-2021