

GUJARAT AUTHORITY FOR ADVANCE RULING, GOODS AND SERVICES TAX, A/5, RAJYA KAR BHAVAN, ASHRAM ROAD, AHMEDABAD – 380009.	
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ADVANCE RULING NO. GUJ/GAAR/R/2022/૩૬૮.

(In Application No. Advance Ruling/SGST&CGST/2022/AR/18)

Dated: 10-08-22

Name and address of the applicant	:	M/s ITL-KCPL JV, 209 2 nd Floor, Akik Tower, opp. Rajpath Club, Bodakdev, S.G.Higway, Ahmedabad, Gujarat-380015
GSTIN of the applicant	:	24AACAI1197F1ZW
Date of application	:	21.03.2022
Clause(s) of Section 97(2) of CGST / GGST Act, 2017, under which the question(s) raised.	:	a,b
Date of Personal Hearing	:	5-5-22 and 2-8-22
Present for the applicant	:	Shri Karan Shah, CA

Brief facts:

M/s. Iron Triangle Ltd in JV with Krishna Corporation Pvt. Ltd. (hereinafter referred to as “the Applicant”) is a consortium being formed for carrying out design and construction of roads and services on EPC Basis. The applicant has received contract from Mandal Becharaji Special Investment Regional Development Authority at a price of Rs. 4,98,88,00,000/- to carry out the design and construction of roads and services of TP-1 Area as per Schedule A and B together with Project Facilities as specified in Schedule C and in conformity with the Specifications and Standards set out in Schedule D.

2. Brief scope of work to be carried out and maintained by the applicant is stated hereunder:

- (1) TP Road Network with additional DP roads including Street Lighting and CD
- (2) Structures
- (3) Potable Water Supply System
- (4) Recycled Water Supply System
- (5) Storm Water System upto Final Discharge Location.
- (6) Sewerage and Industrial Effluent Collection System
- (7) Ducting and Space Planning for Electrical, ICT and Gas Network
- (8) Utility Compound Development includes various miscellaneous items like construction of boundary wall with gates and wire fencing, office room, security cabin, rain water harvesting system, Toilet block, internal sewer and storm network, internal



approach roads and kerb stones as per requirements, parking sheds, internal lighting and CCTVs, transformer foundation and firewall as per design requirement etc.

(9) SCADA System for TP-1 Control and Monitoring.

The applicant has submitted that scope of work includes detailed topographical survey, hydrological survey, geotechnical survey, detailed design of all proposed work under package of the TP-1.

3. The applicant has submitted the weightage of an activity in proportion to the total Contract Price is specified below:

Activity	Weightage (in %)
Road Work	53.35%
Survey and Designing	5.00%
Utility Services	41.09%
Storm Water (Open Drain)	0.44%
Inter Department Co-ordination	0.12%

4. The applicant has attached the Letter of Acceptance and Schedule H of the Contract Agreement as per Exhibit – A. The applicant has also attached the relevant pages of the Contract Agreement entered into between the applicant and MBSIRDA as per Exhibit – B.

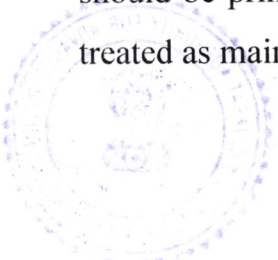
5. The applicant submits that as per the definition given under section 2(30) of the CGST Act, “composite supply” means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply;

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

5.1 The applicant has submitted as follows :

(i) As per section 2(90) of the CGST Act, “principal supply” means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary;

(ii) As per the definition of "Composite Supply" the essential conditions for a supply to qualify as composite supply are - (a). Two or more supplies of goods or services or both; (b) Taxable supplies should be naturally bundled; (c) The taxable supplies should be supplied in conjunction with each other; and (d) One taxable supply should be principal supply. In such a case, the supply which is the principal supply is treated as main supply and the entire transaction is taxed as per the principal supply.



