

IAC Electricals Pvt Ltd

Authority for Advance Ruling — West Bengal

05/WBAAR/2018-19

Dated 28.05.2018

Q Questions Before the Authority

- Whether the services of inland transportation, in-transit insurance, and loading/unloading supplied under a second contract for delivery of goods at the contractee's site are exempt or taxable under the GST Act.

F Facts

The Applicant, a manufacturer of Overhead Power Transmission Line Hardware and Accessories, was awarded two separate contracts by M/s Power Grid Corporation of India under separate Notifications of Award. The First Contract covered ex-works supply of equipment/materials, while the Second Contract covered inland transportation, in-transit insurance, and loading/unloading for delivery at site. Both contracts contained cross-fall breach clauses stipulating that a breach in one contract constitutes a breach of the other, creating single-source responsibility.

H Ruling

Taxability of inland transportation, in-transit insurance, and loading/unloading services supplied under a separate contract for delivery of goods

Taxable under Section 8(a) as a composite supply at the GST rate applicable to the principal supply of goods.

Applicable where contracts are bound by a cross-fall breach clause establishing single-source responsibility.

The Authority held that the supply of goods and their transportation/insurance/handling form an indivisible **composite supply** with supply of goods as the principal supply. Consequently, the ancillary services under the second contract are subject to GST under **Section 8(a)** of the GST Act at the rate applicable to the principal supply of goods.

R Reasoning

The First Contract cannot be performed independently of the Second Contract because place of supply under Section 10(1) of the IGST Act, 2017 requires movement and delivery to the contractee's site. The presence of a **cross fall breach clause** makes the promises inseparable, creating a composite contract with single-source responsibility rather than two distinct contracts. Under Section 2(30) of the GST Act, supply of goods packed and transported with insurance is explicitly illustrated as a **composite supply** where supply of goods is the principal supply. Exemption under Serial No. 18 of Notification No. 12/2017-Central Tax (Rate) for road transport of goods does not apply because the Applicant is procuring these services as a recipient rather than acting as a GTA or direct transport service provider.

P Provisions Relied On

Section 2(30) of the CGST/WBGST Act, 2017

Section 8(a) of the CGST/WBGST Act, 2017

Section 97(2)(a)&(e) of the CGST/WBGST Act, 2017

Section 10(1)(a) of the IGST Act, 2017

Section 10(1)(d) of the IGST Act, 2017

Notification No. 12/2017-Central Tax (Rate) dated 28/06/2017 (Serial No. 18)

! For the Practitioner

This ruling establishes that splitting a turnkey supply-and-delivery project into separate supply and freight/insurance contracts will not avoid GST on freight if tied by a **cross-fall breach clause**. Tax practitioners can cite this order to demonstrate that turnkey contracts with single-source responsibility clauses constitute **composite supplies**, preventing independent tax treatment or exemptions for the freight component.

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 -> wbaar05_2018-19dt28-05-18_iac.pdf

Prepared 18-10-2026.

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