



TELANGANA STATE AUTHORITY FOR ADVANCE RULING

CT Complex, M.J Road, Nampally, Hyderabad-500001.

(Constituted under Section 96(1) of TGST Act, 2017)

Present:

Sri S.V. Kasi Visweswara Rao, Additional Commissioner (State Tax)

Sri Sahil Inamdar, (I.R.S.) Additional Commissioner (Central Tax)

A.R.Com/02/2023

Date:03.04.2023

TSAAR Order No.02/2023

[ORDER UNDER SECTION 98(4) OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 AND UNDER SECTION 98(4) OF THE TEALANGANA GOODS AND SERVICES TAX ACT, 2017.]

1. M/s. Raminfo Limited , 3-225 and 326, 4th Floor, Sterling Heights, Kavuri Hills, Guttalabegumpet village, Hyderabad, Telangana, 500033 (36AAACR9609M1ZW) has filed an application in FORM GST ARA-01 under Section 97(1) of TGST Act, 2017 read with Rule 104 of CGST/TGST Rules.
2. At the outset, it is made clear that the provisions of both the CGST Act and the TGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to any dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provision under the TGST Act. Further, for the purposes of this Advance Ruling, the expression 'GST Act' would be a common reference to both CGST Act and TGST Act.
3. It is observed that the queries raised by the applicant fall within the ambit of Section 97 of the GST ACT. The Applicant enclosed copies of challans as proof of payment of Rs. 5,000/- under SGST and Rs. 5,000/- under CGST towards the fee for Advance Ruling. The Applicant has declared that the questions raised in the application have neither been decided nor are pending before any authority under any provisions of the CGST/TGST Act'2017. The application is, therefore, admitted after examining it and the records called for and after hearing the applicant as per section 98(2) of TGST Act'2017.
4. **BRIEF FACTS OF THE CASE:**
 - 4.1 The applicant M/s. Raminfo Limited have submitted that they have a new business opportunity at hand and they would like to understand the provisions related to; the business which they are intended to undertake the opportunity.
 - 4.2 That they have a work order for supply of Mobile common service centres" from State government department, which are commonly known as Ambulances for providing health services.
 - 4.3 In order to execute the above said business they intend to purchase Maruti Suzuki EECO Vehicles (7 Seater) and they are required to do necessary modifications to the vehicle to enable the vehicle to use it as Mobile common service centers. Modified Vehicles (Mobile Common Service Centers) will be supplied to the end user/customer.

4.4 In the above case they need clarity on the following matters for their understanding and to run the business in smooth manner.

- a) Classification of goods or services or both;
- b) Rate of GST for the supply of goods or services or both;
- c) Applicability of a notification issued under the provisions of this Act;
- d) Determination of the liability to pay tax on any goods or services or both;
- e) Admissibility of Input Tax Credit on purchase of vehicles.

5. **QUESTIONS RAISED:**

1. What is the rate of GST for supply of goods or services or both?
2. How to determine the liability to pay tax on goods or services or both?
3. Whether the input tax credit on purchase of vehicles and other components is admissible or not?

6. **PERSONAL HEARING:**

The Authorized representatives of the unit namely Tirupati Reddy, CA and Satya Prakash, CA attended the personal hearing held on 24.01.2023. The authorized representatives reiterated their averments in the application submitted.

1. The Authorised Representative reiterated the contentions already submitted along with the application.
2. Further, the Authorised Representative/Applicant M/s. Raminfo Limited, Hyderabad, reiterated that their case /Similar Case is not pending in any proceedings in the applicant's case under any of the provision of the Act and have not already decided in any proceedings in the applicant's case under any of the provisions of the Act.
3. The authorized representatives averred as under:
 - a. That they have a work order from Government of Tripura for supply of Ambulances (Mobile Common Service Centres). For this purpose, they are procuring Maruti Suzuki Eeco (7seater vehicle) and modifying the same in their workshop in Hyderabad, Telangana State.
 - b. Thus they are making IGST supplies to the State of Tripura and are desirous of ascertaining:
 - i. Rate of tax on the goods supplied.
 - ii. Eligibility of ITC on the goods & services procured in the State of Telangana or from other State.