- (iii) As per section 2(119) of the CGST Act, 2017, “works contract” means 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.
- (iv) Works contract as defined under section 2(119) is a Composite Supply in terms of Entry No. 6 of Schedule II.
- (v) The words "moveable property" and "immovable property" are not defined in GST. Accordingly, the definition provided in the General Clauses Act would be applicable and the same is reproduced below:

Section 3(26) – “immovable property” shall include land, benefits to arise out of land and things attached to earth, or permanently fastened to anything attached to the earth.

Section 3(36) - "movable property" shall mean property of every description, except immovable property".

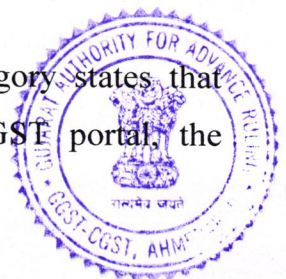
- (vi) The whole contract on EPC basis for design and construction of roads and providing other utility services as per the scope of agreement will fall under the definition of works contract as per section 2(119) involving supply of goods as well as services pertaining to construction of an immovable property.
- (vii) Being a works contract under section 2(119), it is a composite supply and the predominant element of the entire project is the “Construction of Roads” constituting almost 53% of the entire contract price. And in terms of Section 8 of CGST Act, in case of composite supply, the tax rate applicable on the principal supply would be applicable on the entire composite supply.
- (viii) As per Entry 3(iv) of the Notification No. 11/2017-CT (Rate) dated 28.06.2017 (as amended),

Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017, supplied by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of,- (a) a road, bridge, tunnel, or terminal for road transportation for use by general public;” attracts rate of 6% [CGST and SGST each]

- (viii) Thus, the supply on EPC basis, being a works contract as per section 2(119) and having “Construction of roads” as a principal supply, will attract a rate of 6% [CGST and SGST each].

6. The applicant has submitted Additional submission vide Email dated 5-5-22, is as follows:

- (i) In the Tax Deduction Account Number (TAN), the sub-category states that MBSIRDA is a “Local Authority”. Also, in the Registration of GST portal, the



Constitution of Business is stated as "Local Authority". This fact came to be known to the Company after the Company filed an application before the Authority. The applicant has enclosed relevant documents in support of his argument.

(ii) As per Entry 3(iii) of the Notification No. 11/2017-CT (Rate) dated 28.06.2017 (as amended), Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Service 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 attracts GST Rate of 6% (CGST and SGST each)

(iii) It can be verified from the Schedule H (Page No.312 to 314) that Utility Services (41.09% of the Contract Price) majorly includes services relating to Water Supply and Sewerage.

Activity	Weightage (in %)	Entry No. of Notification No. 11/2017-CT (Rate)
Road Work	53.35%	3(iv) – Rate of 6% [CGST+SGST]
Utility Services	41.09%	3(iii) – Rate of 6% [CGST+SGST]

Thus, the whole contract on EPC basis will attract a tax rate of 6% [CGST+SGST each].

7. Question on which Advance Ruling sought:

1. Whether the supply of design and construction of Roads and Services of TP-1 Area Under Cluster-A of MBSIR on EPC Basis wherein both goods and services are supplied can be construed to be a Composite Supply of Works Contract in terms of Section 2(119) and section 2(30) of the CGST Act, 2017 ?

2. If yes, whether the Principal Supply in this case will be the "Construction of Roads" and attract rate of 6% [CGST and SGST each] as per Notification No. 11/2017-CT(Rate) dated 28.06.2017) as amended)?

Personal Hearing

8. Personal hearing granted on 5-5-22 and 2-8-22 is attended by Shri Karan Shah, CA and he reiterated the submission. On being specifically asked he stated that applicant is local authority and in support will submit the documents to this effect.

