

Giriraj Renewables Private Limited

Authority for Advance Ruling — Maharashtra

GST-ARA-01/2017/B- 05 Mumbai, dt. 17.02.2018

Dated 17.02.2018

Q Questions Before the Authority

- Whether supply of turnkey Engineering, Procurement and Construction (EPC) Contract for construction of a solar power plant wherein both goods and services are supplied can be construed to be a Composite Supply in terms of Section 2(30) of the Central Goods and Services Tax Act, 2017
- If yes, whether the Principal Supply in such case can be said to be 'solar power generating system' which is taxable at 5% GST?
- Whether benefit of concessional rate of 5% of solar power generation system and parts thereof would also be available to sub-contractors?

F Facts

The applicant is an EPC contractor engaged in the turnkey construction of solar power plants for various developers. The contract involves the supply of goods, such as PV modules and other components, alongside services like design, engineering, installation, and commissioning. The applicant contends that the entire contract should be treated as a composite supply with the solar power generating system as the principal supply.

H Ruling

Classification as Composite Supply	Negative	The transaction is classified as a works contract
Principal Supply	Not applicable	No relevance as it is a works contract
Concessional rate for sub-contractors	Not addressed	Insufficient documentation provided

The authority held that the transaction constitutes a works contract and not a composite supply. Consequently, the questions regarding the principal supply and the applicability of the 5% concessional rate to sub-contractors were not addressed or were answered in the negative due to the classification as a works contract.

R Reasoning

The authority determined that the EPC contract for a solar power plant, which involves installation and commissioning on land, results in an **immovable property** and thus falls under the definition of a **works contract** per Section 2(119) of the CGST Act. Under Schedule II of the CGST Act, works contracts are treated as a supply of services. Because the transaction is classified as a works contract, the concept of a composite supply with a principal supply of goods does not apply. The authority relied on various judicial precedents regarding the definition of immovable property and the nature of works contracts.

P Provisions Relied On

Section 2(30) of the CGST Act

Section 2(90) of the CGST Act

Section 2(119) of the CGST Act

Section 8 of the CGST Act

Schedule II of the CGST Act

Notification no. 1/2017-Integrated Tax (Rate)

! For the Practitioner

This ruling is significant for practitioners as it classifies turnkey solar EPC contracts as **works contracts** rather than composite supplies of goods. It settles that such contracts are treated as a supply of services, thereby precluding the application of concessional tax rates intended for the supply of goods. It does not decide the tax liability for sub-contractors due to a lack of specific documentation in this 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 -> [maharashtra gst-ara-01 2017 dt 17.02.18 grpl.pdf](#)

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