EIFFEL HILLS AND DALES DEVELOPERS PVT LTD

Authority for Advance Ruling — Maharashtra

NO.GST-ARA-46/2018-19/B-119, Mumbai, dt. 25.09.2018 (day and month… Dated **25.09.2018**

Q Questions Before the Authority

- Whether MEP activities (Mechanical, Electrical & Plumbing Works) undertaken by the applicant fall within the definition of composite supply of works contract as defined under Section 2(119) of the CGST Act?
- Whether the applicant can charge GST at 12% on MEP (Mechanical, Electrical & Plumbing Works) activities by availing the benefit of Central Tax (Rate) Notification No. 01/2018 dated 25th January 2018, if the said supplies are in relation to a housing project enjoying infra status vide F. No. 13/6/2009-INF dated 30th March 2017 of the Government of India, Ministry of Finance, Department of Economic Affairs?

F Facts

The applicant is a turnkey MEP contractor that proposed to provide MEP services for an affordable housing project developed by a developer/builder under a draft agreement. The draft contracts covered external plumbing work (including laying of RCC hume and UPVC pipes and construction of chambers) and electrical work (including substation, HT and LT cabling, DG and street lighting). The department contended that goods and labour were billed separately, so the supplies were not naturally bundled. The applicant relied on the 12% concessional rate for low-cost houses under Notification No. 01/2018-CT(Rate).

H Ruling

Whether MEP activities fall within composite supply of works contract under Section 2(119) of CGST Act	**Answered in the affirmative: MEP activities fall within composite supply of works contract under s. 2(119).**	The finding rests on the draft plumbing and electrical contracts, treated as indivisible. The Authority did not decide the position of any individual service in isolation.
Whether GST at 12% can be charged on MEP activities under Notification No. 01/2018-CT(Rate) for an infra-status affordable housing project	**Not answered.**	Not answered for non-submission of requisite details: no agreement with the developer or builder, and no total area or area per dwelling, was produced despite a request during hearing.

The Authority held that the plumbing and electrical draft contracts are a composite supply and an indivisible works contract within Section 2(119), rejecting the department's view that goods and labour were separate supplies. On the 12% rate question, it declined to answer because the applicant had not produced the developer agreement or area and dwelling details needed to test the housing exemption.

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

R Reasoning

The Authority applied the definition of composite supply in Section 2(30) and noted that the plumbing scope (design, engineering, laying of pipes, construction of chambers) involves more than two taxable supplies that are customarily provided as a package. It held that the works were immovable-property works within Section 2(119), since the plumbing system is fastened to the building attached to earth. It rejected the officer's view that goods and labour were separate supplies, because the contractual obligations were inseparable performance of a single contract. The same reasoning was applied to the electrical contract. On the 12% rate, the Authority held that without the developer agreement and dwelling-area details it could not reach a definite conclusion on the housing exemption.

P Provisions Relied On

- CGST Act / MGST Act Section 2(30) (composite supply)
- CGST Act / MGST Act Section 2(119) (works contract)
- Section 3(26) General Clauses Act (immovable property)
- Central Tax (Rate) Notification No. 01/2018 dated 25.01.2018, entry (da) under item (v)
- Central Tax (Rate) Notification No. 20/2017 dated 22.08.2017, as referred to by the applicant
- Central Tax (Rate) Notification No. 12/2017 dated 28.06.2017, entry S. No. 2(zs) (definition of original works), as cited in the s…
- Ministry of Finance, Dept. of Economic Affairs letter F. No. 13/6/2009-INF dated 30.03.2017 (infra status)
- Sections 97 and 98 CGST/MGST Act (advance ruling procedure)

! For the Practitioner

The order is useful for MEP and turnkey contractors arguing that bundled plumbing or electrical works are a single works contract under Section 2(119) rather than separate goods and services supplies, and it rejects an itemised-billing argument. It does not settle the 12% rate for affordable housing, which was left unanswered for lack of documents. Practitioners should note that the Authority reasoned from draft contracts and did not separately test design and engineering services.

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 -> maha-gst-ara-46-b-119_dt._25.09.18_ehddpl.pdf

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