M/s Madhya Pradesh Power Generating Company Limited

Authority for Advance Ruling — Madhya Pradesh

Order No. 14/2019 dated 25/09/2019 (Case No. 15/2019; the ruling bears… Dated **25.09.2019**

Q Questions Before the Authority

- Whether charging GST @5% on road transportation of coal by a Goods Transport Agency under reverse charge, and 18% on coal beneficiation (washing) and loading charges, complies with the GST law.
- If the answer to the first question is negative, what GST rate applies to these services and who is liable to pay the tax to the government.

F Facts

The applicant, a wholly owned State company engaged in power generation, buys Run-of-Mine coal for its thermal plants and has tendered for a single package covering road transport of coal to the washery, washing (beneficiation) of coal, transport of washed coal to railway sidings, and loading into rakes. Its tender states GST separately for each element: 5% on road goods-transport services under reverse charge, and 18% on beneficiation and loading to be paid by the supplier. The applicant asked whether this split is correct in law.

H Ruling

Q1: Coal beneficiation (washing) service	**GST 18% (CGST 9% + SGST 9%), SAC 9997**	Treated as a separate supply, not composite or mixed. The order does not separately address loading charges.
Q1: Road transportation of coal by GTA	**GST 5% (CGST 2.5% + SGST 2.5%) under reverse charge, SAC 9965**	Applies only if the supplier does not avail input tax credit. Otherwise GST 12% (CGST 6% + SGST 6%), payable by the transporter.
Q2: Rate and liability if Q1 is negative	**Not answered**	The Authority held that Q2 need not be decided because the answer to Q1 was affirmative.

The Authority held that coal beneficiation and transportation are two independent supplies, not a composite or mixed supply, because neither service is predominant. Beneficiation attracts **GST at 18%** under SAC 9997. Transportation by a GTA by road attracts **5% under reverse charge** if the transporter does not avail input tax credit, and otherwise 12% under SAC 9965, payable by the transporter. The Authority treated the answer to the first question as affirmative and did not answer the second question.

R Reasoning

The Authority found that the question turned on classification and liability, and admitted it under section 97(2)(a). It rejected composite and mixed supply treatment under section 2(30) and section 2(74), reasoning that the tender priced each service separately and neither service was predominant, so the principal-supply test in section 2(90) was not met. It then applied the individual GST rates for each service under the SAC codes. Because the tender

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covered both services and the transport rate depends on input tax credit, the 5% reverse-charge rate is conditional. The Authority's finding that the first question was answered affirmatively rests on this classification, not on a rate-by-rate analysis of loading charges.

P Provisions Relied On

- Section 97(2)(a) of the CGST Act / MPGST Act, 2017 (scope of advance ruling)
- Section 98(4) of the CGST Act / MPGST Act, 2017 (proceedings of the Authority)
- Section 7(1) of the CGST Act, 2017 (scope of supply), as cited by the applicant
- Section 2(30) of the CGST Act, 2017 (composite supply)
- Section 2(74) of the CGST Act, 2017 (mixed supply)
- Section 2(90) of the CGST Act, 2017 (principal supply)
- Section 103(2) and Section 104(1) of the CGST Act, 2017 (binding effect and voidance of ruling)
- SAC 9997 (coal beneficiation) and SAC 9965 (goods transport services), as applied in the ruling

! For the Practitioner

This order helps taxpayers who buy bundled coal washing and transport services under separate pricing, because it supports treating each as a separate supply at its own rate. Transport at 5% under reverse charge is available only where the transporter forgoes input tax credit, so the rate depends on the supplier's position. The order does not decide the rate or liability for loading charges, or the answer to the second question. It is also an advance ruling binding only on the applicant and only for the tender examined.

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 -> order m.p.p.g.c.pdf

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