

M/s. Sri Kalaiselvan Sago Factory

Authority for Advance Ruling — Tamil Nadu

Advance Ruling No. 09/AAR/2023 Dated: 06.06.2023

Q Questions Before the Authority

- Availability of GST paid by the applicant at the time of purchase or repairs including spares w.r.t Vehicles - JCB used by the business for movement of goods in its place of business as input tax credit.

F Facts

The applicant is engaged in the manufacture and supply of Sago from Tapioca roots. They purchased a JCB 3DX model for the purpose of in-house transport of starch from one tank to another within their factory premises. The applicant sought a ruling on whether the GST paid on the purchase and subsequent repairs/spares of this JCB is eligible for input tax credit.

H Ruling

Availability of ITC on purchase and repairs of JCB

Available as input tax credit

Subject to conditions stipulated in Section 17(5)(a)(ii) and Section 17(2) of CGST Act, 2017

The Authority ruled that the GST paid on the purchase and repairs of the JCB is available as input tax credit. It determined that the JCB used for in-house movement of goods does not fall under the definition of a motor vehicle restricted under the Act. Therefore, the credit is admissible subject to the conditions stipulated in the relevant sections of the CGST Act.

R Reasoning

The Authority relied on the definition of 'motor vehicle' under Section 2(28) of the Motor Vehicles Act, 1988, which excludes vehicles running on fixed rails or special types adapted for use only in a factory. Since the JCB is used for in-house material handling and not for road transport, it does not fall under the blocked credit category of Section 17(5)(a) of the CGST Act. The ruling also draws support from the GST Sectoral Series FAQ on mining, which clarifies that earth-moving machinery used for internal transportation is eligible for credit. Consequently, the applicant satisfies the requirements of Section 16(1) for claiming input tax credit.

P Provisions Relied On

Section 16(1) of CGST Act, 2017

Section 17(2) of CGST Act, 2017

Section 17(5)(a)(ii) of CGST Act, 2017

Section 2(76) of CGST Act, 2017

Section 2(28) of the Motor Vehicles Act, 1988



For the Practitioner

This ruling confirms that **earth-moving machinery like a JCB** used exclusively for internal factory operations is not a 'motor vehicle' under the GST law, thereby allowing **input tax credit** on its purchase and maintenance. It provides a strong precedent for manufacturing units to claim credit on material handling equipment. However, practitioners should ensure the equipment is not used for public road transport to avoid the **blocked credit** provisions.

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 -> 09_aar_2023_kalaiselvan.pdf

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