RFE Solar Private Limited, D-43, Janpath, Shyam Nagar, Jaipur, Rajasthan, 302019 (appellant; GSTIN 08AAICR3819D1ZE)

Appellate Authority for Advance Ruling — Rajasthan

ORDER NO. RAJ/AAAR/4/2018-19 DATED 29.11.2018 (the date stamp is… Dated **29.11.2018**

Q Questions Before the Authority

- Whether a contract for erection, procurement and commissioning of a Solar Power Plant is classifiable as a supply of goods or a supply of services under the CGST Act, 2017 and the Rajasthan GST Act, 2017.
- If it is a supply of goods, what is its HSN classification and rate of tax under Notification No. 1/2017-Central Tax (Rate).
- If it is a supply of services, what is its HSN classification and rate of tax under Notification No. 11/2017-Central Tax (Rate).

F Facts

The appellant, an EPC contractor, undertakes turnkey contracts to build Solar Power Generating Systems. The contract in question, with Kushtagi Solar Power Private Limited as owner, covers a 15 MWac / 21 MWdc plant in Karnataka. Its scope includes supply of modules, inverters, structures and other equipment, civil and foundation works, erection, electrical work, commissioning, and obtaining approvals, for a single lump-sum price.

H Ruling

Whether the turnkey EPC contract for a solar power plant is a supply of goods or of services	**Composite supply that is a works contract, i.e. a supply of services (SAC 9954)**	The authority differed from the AAR on the composite-supply characterisation but agreed with its works contract conclusion. The plant was treated as immovable property.
Rate of tax on the contract	**18% (9% CGST and 9% RGST, or 18% IGST)**	The appellant's contention that the principal supply is solar goods taxable at 5% under Notification 1/2017 entry 234 was rejected.
Principal supply and the 5% claim	**Not decided**	No occasion arose to examine principal supply, since Para 6 of Schedule II treats works contracts as supply of services.

The Appellate Authority held that the turnkey EPC contract is a **composite supply** under section 2(30) of the CGST Act. It falls within the definition of **works contract** under section 2(119), which makes it a supply of services (SAC 9954) taxable at **18%** . Because the transaction is a works contract, the authority did not reach the question of principal supply and did not accept the appellant's claim for 5% GST.

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

R Reasoning

The authority first found the contract to be a composite supply of goods and services that are naturally bundled in the ordinary course of business, applying the indicators in the CBIC e-flier. It then held that the plant, fixed on foundations with extensive civil and groundwork, is immovable property. That follows from the permanence of embedding and the intention of the parties, relying on Duncans Industries and T.T.G. Industries, and not on the appellant's reliance on the General Clauses Act and Sirpur Paper Mills. Since the activities relate to immovable property, the contract is a works contract under section 2(119). Para 6(a) of Schedule II treats such a contract as a supply of services, which made the principal-supply question unnecessary.

P Provisions Relied On

- Section 2(30) CGST Act, 2017 (composite supply)
- Section 2(74) CGST Act, 2017 (mixed supply)
- Section 2(90) CGST Act, 2017 (principal supply)
- Section 2(119) CGST Act, 2017 (works contract)
- Section 2(52) and Section 2(102) CGST Act, 2017 (goods and services definitions)
- Section 7(1)(d) and Schedule II, Para 6(a) CGST Act, 2017
- Section 3(26) General Clauses Act, 1897 (immovable property)
- Notification No. 1/2017-Central Tax (Rate), entry 234 (solar power generating system, cited by the appellant)
- Notification No. 11/2017-Central Tax (Rate), SAC 9954 (works contract services)
- CBEC Order No. 58/1/2002-CX (cited by the appellant on excisable goods and immovable property)
- Section 37B Central Excise Act (under which the CBEC order was issued)

! For the Practitioner

Practitioners advising on solar EPC or turnkey plant contracts can cite this order for the proposition that a single contract covering supply, erection and commissioning of a ground-mounted solar plant is treated as a works contract taxed at 18%, not at 5%. Because the order is an appellate ruling, it binds only the applicant, though it is persuasive for similar contracts. It does not decide the rate for a standalone supply of solar modules or devices, nor does it resolve the principal-supply question. Its immovability findings are fact-specific, so a different plant layout or a movable installation may lead to a different result.

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-raj-4-2018_dtd._29.11.18_rfe_solar.pdf

Prepared 27-10-2026.

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

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

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

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

Ahmedabad
Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp…

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

Patron Accounting LLP