M/s Datamatics Global Services Limited, H.No. 1/100, Vinay Khand, Gomti Nagar, Lucknow, Uttar Pradesh 226010 (GSTN 09AACD4471B1Z0)

Authority for Advance Ruling — Uttar Pradesh

Order No. 19, dated 14.12.2018 (Authority for Advance Ruling, Uttar Prad… Dated **14.12.2018**

Q Questions Before the Authority

- Whether a contract can be treated as a composite contract under GST if it involves supply of goods and services that are inter-connected and inter-dependent, even though the BOQ shows separate values for goods and services.
- Whether a pre-GST period contract can be treated as a composite contract in GST even though there was separate sale and service billing in the pre-GST period.
- Whether a contract for designing, installation and setting up of the Automatic Fare Collection System for the Lucknow Metro Project is a composite contract with the principal supply being a supply of service or a works contract.
- What GST rate applies to the LMRC project, 18% or 12%, after considering Notification No. 1/2018-Integrated Tax (Rate) dated 25.01.2018 and other GST provisions.

F Facts

The applicant, an IT solutions company, and its consortium partner were awarded a contract by the Lucknow Metro Rail Corporation Limited (LMRC) for design, manufacture, supply, installation, testing and commissioning of the Automatic Fare Collection System for Phase 1A of the Lucknow Metro Rail Project. The applicant argued that the Automatic Fare Collection System is movable equipment whose essential element is service, so the principal supply is a service and the 18% rate applies. The Department's jurisdictional officer commented on the application, and the applicant was heard in person on 04.12.2018.

H Ruling

Q1: Composite contract where goods and services are inter-connected and inter-dependent, despite separate BOQ values	**Yes, it is a composite contract under GST**	Applies even though the BOQ mentions separate values for goods and services.
Q2: Pre-GST contract treated as composite contract in GST despite separate sale and service billing	**Yes, if it satisfies the condition of composite supply**	The pre-GST billing split does not by itself prevent composite treatment; the composite supply test must be met.

Q3: Contract for designing, installation and setting up of the Automatic Fare Collection System for Lucknow Metro	**It amounts to a works contract**	The Authority rejected the applicant's view that the principal supply is a service; the system is treated as attached to immovable property (the station building).
Q4: GST rate on the LMRC project (18% or 12%)	**12%, under Notification No. 01/2018-Integrated Tax (Rate) dated 25.01.2018**	Applies because the work is a composite service supplied to a Government entity procured in relation to work entrusted by the Central and State Governments.

The Authority held that a contract is a composite contract under GST where its goods and services are inter-connected and inter-dependent, even if the BOQ states separate values. A pre-GST contract is treated as a composite contract in GST if it satisfies the composite supply conditions. The contract for the Automatic Fare Collection System is a works contract, and the supply is taxable at 12% as a composite supply of works contract to a Government entity.

R Reasoning

The Authority applied the definitions of composite supply in section 2(30) and mixed supply in section 2(74) of the CGST Act, 2017, and held that inter-dependent goods and services completing a principal supply form a composite supply. For the Automatic Fare Collection System, it applied the definition of works contract in section 2(119), and it relied on the Supreme Court in Solid and Correct Engineering Works (2010) 252 ELT 481 (SC) on attachment to the earth, holding the system is affixed to the station building for its permanent beneficial enjoyment and has no separate existence. It also relied on the Rajasthan AAR ruling reported as 2018 (16) GSTL 623 on permanence of plant. For the rate, it relied on entry 3 of Notification No. 8/2017-Integrated Tax (Rate), as amended by Notification No. 20/2017 and Notification No. 1/2018 dated 25.01.2018, which the order reads as covering composite works contracts supplied to Government entities at 12%. The order's account of the amendment wording is not entirely clear, so the full notification should be checked.

P Provisions Relied On

Section 98, CGST Act, 2017 (advance ruling)	Section 2(30), CGST Act, 2017 (composite supply)
Section 2(74), CGST Act, 2017 (mixed supply)	Section 2(119), CGST Act, 2017 (works contract)

Notification No. 8/2017-Integrated Tax (Rate) dated 28.06.2017, entry 3

Notification No. 20/2017-Integrated Tax (Rate) dated 22.08.2017

Notification No. 1/2018-Integrated Tax (Rate) dated 25.01.2018

Section 2(36), General Clauses Act, 1887 (immovable property)

Section 3, Transfer of Property Act, 1882 (attached to the earth)

Solid and Correct Engineering Works (2010) 252 ELT 481 (SC)

Rajasthan AAR ruling reported as 2018 (16) GSTL 623 (AAR-GST)

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

! For the Practitioner

The order is useful for contractors on metro, railway or other Government works contracts that involve integrated equipment fixed to a station or building, since it sets out the composite supply test, the attachment-to-earth test for works contracts, and the 12% rate position. Under section 103 an advance ruling binds only the applicant and the jurisdictional officer for the transaction described, so it does not settle the position for other contractors. It does not decide valuation, input tax credit, or the precise scope of the notification wording, and the order's own description of the notification amendments should be checked against the gazette text before reliance.

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 -> up_aar_19_14.12.2018_dgsl.pdf

Prepared 27-10-2026.

About Patron Accounting LLP

Patron Accounting LLP is a CA and CS-led accounting and compliance firm working with businesses across India since 2019 — bookkeeping, GST, income tax, payroll, company and LLP compliance, audit and the certificates banks and regulators ask for.

Pune (HQ)
RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Mumbai
104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Delhi
3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Gurugram
Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram…

Ahmedabad
Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp…

Talk to us: +91 94594 56700 | sales@patronaccounting.com | patronaccounting.com