Thirumangalam Sengodan Kumarasamy (Prop: M/s. CHRISTY FRIED GRAM INDUSTRY)

Authority for Advance Ruling — Tamil Nadu

ORDER No. 36/ARA/2019 Dated **26.07.2019**

Q Questions Before the Authority

- What is the rate of GST applicable for transportation of goods using the vehicle owned by the supplier to deliver goods at places directed by the ICDS Department, apart from selling the goods under the ICDS contract?
- Would the transport service provided by the applicant come under the Goods Transport Agency (GTA) service?
- Where goods and transportation are supplied to an unregistered person, is GST applicable, and if so, what is the rate for transportation charges for using the supplier's own vehicles?
- Where the supplier delivers goods to the buyer's delivery point and raises separate invoices for goods and transport charges under a single contract or purchase order, is the transaction a composite supply under section 8 of the CGST Act?

F Facts

The applicant manufactures Complementary Weaning Food Containing Amylase Activity and supplies it under an ICDS agreement with the Government of Tamil Nadu for delivery to Anganwadi centres across the State. The unit price per MT in the agreement includes a fixed transportation component, and the applicant delivers using its own goods carriage vehicles. The applicant raises two invoices for each supply, one for the goods and one for transport charges.

H Ruling

Q1: Rate of GST on transport of goods in the supplier's own vehicle, together with the sale under the ICDS contract	**The supply is a composite supply taxable under GST; the principal supply is the food, and the rate applied is that for the composite supply.**	Applies only if the food is distributed free under the scheme and the conditions in Notification No. 39/2017-Central Tax (Rate) and the Tamil Nadu equivalent are met.
Q2: Whether the transport service is a Goods Transport Agency service	**No. The transport alone is not a GTA service.**	The reason is that the delivery forms part of the single composite supply, so it is not split out for separate examination.
Q3: Rate for transport charges where goods and transport are supplied to an unregistered person	**2.5% CGST and 2.5% SGST on the composite supply.**	The ruling does not separately address the unregistered-person point; the rate is stated for the composite supply to ICDS centres.

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

Q4: Whether separate invoicing for goods and transport under one contract makes it a composite supply under section 8	**Yes, the transaction is a composite supply under section 8. The authority cannot specify how invoices are to be raised.**	Invoicing is a matter for the applicant and recipient. Payment is made only after delivery at the centres.

The authority held that the supply of the food at the specified destinations under the bid and agreement is a **composite supply** that is taxable and attracts **2.5% CGST and 2.5% SGST** , subject to the conditions of the notifications cited. Because the whole supply is one composite supply, the delivery element is not a separate Goods Transport Agency service. The authority also declined to prescribe how invoices should be raised.

R Reasoning

The authority found two supplies, food and delivery, but treated them as naturally bundled because the ICDS department chose to have the supplier deliver the food itself to ensure quality and timely delivery. The bid price includes a fixed transport element, the applicant cannot sub-contract, and payment depends on delivery at each centre. Under section 2(30) the supply is a composite supply, and under section 2(90) the food is the principal supply. Under section 8(a), the composite supply is taxed at the rate applicable to the principal supply. The authority then applied Notification No. 39/2017-Central Tax (Rate) dated 18.10.2017, and the equivalent Tamil Nadu notification, on the basis that the food is distributed free to economically weaker sections and the required officer's certificate was produced.

P Provisions Relied On

- Section 2(30) of the CGST/TNGST Act 2017 (composite supply)
- Section 2(90) of the CGST/TNGST Act 2017 (principal supply)
- Section 8 of the CGST/TNGST Act 2017 (tax liability on composite supply)
- Notification No. 39/2017-Central Tax (Rate) dated 18.10.2017, entry at Sl. No. 1 (Chapter 19 or 21, food preparations for free…
- Notification No. II(2)/CTR/8689f-1/2017 dated 17.10.2017 (Tamil Nadu equivalent, G.O. Ms. No. 140, Commercial Taxes and…

! For the Practitioner

This ruling helps suppliers under government schemes where delivery is bundled into a fixed unit price, have a contractual delivery obligation and cannot sub-contract. It settles that such a supply is a composite supply taxed at the principal supply's concessional rate, and that the delivery leg is not a separate GTA service in that setting. It does not decide the position where the supplier engages an outside transporter, which the Jurisdictional Commissioner's comments touched on but the authority did not rule on. It also does not decide how invoices must be raised.

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 -> tn_aar_36_2019_christy_fried_gram.pdf

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