M/s. RB Shah Enterprises India Private Limited

Authority for Advance Ruling — Tamil Nadu

ORDER No. 53 /ARA/2019 Dated: 25.11.2019 Dated **25.11.2019**

Q Questions Before the Authority

- What is the applicable rate of GST for the mentioned service provided for a whole sum price?

F Facts

The applicant is a consultant advising importers and exporters on Customs, DGFT and related compliance. It procures transferable duty credit scrips from exporters, re-transfers them to clients, and bills a single lump sum covering the scrip and bundled services such as document management, data entry, Java installation, daily updates, RTI work and business consulting. The authority examined a service order with M/s. Sitaram Shipping Services, under which a MEIS scrip of Rs 38,382 was obtained and re-transferred, and the invoice was billed at Rs 37,615 plus GST.

H Ruling

Rate of GST on the services supplied for a single whole-sum price (Sitaram Shipping service order)	**Highest applicable rate: 9% CGST and 9% SGST (18% combined)**	Applies because the bundle is a mixed supply, not a composite supply. The duty credit scrip itself (HSN 4907) is exempt and was not charged tax. The ruling is confined to the service order furnished before the authority.

The authority held that the bundled supplies made under the Sitaram Shipping service order are a **mixed supply** and not a composite supply, because the scrip supply and the services are not naturally bundled. Under the tax liability rule for mixed supplies, the rate is the **highest rate** applicable to any of the individual services, which the order states as 9% CGST and 9% SGST (18% combined).

R Reasoning

The authority treated the question as one of classification under Section 2(30) and Section 2(74) of the CGST Act. It found that the scrip purchase and re-transfer are independent of the data management and consultancy work, since a scrip can be traded alone and advisory work can be done without a scrip. The supplies were therefore not naturally bundled and were not a composite supply. Applying Section 8(b) of the CGST and TNGST Acts, the mixed supply took the rate of the highest-taxed component, and the scrip was exempt under the notifications relating to entry 122A.

P Provisions Relied On

Section 97(2) of the CGST Act, 2017 (scope of advance ruling)

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

Section 2(30) of the CGST Act, 2017 (composite supply)	Section 2(74) of the CGST Act, 2017 (mixed supply)
Section 8(b) of the CGST Act and TNGST Act, 2017 (tax liability on composite or mixed supply)	
Notification No. 2/2017-Central Tax (Rate) dated 28.06.2017, entry 122A, as amended by Notification No. 35/2017-Central Ta…	
Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017, as amended (9% CGST on the relevant services)	
Notification No. II(2)/CTR/532(d-5)/2017, G.O. (Ms) No. 63 dated 29.06.2017, as amended by G.O. (Ms) No. 133 dated 13.10…	
Notification No. II(2)/CTR/532(d-14)/2017, G.O. (Ms) No. 72 dated 29.06.2017, as amended (9% SGST on the relevant servic…	
Rule 104 of the CGST Rules, 2017 and SGST Rules, 2017 (application fee)	

! For the Practitioner

This order is useful for consultants that bundle a duty credit scrip with services for one price, because it shows the authority will treat such bundles as a mixed supply and tax them at the highest rate among the components. It does not decide whether a scrip-plus-service package can ever be a composite supply, and its ruling is limited to the Sitaram Shipping service order. Practitioners should also check the separate issue of the scrip valuation discrepancy noted in the order, which the ruling does not resolve.

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 -> tn-53-ara-2019.pdf

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