

Vesuvius India Ltd

Authority for Advance Ruling — West Bengal

13/WBAAR/2018-19

Dated 20.07.2018

Q Questions Before the Authority

- Whether the activity proposed to be undertaken as Contract Management System (CMS) will result in supply of goods or services within the meaning of that term under the CGST/WBGST Acts, 2017, and the time of supply when so determined.

F Facts

The Applicant, a manufacturer of refractories, proposes to enter into contracts for a Contract Management System (CMS) involving Total Tundish Management, Ladle Management System, and Trough Management System for steel plants. Under the proposed CMS, the Applicant designs, supplies, applies, maintains, and disposes of refractories and provides 24/7 monitoring of liquid metal flow without transferring title of the refractories to the client. Consideration is received on a monthly basis at a fixed rate per tonne of steel or liquid metal produced.

H Ruling

Classification of CMS activity as supply of goods or services

Supply of services associated with manufacturing of metal, qualifying as continuous supply of service

Provided the service is agreed to be provisioned for a period exceeding three months

Time of supply of CMS activity

Date of issue of invoice in terms of Section 13(2)(a) read with Section 31(2) and Rule 47

Invoices are to be issued on or before receipt of payment under Section 31(5)(b)

The Authority held that the proposed CMS activities constitute **services associated with manufacturing of metal** and qualify as a **continuous supply of service** under Section 2(33) of the GST Act, provided the contract period exceeds three months. The time of supply was held to be the **date of issue of invoice** in terms of Section 13(2)(a) read with Section 31(2) and Rule 47 of the GST Rules.

R Reasoning

The Authority noted that there is no transfer of title to the refractories used during the production process, and the Applicant maintains full control over their application, use, and disposal. The refractories serve as inputs under Section 2(59) used by the Applicant to provide continuous process control and management services. Since

consideration is linked to the volume of metal manufactured rather than refractory consumption, the primary activity is a service. As the service entails ongoing round-the-clock monitoring, it constitutes a continuous supply of service under Section 2(33) if extended beyond three months, making Section 31(5)(b) and Section 13(2)(a) applicable for invoice issuance and time of supply.

P Provisions Relied On

Section 2(33) of the CGST/WDGST Act, 2017	Section 2(59) of the CGST/WDGST Act, 2017
Section 13(2)(a) of the CGST/WDGST Act, 2017	Section 31(2) of the CGST/WDGST Act, 2017
Section 31(5)(b) of the CGST/WDGST Act, 2017	Section 97(2) of the CGST/WDGST Act, 2017
Rule 47 of the CGST/WDGST Rules, 2017	

! For the Practitioner

This ruling establishes that output-based operational management contracts where materials are consumed without transfer of title constitute a **supply of services** rather than a supply of goods. It confirms that long-term industrial maintenance and monitoring contracts qualify as a **continuous supply of service**, fixing the time of supply to the date of invoice issuance. It does not decide the specific HSN/SAC code or the applicable rate of tax.

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 -> order no. 13 of fy 19 dated 20072018.pdf

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