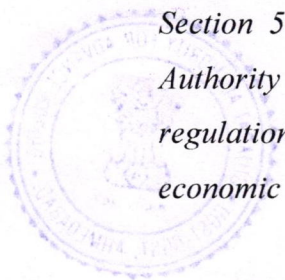
9. Authority of Advance Ruling has written a letter No. GAAR/AR-2022/F-18/B-71/72 dated 24-05-22 to the Deputy Secretary, Govt. of Gujarat, Industries and Mines Department, Gandhinagar for the clarification in the subject matter. The same is reproduced as under:



1. Reference is invited to Section 96 of the GGST Act, 2017. As per the provision of the said Section, the Gujarat Authority for Advance Ruling has been constituted by the State government in order to pronounce the advance ruling sought by the applicant.
2. M/s. Iron Triangle Ltd. in JV with Krishna Corporation Pvt. Ltd. (herein after referred to as 'ITL-KCPL JV') has sought an advance ruling regarding applicable rate of tax (GST) on the design and construction of road. ITL-KCPL JV received the said contract from Mandal Bechrajji Special Investment Regional Development Authority (herein after referred to as 'MBISRDA').
3. During the filing of an application for advance ruling before this authority, ITL-KCPL JV i.e. the applicant, has submitted that MBISRDA has obtained:-
 - (i) Permanent Account Number (PAN) in the capacity of Local Authority,
 - (ii) Tax Deduction Account Number (TAN) in the sub-category of Local Authority; and
 - (iii) Goods and Service Tax Identification Number (GSTIN) wherein constitution of business is declared as Local Authority by MBISRDA.Considering the above details, the applicant has claimed that MBISRDA is Local Authority, concessional rate of 12% (and not 18%) GST is applicable for the said contract.
4. Here, it is pertinent to refer the definition of 'Local Authority' given under Section 2(69) of the CGST Act, which is reproduced as below:

"Local Authority" means-

 - (a) a Panchayat as defined in clause (d) of article 243 of the Constitution;
 - (b) a Municipality as defined in clause (e) of article 243P of the Constitution;
 - (c) a Municipal Committee, a Zilla Parishad, a District Board, and any other authority legally entitled to, or entrusted by the Central Government or any State Government with the control or management of a municipal or local fund;
 - (d) a Cantonment Board as defined in section 3 of the Cantonments Act, 2006 (41 of 2006);
 - (e) a Regional Council or a District Council constituted under the Sixth Schedule to the Constitution;
 - (f) a Development Board constituted under article 371 8[and article 371J] of the Constitution; or
 - (g) a Regional Council constituted under article 371A of the Constitution;
5. It is significant to note that MBISRDA has been constituted under Section 8 of the Gujarat Special Investment Region Act, 2009 (GSIR Act). The purpose of establishing Special Investment Regional Development Authority is to put in place a legal framework and organizational mechanism with such powers and functions, which steer the development of mega investment regions and industrial areas faster and smoother. Section 5 and Section 8 of the aforesaid Act provides for establishment of Apex Authority and Regional Development Authority respectively for development, regulation, management, planning and to grant permission and approval for any economic activity or amenity to be established in the Special Investment Region.



6. Sub-Section (1) of Section 4 of the GSIR Act provides that Special Investment Region declared under the said Act shall be out of the jurisdiction of the local authority. However, it does not clarify whether Special Investment Region can be considered as local authority or not
7. As per Section 98(6) of the SGST Act 2017, Advance Ruling Authority is required to pronounce the Ruling within 90 days from the date of receipt of application.
8. Submission made by ITL-KCPL JV for considering MBSIRDA as local authority has implications on the revenue of the State as well as the Central Government. In light of the above facts and legal provisions, you are kindly requested to provide suitable clarification to this office whether Mandal Bechraji Special Investment Regional Development Authority (MBSIRDA) can be considered as Local Authority or otherwise at the earliest.

