

Sanghvi Movers Limited

Authority for Advance Ruling — Maharashtra

GST-ARA- 43/2017-18/B- 50

Dated **15.06.2018**

Q Questions Before the Authority

- Based on the facts and business model adopted by Sanghvi Movers Limited (“SML” or “Applicant” or “the Company”) under the GST regime as discussed below in detail, whether movement of tyre mounted cranes or crawler cranes from one GST registered office of SML to another registered office of SML for further supply on hire charges to customers would be treated as “taxable supply” under GST law or whether GST would not be leviable on the said movement as per the clarification issued by the CBEC vide Circular No. 21/ 21/ 2017 – CGST read with Circular No. 1/ 1/ 2017 – IGST?
- In the present situation and under the given facts, if GST is payable on the aforesaid transaction, whether the recipient office of SML duly registered under GST receiving such cranes for further supply on hire charges would be eligible to avail input tax credit of GST charged?
- In case when a tyre-mounted crane or crawler crane is moved from one GST registered office of SML to another registered office of SML only for upkeepment and maintenance purpose, without any further supply to unrelated customers, whether such movement of crane would be treated as “taxable supply” under GST law or can it be said that it would not tantamount to “supply” as per clarification issued by the CBEC vide Circular No. 21/ 21/ 2017 – CGST read with Circular No. 1/ 1/ 2017 – IGST?
- If the transaction stated above in question 1 is liable to tax, whether GST would be payable only on the movement of tyre-mounted cranes being goods on wheels or GST would also be payable on movement of both types of cranes (i.e. tyre-mounted cranes and crawler cranes)?
- What should be the value under section 15 of the Central Goods and Services Tax Act, 2017 (CGST Act) and the rules made thereunder for discharging applicable GST on movement of cranes from one GST registered office to another registered office in case the said movement is considered to be a taxable supply?

F Facts

The applicant, Sanghvi Movers Limited (SML), provides heavy-duty tyre-mounted and crawler cranes on rental/hire basis across India without transferring title. SML's head office in Maharashtra and its various branch offices across different states hold separate GST registrations as distinct persons. Cranes are moved from Maharashtra HO to state branch offices either for further hire to local customers or strictly for upkeep and maintenance purposes.

H Ruling

Movement of cranes between GST-registered offices for further supply on hire	Answered in the affirmative; treated as taxable supply	Circular No. 21/21/2017-CGST exemption does not apply when movement is for further supply
Eligibility of recipient branch office to avail ITC of GST charged	Not answered	Applicant HO is not the proper person to raise this question on behalf of recipient branch offices

Movement of cranes between GST-registered offices solely for upkeep and maintenance	Answered in the negative; not a supply of goods or services	Tax is leviable on actual repairs and maintenance service carried out
Applicability of GST to both tyre-mounted and crawler cranes	GST is payable on movement of both types of cranes	Both types perform similar mechanical functions and are treated alike under the circulars
Valuation under Section 15 and CGST Rules for movement between registered offices	Invoice value is accepted as open market value	Applicable under the second proviso to Rule 28 where recipient branch is eligible for full input tax credit

The AAR held that the inter-state movement of both tyre-mounted and crawler cranes from the HO to branch offices for further supply on hire constitutes a **taxable supply** liable to IGST. Movement between distinct persons solely for upkeep and maintenance without further supply is **not a taxable supply**, though tax applies on repairs and maintenance services performed. On valuation, where the recipient branch is eligible for full input tax credit, the invoice value declared by the applicant is accepted as the open market value under Rule 28 of the CGST Rules.

R Reasoning

Under Section 25(4) of the CGST Act, separate GST registrations of the same legal entity in different states are treated as distinct persons, making inter-state transactions between them subject to GST under Section 7 read with Schedule I, even without consideration. Circular No. 21/21/2017-CGST read with Circular No. 1/1/2017-IGST explicitly excludes cases where movement of goods on wheels or cranes is for further supply, meaning such movements remain taxable inter-state supplies. Crawler cranes and tyre-mounted cranes are functionally similar and both fall under the scope of the circular's interpretation of goods on wheels. When cranes are moved purely for maintenance, no supply of goods occurs, though repair services provided remain taxable. For valuation, since recipient branch offices are eligible for full ITC, the second proviso to Rule 28 of the CGST Rules permits adopting the invoice value as the open market value.

P Provisions Relied On

Section 7 of CGST Act, 2017	Section 15 of CGST Act, 2017
Section 24(1)(i) of CGST Act, 2017	Section 25(4) of CGST Act, 2017
Schedule I of CGST Act, 2017	Schedule II of CGST Act, 2017
Rule 28 of CGST Rules, 2017	Section 5(1) of IGST Act, 2017
Section 7(3) of IGST Act, 2017	Section 12(2) of IGST Act, 2017
Circular No. 1/1/2017-IGST dated 07.07.2017	Circular No. 21/21/2017-CGST dated 22.11.2017

! For the Practitioner

This ruling establishes that inter-state transfer of capital equipment like cranes between distinct GST units of the same company for **further supply on hire** attracts IGST, as relief under Circular 21/21/2017-CGST applies only to non-supply movements like self-use or maintenance. It confirms that businesses can rely on the second proviso to Rule 28 to adopt their invoice value as open market value when the recipient distinct person has full **input tax credit eligibility**.

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 -> mah aar 43 2017-18 b-50 15.06.2018 sml.pdf

Prepared 19-10-2026.

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Pune (HQ)

RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Delhi

3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Ahmedabad

Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp...

Mumbai

104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Gurugram

Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram...

Talk to us: **+91 94594 56700** | sales@patronaccounting.com | patronaccounting.com