

M/S RFE SOLAR PRIVATE LIMITED

Authority for Advance Ruling — Rajasthan

ADVANCE RULING NO.RAJ/AAR/2018-19/08

Dated 01.07.2018

Q Questions Before the Authority

- Whether contract for Erection, Procurement and Commissioning of Solar Power Plant shall be classifiable as Supply of Goods or Supply of Services under the provisions of the Central Goods and Services Tax Act 2017 and Rajasthan State Goods and Services Tax Act 2017?
- If answer to the above question is supply of goods, then under which HSN Classification the said supply of solar power plant would fall and what shall be the rate of tax on it in accordance with the Notification No 01/2017-Central Tax (Rate), dt. 28-06-2017?
- If the answer to the question 1 above is supply of service, then under which HSN Classification the said supply of solar power plant would classify and what shall be the rate of tax in accordance with the notification No 11/2017-Central Tax (Rate) ,dt. 28-06-2017?

F Facts

The applicant entered into a turnkey engineering, procurement, and construction (EPC) contract to set up a solar power plant along with power evacuation infrastructure in Karnataka. The scope of work encompasses site development, design, engineering, civil construction foundations, cable trenching, supply of equipment and components, erection, testing, and commissioning. The applicant contended that the plant components remain movable property and sought to qualify the supply primarily as goods under the concessional 5% GST rate applicable to solar power generating systems.

H Ruling

Classification of EPC contract for Solar Power Plant as goods or services	Works Contract under Section 2(119) (Supply of Services)	Excludes the contract from the concessional 5% goods rate under Entry 234 of Notification No. 1/2017-Central Tax (Rate).
SAC and tax rate applicable to the EPC contract as a supply of service	SAC 9954, taxable at 18% (9% CGST + 9% SGST or 18% IGST)	Taxable under Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017.

The Authority held that a turnkey EPC contract for setting up a solar power plant results in an **immovable property** and qualifies as a supply of services under the definition of a works contract. Consequently, the contract does not qualify as a supply of goods under Entry 234 of Schedule I of Notification No. 1/2017-Central Tax (Rate). The entire transaction falls under **Works Contract Services (SAC 9954)** taxable at the rate of 18%.

R Reasoning

The Authority analyzed the nature of the solar power plant, noting that it has an operational design life of at least

25 years and involves substantial civil construction works such as foundations, inverter rooms, and transmission systems that cannot be dismantled without significant damage. Applying judicial tests of permanency established by the Supreme Court, the plant was determined to be an immovable property rather than a movable chattel. Since the contract involves the transfer of property in goods during the construction, erection, and commissioning of an immovable property, it squarely satisfies the definition of a **works contract** under Section 2(119) of the CGST Act, 2017, deemed as a service under Schedule II, thereby precluding classification as supply of goods.

P Provisions Relied On

Section 2(119) of the CGST Act, 2017	Section 2(30) of the CGST Act, 2017
Section 2(52) of the CGST Act, 2017	Section 2(90) of the CGST Act, 2017
Section 2(102) of the CGST Act, 2017	Schedule II, Item 6(a) of the CGST Act, 2017
Notification No. 01/2017-Central Tax (Rate) dated 28.06.2017	
Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017	
Notification No. 1/2017-Integrated Tax (Rate) dated 28.06.2017	
Section 3(26) of the General Clauses Act, 1897	

! For the Practitioner

This ruling establishes that comprehensive, single-price EPC contracts for solar power plants are treated as **works contracts for immovable property** taxed at 18% under SAC 9954, rather than supplies of renewable energy devices at 5%. It does not resolve situations where the procurement of goods and erection/commissioning services are structured under separate, unbundled contracts.

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.08.2018-19_dtd_01.07.18-rfespl.pdf

Prepared 20-10-2026.

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