M/s. Shree Construction (respondent to the appeal). The appellant was the Assistant Commissioner, Central Tax, Division-I (Talegaon), Pune-I Commissionerate.

Appellate Authority for Advance Ruling — Maharashtra

ORDER NO.MAH/AAAR/SS-RJ/15/2018-19, dated 03.01.2019 (Appeal No.… Dated **03.01.2019**

Q Questions Before the Authority

- What tax rate is to be charged by the sub-contractor to the main contractor on works contract services pertaining to railways original works contract?
- Whether to charge a tax rate of 12% GST or 18% GST on those services?

F Facts

Shree Construction is a sub-contractor to a main contractor performing original railway works. It supplies works contract services to the main contractor as a composite supply under section 2(119) of the CGST Act, 2017. The party was unsure whether Notification 01/2018-CT(Rate) dated 25.01.2018 gave it the 12% rate or the residual 18% rate, because that notification's entries for railway works refer to services supplied to Government Entities.

H Ruling

Rate on sub-contractor's works contract services to main contractor for railway original works	**6% CGST and 6% SGST (12% in total), as recorded in the ARA ruling**	The appellate order upholds the ARA ruling and does not separately restate this answer. It was not disturbed on appeal.
Whether 12% GST or 18% GST applies	**12%**	Applies where (a) the supply is a composite supply of works contract under s.2(119) CGST Act and (b) it is by way of construction, erection, commissioning or installation of original works pertaining to railways, under item (v) of Sr. No. 3 of Notification 11/2017-CT(Rate) as amended.

The Appellate Authority upheld the Advance Ruling Authority's ruling, which recorded a 6% CGST and 6% SGST rate (12% in total) and a 12% GST rate for the sub-contractor's supply. The services fall within item (v) of Sr. No. 3 of Notification 11/2017-CT(Rate) as amended, and so attract the concessional 12% rate. The authority held that the composite supply is one that **pertains to the railways** , and that the identity of the provider and recipient is immaterial.

R Reasoning

The appellant argued that item (v) of Sr. No. 3 of Notification 11/2017 covers only services where the recipient is a Government Entity, as in serial entries (ix) and (x) inserted by Notification 01/2018, so that the sub-contractor's supply falls to the residual 18% entry (xii). The authority rejected this. It held that item (v) is service-specific, and

the words 'pertaining to' look to the nature of the works rather than the parties. Because the sub-contractor's services and materials pass to the railways without change, the works pertain exclusively to railways. The authority also noted that the GST Council minutes of 18.01.2018 (para 12) refer to Government Entities but do not exclude sub-contractors. The only conditions are that the supply is a composite works contract and that it is original railway works.

P Provisions Relied On

- Section 2(119) of the CGST Act, 2017 (definition of composite supply of works contract)
- Section 98 CGST Act and MGST Act (Advance Ruling Authority)
- Section 99 CGST Act and MGST Act (constitution of Appellate Authority)
- Section 100 CGST Act and MGST Act (appeal)
- Section 101 CGST Act and MGST Act (appellate proceedings)
- Notification 20/2017-CT(Rate) dated 22.08.2017, serial entries (v) and (vi)
- Notification 11/2017-CT(Rate) dated 28.06.2017, Sr. No. 3 item (v), as amended
- Notification 01/2018-CT(Rate) dated 25.01.2018, serial entries (ix), (x) and (xii)
- GST Council 25th meeting press release dated 18.01.2018, para 12

! For the Practitioner

A sub-contractor on railway original works can rely on this order for the 12% rate under item (v) of Sr. No. 3, even though the entry does not name sub-contractors. The order settles that the 'pertaining to railways' test looks to the works rather than who supplies or receives them. It does not decide the position for non-railway works or for works outside the original-works category, and it does not expressly address the Government Entity wording beyond rejecting the appellant's reading. Check the full order and the underlying notifications before relying on it in a specific case.

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 -> mah_aaar_15_2018-19_sc.pdf

Prepared 28-10-2026.

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