

M/s. Khedut Hat

Authority for Advance Ruling — Gujarat

GUJ/GAAR/RULING/2018/17 dated 27.08.2018

Q Questions Before the Authority

- Whether the blasting activity carried out by the applicant is to be considered as a 'supply of goods' or 'supply of service'?

F Facts

The applicant is engaged in blasting work at various sites using explosives procured under a license. The applicant performs the blasting activity for clients, which involves filling holes with explosives and detonating them in a specific sequence. The applicant argued that since title to the explosives is not transferred to the client, the activity should be treated as a supply of service.

H Ruling

Classification of blasting activity

Composite supply

Covered under Section 2(30) and Section 8(a) of the CGST/IGST Act

The authority ruled that the blasting activity constitutes a **composite supply** of goods and services. It rejected the applicant's contention that the activity is purely a supply of service.

R Reasoning

The authority relied on the Supreme Court judgment in State of Gujarat vs. Bharat Pest Control to determine that the use of explosives in blasting work constitutes a deemed supply of goods alongside the service component. Consequently, the activity is classified as a **composite supply** under Section 2(30) of the CGST Act. The authority noted that the definition of supply is inclusive and that Schedule II is not exhaustive for determining the scope of supply.

P Provisions Relied On

Section 2(30) of the CGST Act, 2017

Section 7 of the CGST Act, 2017

Section 8(a) of the CGST Act, 2017

Section 97(2)(g) of the CGST Act, 2017

! For the Practitioner

This ruling clarifies that blasting services involving the use of explosives are treated as a **composite supply** rather than a pure service. It is useful for practitioners advising clients in the mining or construction sector who provide similar integrated services. It does not, however, provide specific guidance on the tax rate applicable to such composite supplies.

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 -> [guj.17-2018-19 dt 27.08.18 kedh.pdf](#)

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