

M/s. Archipel India Foundation

Authority for Advance Ruling — Andhra Pradesh

AAR No. 02 /API/GST/2024 dated: 10.01.2024

Q Questions Before the Authority

- Whether the activities of the applicant under the agreement can qualify as 'composite supply under GST law with Principal Supply as "Support services to agriculture, forestry, fishing, animal husbandry" as provided in the SL No 24 of Notification 11/2017-Central Tax (Rate) dated June 28, 2017 (as amended time to time) having SAC code 9986.
- If the answer is affirmative, whether taxable rate applicable would be NIL in term no. 24 of Notification 11/2017-Central Tax (Rate) dated June 28, 2017.

F Facts

The applicant is a social enterprise that entered into a Project Development Agreement with M/s. Shell Energy India Private Limited for afforestation, reforestation, and revegetation projects in Andhra Pradesh. The applicant acts as a project proponent, developer, and operator, coordinating activities such as land preparation, plantation, and monitoring to generate Verified Carbon Units. The applicant sought to classify these bundled activities as a composite supply with the principal supply being support services to agriculture.

H Ruling

Qualification as composite supply of support services to agriculture	No	The activities are not considered support services to agriculture under the relevant notification.
Applicability of NIL tax rate under Notification 11/2017	Does not arise	Since the first question was answered in the negative, this question is moot.

The Authority ruled that the applicant's activities do not qualify as a composite supply of support services to agriculture. Consequently, the question regarding the applicable NIL tax rate does not arise. The Authority determined that the applicant is a commercial enterprise involved in carbon credit trading, which does not fit the definition of agricultural support services.

R Reasoning

The Authority examined the applicant's records and concluded that their involvement in carbon credit trading constitutes a **significant commercial operation** rather than purely agricultural support. The activities, including project design, carbon accounting, and biodiversity impact assessment, were found to be independent of and not in tune with the definition of support services to agriculture under Heading 9986. The Authority relied on the nature of the business and the specific exclusions in the explanatory notes to the service code. It further noted that carbon credits and analogous instruments are subject to GST under the residual head.

P Provisions Relied On

Section 98 of the Central Goods and Services Tax Act, 2017

Section 98 of the Andhra Pradesh Goods and Services Tax Act, 2017

Notification No. 11/2017-Central Tax (Rate) dated June 28, 2017

Circular No. 34/8/2018-GST dated 01.03.2018

Circular No. 46/20/2018-GST dated 06.06.2018

! For the Practitioner

This ruling serves as a warning for entities attempting to classify complex, multi-faceted commercial projects involving carbon credit trading as agricultural support services. It clarifies that the Authority will look beyond the stated social objectives to the **commercial substance** of the activities. Practitioners should note that such bundled projects are unlikely to qualify for the NIL rate exemption under Serial No. 24 of Notification 11/2017.

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 -> 02_archipel_india_final.pdf

Prepared 11-10-2026.

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