

M/s. R. Vidyasagar Rao Constructions

Appellate Authority for Advance Ruling — Telangana

ORDER-IN-APPEAL NO. AAAR/02/2018 (A.R.) dated 04 September, 2018

Q Questions Before the Authority

- The combination of services of excavation of sand including loading with machinery at reach, Formation of Ramps and Maintenance of Roads, Transportation charges for the tractors/tippers of sand from reach to stockyard and Loading cost at sand from stockyard to lorries, whether is "Works Contract" or "Composite Supply" and what is the rate of tax on the consideration received therefor?

F Facts

The applicant is a registered partnership firm engaged in mining business that entered into an agreement with Telangana State Mineral Development Corporation (TSMDC) for the excavation, transportation, and loading of sand. The scope of work involves excavating sand from a submergence area, transporting it to a nearby stockyard, and loading it onto lorries. The applicant sought an advance ruling on whether these activities constitute a 'Works Contract' or a 'Composite Supply' and the applicable tax rate.

H Ruling

Classification and tax rate for the composite supply of sand excavation, transport, and loading

Classifiable as 'transport of goods by road' under Service Code 996511, taxable at 18% (9% CGST + 9% SGST)

The authority determined the principal supply is transportation of goods by road, not excavation of sand or transport by vessel

The Appellate Authority held that the services provided by the applicant constitute a 'composite supply' where the principal supply is 'transportation of goods by road'. Consequently, the services are classifiable under Service Code 996511 and are subject to GST at the rate of 18% (9% CGST + 9% SGST). The authority rejected the applicant's contention that the services fell under the category of 'transport of goods in a vessel'.

R Reasoning

The authority determined that the activities are naturally bundled and constitute a composite supply under Section 2(30) of the CGST Act, with the principal supply being the transportation of sand. It relied on the principle that when two different expressions are used in a statute, they must be construed to carry different meanings, thereby excluding 'trucks/lorries' from the definition of 'vessel' used in the relevant notification. The authority concluded that the services fall under the residual entry for goods transport services other than those specifically enumerated, attracting a 18% tax rate. It specifically referenced Notification No. 11/2017-Central Tax (Rate) dated 28-06-2017.

P Provisions Relied On

Section 2(30) of the CGST Act, 2017

Section 2(119) of the CGST Act, 2017

Section 98(5) of the CGST Act, 2017

Section 101(1) of the CGST Act, 2017

Notification No. 11/2017-Central Tax (Rate) dated 28-06-2017

! For the Practitioner

This ruling clarifies that sand excavation and transportation contracts involving road transport are **composite supplies** where the principal supply is transportation by road, not excavation. It settles that vehicles like lorries or trucks do not qualify as 'vessels' for the purpose of concessional tax rates under the cited notification. Practitioners should note that this decision **excludes road transport** from the lower tax rates applicable to water-based transport of goods.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> aaar-02-2018-r_vidyasagar_rao.pdf

Prepared 13-10-2026.

About Patron Accounting LLP

Patron Accounting LLP is a CA and CS-led accounting and compliance firm working with businesses across India since 2019 — bookkeeping, GST, income tax, payroll, company and LLP compliance, audit and the certificates banks and regulators ask for.

Pune (HQ)

RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Delhi

3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Ahmedabad

Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp...

Mumbai

104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Gurugram

Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram...

Talk to us: **+91 94594 56700** | sales@patronaccounting.com | patronaccounting.com