Revenue's submission:

10. Revenue has neither submitted its comments nor appeared for hearing.

Findings

11. We have considered the submissions made by the Applicant in their application for advance ruling as well as the submissions made by authorised signatory, during the personal hearing proceedings on 2-8-22 before this authority. We also considered the issue involved, on which advance ruling is sought by the applicant, relevant facts & the applicant's interpretation of law.

12. At the outset we would like to make it clear that the provisions of CGST Act and GGST Act 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 provisions in the GGST Act.

13. The applicant proposal for Design and construction of Road Services of TP-1 Area under Cluster-A in Mandal-Bechraji Special Investment Region (MBSIR) has been accepted by Mandal-Bechraji Special Investment Regional Development Authority (MBSIRDA) vide letter No. MBSIRDA/LOA/2021 dated 27-9-21. The applicant has entered into agreement with MBSIRDA on Engineering, Procurement & Construction (EPC) basis and relevant clause of Scope of work of the contract is as follows:

ARTICLE 2

2.1 Scope of the Project

Under this Agreement the scope of the Project shall mean include :



- (a) Design and construction of Roads and Services of TP-1 set forth in Schedule-A and as specified in Schedule-B together with provision of Project facilities as specified in Schedule-C, and in conformity with the Specifications and Standards set forth in Schedule-D.
- (b) Maintenance of the Project in accordance with the provisions of this Agreement and in conformity with the requirements set forth in Schedule-E;

Schedule-B- Development of the Project Roads and Services

The contractor should implement and maintain for the specified period the following infrastructure of TP-1 area under this contract:

- (1) TP Road Network with additional DP roads including Street lightning and CD Structures (excluding SSNNL Canal Crossings)
- (2) Potable Water Supply System
- (3) Recycled Water Supply System
- (4) Storm Water System – Open Drainage for Interim Development of TP-1
- (5) Sewerage and Industrial Effluent Collection System
- (6) Utility Compound Development includes various miscellaneous items like construction of boundary wall with gates and wire fencing, office room, security cabin, rain water harvesting system, Toilet block, internal sewer and storm network, internal approach roads and kerbs stones as per requirements, parking sheds, internal lighting and CCTVs, transformer foundation and firewall as per design requirements etc. complete.
- (7) SCADA
- (8) Any other work as suggested by client/ DPMC for the successful operation of the project under scope of this package.

Scope of work includes detailed topographical survey, hydrological survey, geotechnical survey, detailed design of all proposed work under this package of the TP-1

Annexure B III- Design and Construction of Roads

1.0 Design and construction of Roads includes Road name and Typical Cross Sections, Geometric Design and other Features, Embankment & Pavement Design comprises Multipurpose Corridors (MPCs)/Footpath Pavement, Granular Sub-base Layer, Culverts, Bridges, Rail Road Bridges, Grade Separated Structures/ Flyovers, Underpasses, Level Crossing, Traffic Control Devices and Road Safety Works, Traffic Sign Material, Transverse Rumble Strip, PZebra Crossings, Raised Pavement Markers/ Road Studs, Roadside Furniture.

Appendix B IV - Typical Cross Section Drawings

Appendix B V – Potable Water Supply system

1.2 Scope of work

The broad scope of work under this package for potable water system includes "Survey, soil investigation Design and construction of Clear Water Reservoir (1 No), Elevated Storage Reservoirs (4nos), Potable water transmission mains and Potable water distribution network".



Pump house with required electromechanical work, SCADA and other required miscellaneous works as per requirement etc. complete for TP-1 area on EPC basis including Operation and Maintenance of 5 Years”

Appendix B VI- Recycled Water Supply

Scope of work

The broad scope of work under this package for recycle water system includes “Survey, soil investigation Design and construction of RW-MBRs (4no) to store treated water from STP/CETP, Elevated Storage Reservoirs (7nos), water transmission mains and Potable water distribution network, Pump house with required electromechanical work, SCADA and other required miscellaneous works as per requirement etc. complete for TP-1 area on EPC basis including Operation and Maintenance of 5 Years”.

