

M/s. Shibaura Machine India Private Limited

Appellate Authority for Advance Ruling — Tamil Nadu

Order No. AAAR/09/2025 (AR)

Dated 18.12.2025

Q Questions Before the Authority

- Whether Input Tax Credit (ITC) is eligible on firefighting system and public health equipment for expansion of factory for manufacturing activity?
- What should be the basis to arrive the timeline to avail ITC on tax invoice raised by Supplier to bill Advance Component of the Contract?

F Facts

The appellant entered into a contract for the design and construction of a new factory, which included civil works, pre-engineered building works, fire-fighting systems, and public health engineering. They sought an advance ruling on the eligibility of Input Tax Credit for the fire-fighting and public health systems, arguing these are movable plant and machinery. The original authority ruled against the appellant, leading to this appeal.

H Ruling

ITC eligibility on firefighting and public health equipment	Not eligible	Blocked under Section 17(5)(c) and (d) as they constitute immovable property
Timeline to avail ITC on Advance Component	Does not arise	The main query on ITC eligibility was answered in the negative

The Appellate Authority upheld the original ruling, concluding that the fire-fighting and public health systems are not eligible for Input Tax Credit. It determined that these installations become part of the immovable property upon being fixed to the factory structure. Consequently, the credit is blocked under the provisions of the GST Act.

R Reasoning

The authority relied on the **immovable property** test, noting that the installations are fixed to the earth or building structure and are not independent, movable machinery. It held that these systems are **blocked credits** under Section 17(5)(c) and (d) of the CGST/TNGST Act, 2017, as they are used for the construction of immovable property. The authority rejected the appellant's argument that these items qualify as plant and machinery, emphasizing that they are not used directly for making outward supply. It further noted that the **marketability test** was failed as the items are tailor-made for the specific factory facility.

P Provisions Relied On

Section 16(1) of the CGST Act, 2017

Section 17(5)(c) of the CGST Act, 2017

Section 17(5)(d) of the CGST Act, 2017

Section 101(1) of the Tamil Nadu Goods and Services Tax Act, 2017

Section 3(26) of the General Clauses Act, 1897

! For the Practitioner

This ruling reinforces the strict interpretation that infrastructure components like fire-fighting and public health systems, when integrated into a factory building, are treated as **immovable property** and thus ineligible for ITC. It serves as a warning for practitioners that arguments based on the 'movable' nature of such equipment are unlikely to succeed if the equipment is essential to the building's functionality. It does not provide relief for taxpayers seeking to claim credit on composite works contracts for factory construction.

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 -> 3-shibaura fire-fighting systems aaar order 09-2025-1.pdf

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