M/s Pansut Udyog Pvt. Ltd., Plot No.18, Sector-18, Near Maruti Material Gate, Gurugram

Authority for Advance Ruling — Haryana

Advance Ruling No. HAR/HAAR/R/2018-19/47 (Application No. 47/2018-1… Dated **19.03.2019**

Q Questions Before the Authority

- Whether the NIL rate of tax, under Tariff code 27160000 (Electrical energy), applies to the supply of electrical energy units generated through diesel generators and billed to each tenant of an IT/ITES building on a cost basis, under clause (e) of Section 97(2) of the CGST/HGST Act, 2017 (determination of liability to pay tax on any goods or services or both).

F Facts

The applicant provides facility management services to an IT/ITES building in Gurugram and has installed diesel generators at its tower. Separate meters record each tenant's consumption of electricity generated by these generators, and the applicant bills each tenant per unit on a running-cost basis, without profit. The applicant contends that this supply of electrical energy attracts NIL tax under Tariff code 27160000.

H Ruling

Whether NIL rate under Tariff code 27160000 (electrical energy) applies to electricity supplied to tenants from the applicant's diesel generators	****No. Not correct.** The service is liable to CGST @ 9% and SGST @ 9% under HSN 997221.**	The order has no separately numbered RULING section. This answer is taken from the Finding at paragraph 4. The Authority held that power back-up is a service, not goods, so Entry 104 of Notification No. 2/2017-Central Tax (Rate) does not apply.

The Authority held that the **power back-up service is not a supply of goods** and so the electricity exemption under Notification No. 2/2017-Central Tax (Rate) does not apply. The activity is a **service** under Chapter 99, classifiable under HSN 997221, and is liable to CGST at 9% and SGST at 9%.

R Reasoning

The Authority accepted that electrical energy supply is covered by Entry No. 104 (Tariff code 27160000) at NIL rate under Notification No. 2/2017-Central Tax (Rate). It found, however, that the applicant is neither an electricity generator nor a distributor, but a provider of power back-up services. It relied on the applicant's control over metering, unit records and per-unit pricing, and on its ancillary purchases of HSD, lubricants and maintenance. On that basis it concluded that power back-up is not 'goods' and the notification is inapplicable. It then classified the service as property management under Chapter 99, Heading 9972, Group 99722, HSN 997221, taxable at 9% CGST and 9% SGST.

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

P Provisions Relied On

Section 97(2)(e) of the CGST/HGST Act, 2017 (as printed in the document)

Notification No. 2/2017-Central Tax (Rate) dated 28 June 2017, Entry No. 104 (Tariff code 27160000, electrical energy)

Definition of 'goods' (referred to in the Discussion; the section number is not cited in the order)

Chapter 99, Heading 9972, Group 99722, HSN 997221 (property management services on a fee or commission basis or on c…

! For the Practitioner

This ruling helps a practitioner whose client supplies electricity from its own captive generators to occupants without being a licensed generator or distributor. It indicates that such supplies, where the provider controls metering, billing and pricing, are treated as a taxable back-up service at 9% CGST and 9% SGST and do not get the Entry 104 NIL rate. The order does not decide whether a true electricity distributor or a supplier with separate licensing status would fall within Entry 104. Nor does it consider an appeal, a contrary ruling, or the effect of any later notification.

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 -> har_aar_47_2018-19_19.03.2019_pupl.pdf

Prepared 31-10-2026.

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