Appendix BVII – Sewerage Collection System

The broad scope of work under this package for recycle water system includes “Survey, soil investigation, Hydrological Survey, Detailed design and Construction of sewerage pumping mains, sewerage collection network and manhole, pump houses with required electromechanical work, SCADA, valve chambers, plot service connections (For plot on 9m, 12m, 15m and 18m roads) and other necessary structures and fixtures for the sewerage mains and collection network and other required miscellaneous works as per requirements etc complete for TP-1 project area on EPC basis including Operation and Maintenance of 5 Years”.

Appendix BVIII – Industrial Effluent Collection System

The broad scope of work under this package for recycle water system includes “Survey, soil investigation, Hydrological Survey, Detailed design and Construction of pumping mains, Industrial effluent collection network and manhole, pump houses with required electromechanical work, SCADA, valve chambers, plot service connections (For plot on 9m, 12m, 15m and 18m roads) and other necessary structures and fixtures for the sewerage mains and collection network and other required miscellaneous works as per requirements etc complete for TP-1 project area on EPC basis including Operation and Maintenance of 5 Years”.

Appendix B IX – Storm Water Drainage Network

Scope of the work for the detailed design (not execution)

- 1. Storm water drainage network of north of Sitapur drain of Cluster-A and up to discharge location (which will include pipe drain/box drain as per design) considering ultimate development and up to discharge location including outfall structure.*
- 2. A Storm water network shall be designed based on piped network and only few locations, a box culvert shall be considered to minimize the depth at final discharge as shown in catchment area and subjected to approval of Client /DPMC*



3. Detailed design of storm network needs to incorporate under BIM model along with other network of TP-1 to check clash detection.

13. We note that the applicant has submitted that the design and construction of roads and services on EPC Basis of TP-1 Area covers under Entry No. 3 (iii) and 3 (iv) of Notification No. 11/2017-CT-(Rate) Dated 28-6-17 as amended.

13. First, we refer to the entry 3(iv), which read as follows:

3 (iv) Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017, other than that covered by items (i), (ia), (ib), (ic), (id), (ie) and (if) above supplied by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of,-

(a) a road, bridge, tunnel, or terminal for road transportation for use by general public; |

13.1 We hold that for being eligible to be covered vide serial number 3 (iv) of said Notification, the following criteria is to be satisfied:

- i. Supply shall be composite supply of works contract.
- ii. Supply by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of-
 - a. a road,
 - b. bridge,
 - c. tunnel, or
 - d. terminal for road transportation for use by general public.

13.2 We find that the subject Service order is for supply of design and construction of roads and utility services on EPC Basis. The said supply includes construction of Roads and other utility service and not exclusively for construction of Road. The contract/work order is for construction of Road and other utility services and not only for Road. The construction of road and other utility services involves goods and service, are covered under the definition of work contract service. In the instant case construction of road involves component of goods and services and therefore covers under the category of composite supply of work contract. Further, construction of TP-1 Road covers under this entry. Hence first and second condition is satisfied.

13.3 We hold that under the entry No. 3(iv) of Notification only work contract service of construction of Road is covered and attracts concessional rate of GST @ 6%.

14. The applicant has cited the weightage of activity in proportion to the total Contract price and submitted that the predominant element of the entire project is the "Construction of Roads" constituting almost 53% of the entire contract price. And in terms of Section 8 of CGST Act, in case of composite supply, the tax rate applicable on



the principal supply would be applicable on the entire composite supply. The weightage of activity is as under:

<u>Activity</u>	<u>Weightage (in %)</u>
Road Work	53.35%
Survey and Designing	5.00%
Utility Services	41.09%
Storm Water (Open Drain)	0.44%
Inter Department Co-ordination	0.12%

We note that Section 2 (30) of GGST Act, defines the composite supply which specify that *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.*

