M/s. Rochem Seperation Systems India Private Limited (GSTIN 27AABCR1955P1ZV)

Authority for Advance Ruling — Maharashtra

NO.GST-ARA- 80/2022-23/B- 149 Mumbai, dt. 28.09.2026 Dated **28.09.2026**

Q Questions Before the Authority

- Determination of GST tax rate on maintenance and repairs contracts executed between the Indian Navy and the Applicant in respect of RO plant on board the warship, renaissance vessels, and other ships.

F Facts

The Applicant holds a rate contract with the Indian Navy (Fleet Maintenance Unit, Mumbai, dated 13.07.2022) for installation, repair and maintenance of RO plants on warships and other naval vessels. The contract has service items (Serial Nos. 1 to 351) and spare parts (Serial Nos. 352 onwards), with spare parts supplied only as needed for the services. The Applicant charged GST at 5% (2.5% CGST and 2.5% SGST) on the basis that these are maintenance, repair or overhaul services in respect of ships and vessels.

H Ruling

GST rate on repair, maintenance and overhaul of RO plants installed on Indian Navy warships and other ships, under the Navy rate contract	**18% (as per entry 25(ii) of Notification No. 11/2017 CT(R))**	Not the 5% concessional rate claimed under entry 25(ib). The ruling binds only the Applicant and the concerned officer. The order also states the RO plant is not a component or part of the vessel.

The Authority held that the RO system is a separate plant or equipment and not a "component or part" of the vessel. Repair, maintenance and overhaul of the RO plant therefore do not fall under entry 25(ib) of Notification No. 11/2017 CT(R), and are **liable to GST at 18%** under entry 25(ii) of that notification. The order does not separately rule on the composite supply or spare parts point beyond stating that the whole supply follows the principal service.

R Reasoning

The Authority relied on its earlier ruling (GST-ARA-2021-22/B-10 dated 31.10.2022), which held that RO plants are independent machinery under HSN 8421 and not parts of vessels under Chapter 89. Because the RO plant is not a ship component, its maintenance is maintenance of independent equipment rather than of a ship part, so entry 25(ib) of Notification No. 11/2017 CT(R) is not attracted. The Authority found the Applicant's reliance on the doctrines of noscitur a sociis and ejusdem generis, and on the Cummins India AAR, misplaced on the facts. It also held that a works contract under Section 2(119) of the CGST Act does not apply to movable machinery. Where spare parts are supplied with the service, the composite supply takes the rate of the principal service, which is 18%.

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

P Provisions Relied On

- Notification No. 11/2017 CT(R), entry 25(ib) (heading 9987, maintenance, repair or overhaul of ships and vessels) and entry 2…
- Notification No. 02/2021 CT(R) dated 02.06.2021, cited by the Applicant and the jurisdictional officer
- Notification No. 01/2017 CT(R) dated 28.06.2017, Sr. No. 252 (considered in the earlier ruling)
- Section 2(30) CGST Act, 2017 (composite supply)
- Section 2(90) CGST Act, 2017 (principal supply)
- Section 2(119) CGST Act, 2017 (works contract)
- HSN 8421 and Chapter 89 (classification of RO plants, as per earlier ruling)
- SAC 9987 (maintenance and repair of machinery and equipment)

! For the Practitioner

A practitioner advising Navy or Coast Guard vendors on RO plant servicing should note that this order rejects the 5% rate for RO plant maintenance on ships and applies 18%. It is binding only on the Applicant, but it reflects the Authority's view of the ship-part question and will be persuasive for similar contracts. The order does not decide the rate for engines, hull or other ship components, and it does not address the tax treatment of contracts on submarines or other vessels beyond the RO plant itself. The order is also internally inconsistent in citing both Notification 02/2021 and 11/2017 CT(R) for the same entry, so the full text should be checked before relying on the citation.

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 -> 8_rochem_separation_systems_india_pvt_ltd_ara_order.pdf

Prepared 20-11-2026.

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