

M/s Nipro India Corporation Private Limited

Authority for Advance Ruling — Maharashtra

NO.GST-ARA-33/2018-19/B-41

Dated 28.05.2018

Q Questions Before the Authority

- Whether on facts and circumstances of the case, the input tax credit of tax paid on costs proposed to be incurred in relation to activities mentioned in Annexure 4 can be treated as 'admissible under the Central Goods and Services Tax Act, 2017 ('CGST Act, 2017')'?

F Facts

The applicant, a manufacturer of medical equipment such as dialyzers, blood tubing sets, and syringes, proposed an extension project for its manufacturing facility in Maharashtra. The extension involved various activities categorized into civil works, mechanical works, and electrical works. The applicant accepted that ITC on civil works is blocked under Section 17(5), but sought an advance ruling on the admissibility of ITC for various items under mechanical and electrical works.

H Ruling

ITC on mechanical and electrical works for factory expansion (Annexure 4 activities)

Admissible in part as per detailed itemized table in the ruling

ITC allowed for systems qualifying as plant and machinery or essential production utilities; denied for civil structures, general building works, and non-factory plumbing.

The Authority held that input tax credit is **admissible on plant and machinery** and essential utility systems required for the manufacturing process, such as HVAC, cleanroom systems, compressed air, purified water, overhead cranes, and power distribution systems. Conversely, credit is **blocked on civil works**, structural supports, fire hydrants, land development, and general plumbing/sanitation works under Section 17(5)(c) and (d) of the CGST Act.

R Reasoning

The Authority analyzed Section 16(1) regarding entitlement to ITC and Section 17(5)(c) & (d) regarding blocked credits on construction of immovable property. Applying Explanation II to Section 17, the term **plant and machinery** includes apparatus, equipment, and machinery fixed to earth by foundation or structural support used for outward supply, while excluding land, buildings, civil structures, and pipelines outside factory premises. Systems essential for maintaining required production conditions, cleanrooms, and equipment operations qualify as plant and machinery, whereas works involving civil construction or general building amenities fall under blocked credit.

P Provisions Relied On

Section 16(1) of the CGST Act, 2017

Section 16(2) of the CGST Act, 2017

Section 17(1) of the CGST Act, 2017

Section 17(5)(c) of the CGST Act, 2017

Section 17(5)(d) of the CGST Act, 2017

Explanation II to Section 17 of the CGST Act, 2017

! For the Practitioner

This order provides an extensive line-item guide on classifying factory expansion activities into **plant and machinery versus immovable civil structures**. Tax practitioners can rely on this decision to justify ITC claims on specialized mechanical, electrical, and utility systems essential for manufacturing, while ensuring civil construction components are properly segregated and excluded.

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 -> mah aar 33 2018-19 b-41 nipro india corpn pvt ltd.pdf

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Pune (HQ)

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

Delhi

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

Ahmedabad

Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp...

Mumbai

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

Gurugram

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

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