# M/s Maruti Ispat & Energy Private Limited (GSTIN: 37AAFCM7368H1Z1)

Authority for Advance Ruling — Andhra Pradesh

**Ruling No. AAR/AP/14 (GST)/2018 in Application No. AAR/22 (GST)/2018,…** Dated **09.10.2018**

## Q Questions Before the Authority

- Whether the applicant is eligible to take GST input tax credit on goods used for installation (foundation) of plant and machinery.
- Whether the applicant is eligible to take GST input tax credit on services used for installation (foundation) of plant and machinery.
- Whether the applicant is eligible to take GST input tax credit on goods used for protection (by creating sheds) of plant and machinery.
- Whether the applicant is eligible to take GST input tax credit on services used for protection (by creating sheds) of plant and machinery.

## F Facts

The applicant manufactures steel and generates power, and has a DRI (sponge iron) unit. To set up and run its plant, it bought large machinery, which it says must be installed on laid foundations and protected by constructed sheds. It sought a ruling on whether the GST paid on goods and services used for these foundations and sheds is available as input tax credit.

## H Ruling

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| **Input tax credit on goods used for foundation of plant and machinery** | **No. Not entitled to take credit** | Foundation treated as a civil structure, excluded from plant and machinery under the Explanation to s.17. |
| **Input tax credit on services used for foundation of plant and machinery** | **No. Not entitled to take credit** | Same reasoning as the goods question; the ruling covers all goods and services claimed for the foundation. |
| **Input tax credit on goods used for protection (sheds) for plant and machinery** | **No. Not entitled to take credit** | Sheds treated as civil structures, not structural support for plant and machinery. |
| **Input tax credit on services used for protection (sheds) for plant and machinery** | **No. Not entitled to take credit** | Same reasoning as the goods question; the ruling covers all goods and services claimed for the sheds. |

The authority held that the applicant is **not entitled to claim input tax credit** on the goods and services in question. It rejected the argument that the foundations and sheds are structural support for plant and machinery, and treated them as **civil structures** excluded from the definition of plant and machinery.


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

## R Reasoning

The authority read s.17(5)(c) and (d) of the CGST/APGST Act, 2017, which deny credit for works contract services and for goods or services used for construction of immovable property other than plant and machinery. It then applied the Explanation to s.17, which defines plant and machinery as apparatus fixed to earth by foundation or structural support, but excludes land, buildings and other civil structures. The applicant relied on the word 'support' and on photographs it supplied. The authority held that the foundations and sheds fall squarely within the excluded civil structures, so the applicant's argument that they are structural support was not tenable.

## P Provisions Relied On

- Section 17(5)(c) of the CGST/APGST Act, 2017 (works contract services for construction of immovable property other than pl…
- Section 17(5)(d) of the CGST/APGST Act, 2017 (goods or services for construction of immovable property other than plant or…
- Explanation to Section 17 of the CGST/APGST Act, 2017 (definition of 'plant and machinery' and its exclusions for land, buildi…
- Section 16(1) and Section 18(1), referred to in the lead-in to Section 17(5)
- Section 98(1) of the CGST/APGST Act, 2017 (forwarding of application to jurisdictional officers)
- Section 99 and Section 100 of the APGST Act, 2017 (appellate authority for advance rulings)

## ! For the Practitioner

A practitioner advising a steel or power unit can use this ruling to tell clients that GST paid on foundations and protective sheds for plant is likely to be blocked, even where the structures are plant-specific. The ruling is an advance ruling binding only on the applicant, and it does not decide whether other structures, such as a dedicated structural frame fixed to specific machinery, could qualify as structural support. The order gives little analysis of the goods and services distinction, and an appeal lies to the appellate authority within 30 days of service.

### 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 -> ap_14-2018_09.10.18_maruti_ispat.pdf

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