7. **DISCUSSION & FINDINGS:**

7.1 The applicant submitted that they procure Maruti Suzuki Eeco (7seater vehicle) and modify the same in their workshop at Hyderabad, Telangana State into an ambulance and make inter-State supplies of those modified vehicles to Tripura.

7.2 To check eligibility of the ITC it is significant to check whether the ITC on the vehicles to be supplied to Government of Tripura comes under blocked credit or not as per Section 17(5) of CGST/TGST Act'2017.

7.3 Section 17(5) of CGST/TGST Act'2017 states:

Notwithstanding anything contained in sub-section (1) of section 16 and sub- section (1) of section 18, input tax credit shall not be available in respect of the following, namely:—

- (a) [motor vehicles for transportation of persons having approved seating capacity of not more than thirteen persons (including the driver), except when they are used for making the following taxable supplies, namely:—
- (A) further supply of such motor vehicles; or
- (B) transportation of passengers; or
- (C) imparting training on driving such motor vehicles;

7.4 Section 7(1)(a) of CGST/TGST Act’2017 states:

Scope of supply.— (1) For the purposes of this Act, the expression ‘supply’ includes—

- (a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;

7.5 Thus in view of the definition supra, scope of ‘supply of Motor vehicles’ includes sale, transfer, barter, exchange, renting, disposal or leasing of such vehicles. The applicant is involved in supply of Motor vehicles in the form of Ambulances (Mobile Common Service Centers) to Government of Tripura. Therefore the applicant is in the business of further supply of Motor vehicles which he purchases.

7.5 As per Section 17(5)(a) of CGST/TGST Act’2017 the ITC on purchase of such vehicles which are meant for further supply of such motor vehicles is not a blocked credit as the definition of ‘supply’ includes sale, transfer, barter, exchange, renting, disposal or leasing of such vehicles.

7.7 Below is the list of HSN codes pertaining to Motor vehicles under Schedule-4 and GST rates for sale of such Goods as on date:

HSN code	Description	Rate of GST applicable
8702	Motor vehicles for the transport of ten or more persons, including the driver [other than buses for use in public transport, which exclusively run on Bio-fuels]	28%
8703	Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 8702), including station wagons and racing cars [other than Cars for physically handicapped persons , other than those mentioned at S. Nos. 1308 to 1320 above	28%

7.8 The transaction of supply of ambulances to government of Tripura is an interstate supply which attracts tax under IGST head. The rate of tax applicable to the commodity under HSN 8703 is 28% for all transactions after 30.09.2021. It is very clear that this transaction does not fit to the description of vehicle

under the tariff heading 8702 as the vehicle, supplied by applicant to government of Tripura, is a seven seater and is meant to transport less than ten or more persons, including the driver, as stated by the applicant.

7.9 Further they are eligible for taking input tax credit on the tax charged on any supply of goods or services which are used or intended to be used in the course of furtherance of this business provided the applicant fulfils the conditions for availment of ITC as detailed in provisions of Section 16 of CGST/TGST Act'2017.

7.10 The applicant shall utilize the input tax credit in the electronic credit ledger as prescribed under Section 49 of the CGST Act, 2017 read with Rule 88A of the CGST Rules pertaining to order of utilization of input tax credit.

