M/s Rajasthan Rajya Vidyut Prasaran Nigam Limited

Authority for Advance Ruling — Rajasthan

Advance Ruling No. RAJ/AAR/2019-20/16 dated 29.07.2019 (F.No. AAR/R… Dated **29.07.2019**

Q Questions Before the Authority

- Whether facilitating the execution of works requiring modification/augmentation/shifting/additions to the transmission system of RVPN at the specific request of the consumer/intending agency under Deposit Work is a 'Supply' under Section 7 of the CGST Act, 2017?
- If the Deposit Work is a 'Supply', what shall be the value of supply under Section 15 of the CGST Act, 2017 where (a) the work is executed by RVPN itself, and (b) the work is executed by the consumer/intending agency under the supervision of RVPN?
- What would be the applicable GST tax rate on the above supply?

F Facts

The applicant, a State transmission licensee under the Electricity Act, 2003, carries out Deposit Works on its transmission system at the request of consumers or intending agencies. Under Option 1 the applicant executes the whole work and recovers cost plus overheads and GST. Under Option 2 the consumer or intending agency executes the work itself under the applicant's supervision, pays supervision and shutdown charges with GST, and the asset so built vests in the applicant, which books it as an asset with a corresponding consumer contribution.

H Ruling

Is facilitating Deposit Work a 'supply' under s.7?	****Yes**, it is within the scope of supply under s.7**	Treated as a supply of services in the form of facilitation, since the applicant remains owner of the asset and receives consideration in cash and in kind.
Value of supply where RVPN executes the work itself	**Transaction value under s.15**	The body of the order states the value is the total cost estimate including overheads and other charges, which is the cost recovered in cash.
Value of supply where consumer executes the work under RVPN supervision	**Transaction value under s.15**	Value comprises supervision charges, shutdown charges and the cost directly incurred by the consumer, which is includible under s.15(2)(b).
Applicable GST rate on the supply	****18% (SGST 9% + CGST 9%)****	The body identifies the service as HSN/SAC 998631 under the Annexure to Notification No. 11/2017 Central Tax (Rate), as amended.

The authority held that facilitating the execution of Deposit Work on RVPN's transmission system at the consumer's specific request falls within the 'scope of supply' under Section 7 of the GST Act. The value of supply is the transaction value under Section 15, and the rate of GST is 18% (SGST 9% plus CGST 9%).

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

R Reasoning

The authority reasoned that the applicant's facilitation of deposit works satisfies the essential ingredients of a supply under Section 7(1)(a), since it is a service provided for consideration in the course of business. It relied on Section 7(1A) and clause (e) of paragraph 5 of Schedule II, which treat an agreement to do an act as a supply of services. Because RVPN remains owner of the asset and is liable under the Electricity Act, 2003 for grid-standard compliance, the cost incurred by the consumer is included in the value of supply under Section 15(2)(b). The order does not separately analyse why the value under Option 1 is the transaction value rather than the cost estimate it describes in the body.

P Provisions Relied On

- Section 7(1)(a) of the CGST Act, 2017 (scope of supply)
- Section 7(1A) of the CGST Act, 2017
- Schedule II, paragraph 5(e) of the CGST Act, 2017
- Section 15(1) of the CGST Act, 2017 (transaction value)
- Section 15(2)(b) of the CGST Act, 2017
- Section 97(2)(b), (c) and (g) of the CGST Act, 2017 (admissibility)
- Notification No. 11/2017 Central Tax (Rate), dated 28.06.2017, as amended (rate, HSN/SAC 998631)
- Notification No. 12/2017 Central Tax (Rate), dated 28.06.2017, as amended (NIL rate for transmission, cited by applicant)
- Sections 34 and 40 of the Electricity Act, 2003
- RVPN Order No. RVPN/AAO/F&R/F.2(Pt-X)/D.28 dated 08.05.2019 (F&R No. 1277)

! For the Practitioner

A practitioner advising a State transmission utility or a consumer taking up deposit works can use this ruling to treat such facilitation as a taxable supply at 18% with the value computed under Section 15. It is useful for supporting GST charged on the cost of assets built by consumers under supervision. The order does not settle the valuation difference between the two options in its own text, nor does it address whether the consumer can claim input tax credit. Its reasoning rests on the specific ownership and supervision structure under the Electricity Act, 2003, so it should not be extended to other contracting arrangements without checking the facts.

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 -> raj aar 16 2019-20 rrvpnl.pdf

Prepared 06-11-2026.

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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

Patron Accounting LLP