14.1 We have observed that construction of TP Road and other Utility Service viz. *Potable Water Supply system, Recycled Water Supply, Sewerage Collection System, Industrial Effluent Collection System, Storm Water Drainage Network* **are not naturally bundled service and also do not supply in combination with each other. Infact construction of Road of TP-1 area and other utility services are independent work contract service to each other. Therefore, the applicant services are not composite supply in terms of Section 2(30) of CGST Act.**

15. The applicant has argued that MBSIRDA is local authority therefore, is eligible to GST @ 6% under entry No. 3 (iii) of Notification No. 11/2017-CT (Rate). Now, we refer to entry No. 3(iii) of Notification No. 11/2017-CT (Rate)

Entry No. 3 (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.

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

15.1 We hold that for being eligible to be covered vide serial number 3 (iii) of said Notification, the following criteria is to be satisfied:

i. Supply shall be composite supply of works contract.



- ii. Supply shall be made to Central Government, State Government, Union territory, a local authority, a Governmental Authority or a Government Entity
- ii. Supply by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of-
- a. Pipeline conduit or plant for
 - (i) Water supply
 - (ii) Water treatment , or
 - (iii) Sewerage treatment or disposal

15.2 We note that the design and construction of utility service includes goods and service supply by the applicant is composite supply of work contract. Hence first condition is satisfied. The applicant has submitted that Mandal Becharaji Special Investment Regional Development Authority (MBSIRDA) is a local authority and in support of argument has submitted the screen shot of TAN wherein it is mentioned that 'Sub-category- local authority' also submitted another screen shot wherein mentioned 'Constitution of Business- local authority'. The applicant has not submitted any documents of State Govt. Authority by which it can be established that MBSIRDA is a local authority. Further even at the time of filing the Advance Ruling Application, the applicant itself was not aware that they are local authority as such applicant has put forth this argument during the Personal Hearing only. This facts shows that the applicant was aware that they do not fulfil the criteria of being local authority otherwise they should aware of this facts. The applicant during the course of Personal Hearing has stated that they will submit the State Govt. Authority letter stating that MBSIRDA is local authority but did not submitted. This authority has also not received reply of letter dated 24-05-22 written to the Deputy Secretary, Govt. of Gujarat, Industries and Mines Department, Gandhinagar to confirm whether MBISRDA covers under the category of local Authority. We find that the contract submitted by the applicant specify that MBSIRDA is incorporated under Indian Companies Act, 2013, thus MBSIRDA is a company registered with Registrar of Companies.

15.3 We find that MBSIRDA is constituted under the Gujarat Special Investment Region Act, 2009 by the Govt. of Gujarat vide Notification No. GHU/12/23/SIR/112012/1276/I dated 1-10-2012 issued by the Under Secretary, Govt. of Gujarat. Special Investment Region has been defined under Section 2 (s) of Gujarat Act No. 2 of 2009, is as under :

(s) "Special Investment Region" means an Investment Region or an Industrial Area declared under section 3.

15.4 Section 4 of Gujarat Act No. 2 of 2009 stipulates that Special Investment Region to be out of jurisdiction of local authority. Section 4 is reproduced as under:

4. **Special Investment Region to be out of jurisdiction of local authority-** (1) A Special Investment Region declared under this Act, except the village site area (gamtal) of a village Panchayat, Municipal area and Municipal Corporation area declared under the provisions of respective State laws, shall cease to be under the jurisdiction of a local authority to the extent it relates to the provisions made in this Act.

Section 8 of Gujarat Act No. 2 of 2009 defines the Constitution of Regional Development Authority. Section 8 is reproduced hereunder :

8. **Constitution of Regional Development Authority-** (1) The State Government may, by Notification in the Official Gazette, constitute a Regional Development Authority for the Special Investment Region area declared under Section 3.

(2) Every Regional Development Authority constituted under sub-section (1) shall be a body corporate and shall have perpetual succession and a common seal, with power to acquire, hold and dispose of movable and immovable property and to contract, and by the said name, to sue and be sued.