7.11 Relevant extract of Section 49(5) of the CGST/TGST Act, 2017 is produced below:

‘The amount of input tax credit available in the electronic credit ledger of the registered person on account of—

- (a) integrated tax shall first be utilised towards payment of integrated tax and the amount remaining, if any, may be utilised towards the payment of central tax and State tax, or as the case may be, Union territory tax, in that order;*
- (b) the central tax shall first be utilised towards payment of central tax and the amount remaining, if any, may be utilised towards the payment of integrated tax;*
- (c) the State tax shall first be utilised towards payment of State tax and the amount remaining, if any, may be utilised towards payment of integrated tax*
[Provided that the input tax credit on account of State tax shall be utilised towards payment of integrated tax only where the balance of the input tax credit on account of central tax is not available for payment of integrated tax;]
- (d) the Union territory tax shall first be utilised towards payment of Union territory tax and the amount remaining, if any, may be utilised towards payment of integrated tax:*
[Provided that the input tax credit on account of Union territory tax shall be utilised towards payment of integrated tax only where the balance of the input tax credit on account of central tax is not available for payment of integrated tax;]
- (e) the central tax shall not be utilised towards payment of State tax or Union territory tax; and*
- (f) the State tax or Union territory tax shall not be utilised towards payment of central tax.”*

7.12 Relevant extract of Rule 88A of the CGST Rules, 2017 is produced below:

“88A. Order of utilization of input tax credit.- Input tax credit on account of integrated tax shall first be utilised towards payment of integrated tax, and the amount remaining, if any, may be utilised towards the payment of central tax and State tax or Union territory tax, as the case may be, in any order:

Provided that the input tax credit on account of central tax, State tax or Union territory tax shall

be utilised towards payment of integrated tax, central tax, State tax or Union territory tax, as the case may be, only after the input tax credit available on account of integrated tax has first been utilised fully.]”

8. The ruling is given as below:

In view of the above discussion, the questions raised by the applicant are clarified as per the below rulings:

Questions	Ruling
1. What is the rate of GST for supply of goods or services or both?	The transaction of supply of ambulances to government of Tripura attracts IGST as it is an inter state supply. The rate of tax applicable to the present commodity, with HSN 8703, is 28%
2. How to determine the liability to pay tax on any goods or services or both?	As it is an inter-State supply the liability to pay tax would arise under IGST head. The liability to pay tax on goods shall arise at the time of supply, as determined in accordance with the provisions of section 12 of CGST/TGST Act’2017 and that of services as per section 13 of CGST/TGST Act’2017. The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both, to government of Tripura as stated in the FORM GST ARA-01, as per section 15 of CGST/TGST Act’2017.
3. Whether the input tax credit on purchase of vehicles and other components as admissible or not?	Input tax credit on purchase of such vehicles, which are meant to be modified into ambulances in their workshop at Hyderabad, Telangana State to make further supplies to government of Tripura, is admissible provided the applicant fulfils the conditions for availment of ITC as detailed in provisions of Section 16 of CGST/TGST Act’2017. As per Section 17(5)(a) of CGST/TGST Act’2017 the ITC on purchase of such vehicles which are meant for further supply of such motor vehicles is not a blocked credit as the definition of ‘supply’ includes sale, transfer, barter, exchange, renting, disposal or leasing of such vehicles.


(S.V. KASI VISWESWARA RAO)
ADDL. COMMISSIONER(STATE TAX)


(SAHIL INAMDAR)
ADDL. COMMISSIONER(CENTRAL TAX)

[Under Section 100(1) of the CGST/TGST Act, 2017, any person aggrieved by this order can prefer an appeal before the Telangana State Appellate Authority for Advance Ruling, Hyderabad, within 30 days from the date of receipt of this Order]

To

M/s. Raminfo Limited , 3-225 and 326,
4th Floor, Sterling Heights, Kavuri Hills,
Guttalabegumpet village, Hyderabad,
Telangana, 500 033.

Copy submitted to :

1. The Commissioner (State Tax) for information.
2. The Commissioner (Central Tax), Hyderabad Commissionerate, 2nd Floor, GST Bhavan, Basheerbagh, Hyderabad, Telangana, 500004.

Copy to:

3. The Assistant Commissioner (ST), Punjagutta Circle
//t.c.f.b.o//

Superintendent (Grade-I)