

M/s. Rishi Shipping

Authority for Advance Ruling — Gujarat

GUJ/GAAR/RULING/2018/4

Dated **20.03.2018**

Q Questions Before the Authority

- (a) classification of any goods or services or both;
- (b) applicability of a notification issued under the provisions of this Act;
- (e) determination of the liability to pay tax on any goods or services or both;
- (g) whether any particular thing done by the applicant with respect to any goods or services or both amounts to or results in a supply of goods or services or both, within the meaning of that term.

F Facts

The applicant is a cargo handling company that rents warehouse space from third parties and subsequently provides this space to its own clients for storing imported agricultural commodities. The applicant sought a ruling on the GST applicability and classification of the invoices raised for these storage charges. The applicant does not perform additional services like loading, unloading, or inventory management for these clients.

H Ruling

Classification and taxability of storage charges

Classified as Rental or leasing services involving own or leased non-residential property (SAC 9972) taxable at 18%

The ruling distinguishes this from storage or warehousing services which typically include ancillary activities like loading and security.

The Authority ruled that the service provided by the applicant is classified as rental or leasing services involving own or leased non-residential property. Consequently, the activity is subject to GST at the rate of 18%. The ruling clarifies that the mere provision of space without ancillary services like loading or security does not qualify as storage or warehousing services.

R Reasoning

The Authority distinguished between 'storage or warehousing' services and 'renting of storage premises'. It observed that the applicant only provides space, whereas a warehousing service provider typically performs additional tasks like loading, unloading, stacking, and security. Relying on Section 7(1)(a) of the CGST Act, 2017, the Authority concluded that the activity constitutes a supply of services in the nature of **renting of immovable property**. Therefore, the service is correctly classified under **SAC 9972** and is liable to GST at 18%.

P Provisions Relied On

Section 7(1)(a) of the CGST Act, 2017

Section 9 of the CGST Act, 2017

Section 5 of the IGST Act, 2017

! For the Practitioner

This ruling clarifies that providing space for storage without ancillary services like loading or security is classified as **renting of immovable property** rather than storage or warehousing services. It serves as a precedent for logistics companies to correctly classify their revenue streams for GST purposes. It does not address scenarios where the service provider performs comprehensive warehousing activities.

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 -> guj-2018-4 dt 20-03-18 rishi shipping.pdf

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