We observed from the above that MBSIRDA is constituted under Sub-section (1) of Section 8 and every Regional Development Authority constituted under sub-section (1) of Section 8 shall be a body corporate in terms of Sub-section (2) of Section 8. Thus, it is evident that MBSIRDA do not cover under the ambit of a local authority as defined under Section 2(69) of CGST Act, 2017. Hence Second condition is not satisfied. Therefore, the applicant supply of work contract services of utility do not cover entry No. 3 (iii) of Notification is not applicable in this case.

16. We find that design and construction of roads and utility services of TP-1 Area as per Schedule A and B together with Project Facilities as specified in Schedule C consist of following works :

(1) TP Road Network with additional DP roads including Street Lighting and CD Structures

(3) Potable Water Supply System (4) Recycled Water Supply System (5) Storm Water System upto Final Discharge Location (6) Sewerage and Industrial Effluent Collection System (7) Ducting and Space Planning for Electrical, ICT and Gas Network (8) Utility Compound Development includes various miscellaneous items like construction of boundary wall with gates and wire fencing, office room, security cabin, rain water harvesting system, Toilet block, internal sewer and storm network, internal approach roads and kerb stones as per requirements, parking sheds, internal lighting and CCTVs, transformer foundation and firewall as per design requirement etc. (9) SCADA System for TP-1 Control and Monitoring

Scope of work includes detailed topographical survey, hydrological survey, geotechnical survey, detailed design of all proposed work under package of the TP-1.



16.1 The above mentioned works do not cover under the definition of composite supply as already discussed in the para 14.1 The above mentioned services are independent to each other and all the services i.e. TP Road and utility Services involves the component of goods and services. Thus all the services of which contract/ service order have been given to the applicant covers under the category of Work Contract Service as defined under Section 2 (119) of CGST Act.

16.2 We hold that supply of construction of Road of TP-1 area is work contract service and covers under Entry No. 3(iv) of Notification and is liable to GST @ 6% from 1-7-2017 to 17-7-2022.

16.3 Further, with effect from 18-7-2022, entry no. 3 (iv) has been omitted vide A (I)(a) of Notification No. 3/2022-CT (Rate) dated 13-7-22. Entry A (I) (a) is reproduced as under:

In the said notification, -

(A) in the Table, -

(I) against serial number 3, in column (3), -

(a) items (iii), (iv), (v), (va), (vi) and (ix) and the corresponding entries relating thereto in columns (4) and (5) shall be omitted.

16.4 We hold that with effect from 18-7-22 supply of construction of roads under the present contract attracts GST @18% { 9% CGST +9% SGST}.

16.5 The applicant service of construction of other Utility Service viz. Potable Water Supply system, Recycled Water Supply, Sewerage Collection System, Industrial Effluent Collection System, Storm Water Drainage Network involves components of goods and services, therefore covers under the category of Work Contract service and is liable to GST @18%.

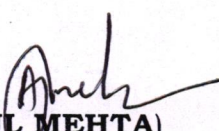
17. We hereby pass the Ruling:

RULING

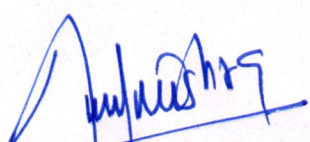
1. The supply of design and construction of Roads and utility Services of TP-1 Area do not constitute composite supply as discussed in Para 14.1 .
2. GST rate on supply of construction of Road Service is as under :

From 1-7-2017 to 17-7-22	12% { CGST 6% + SGST 6%}
From 18-7-22 onwards	18% { CGST 9% + SGST 9%}

- 2.1 GST Rate on supply of construction of all the utility services as per Service Order attract GST @18 % { CGST 9% +SGST 9%}


(ATUL MEHTA)
MEMBER (S)




(AMIT KUMAR MISHRA)
MEMBER (C)

Place: Ahmedabad

Date: 10/8/2022