



सत्यमेव जयते

**RAJASTHAN AUTHORITY FOR ADVANCE RULING
GOODS AND SERVICES TAX**

**KAR BHAWAN, AMBEDKAR CIRCLE, NEAR
RAJASTHAN HIGH COURT
JAIPUR - 302005 (RAJASTHAN)**



ADVANCE RULING NO. RAJ/AAR/2019-20/11

| | | |
|---|---|---|
| J.P.Meena Additional Commissioner | : | Member (Central Tax) |
| Hemant Jain Joint Commissioner | : | Member (State Tax) |
| Name and address of the applicant | : | M/s Vedant Synergy Pvt. Ltd., 38, Sanjay Marg, Hathroi, Ajmer Road, Jaipur, Rajasthan 302001 |
| GSTIN of the applicant | : | 08AAECV5997L1ZE |
| Clause(s) of Section 97(2) of CGST/SGST Act, 2017, under which the question(s) raised | : | a. Classification of any goods or services or both; e. determination of liability to pay tax on any goods or services or both; |
| Date of Personal Hearing | : | 30.04.2019, 09.05.2019, 21.05.2019, 28.05.2019 and 30.05.2019 |
| Present for the applicant | : | Shri Sandeep Gupta (Director), Shri R. K. Bakiwala (Authorised Representative) |
| Date of Ruling | : | 03.06.2019 |

Note: Under Section 100 of the CGST/SGST Act, 2017, an appeal against this ruling lies before the Appellate Authority for Advance Ruling constituted under section 99 of CGST/SGST Act, 2017, within a period of 30 days from the date of service of this order.



- *At the outset, we would like to make it clear that the provisions of both the CGST Act and the RGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provision under the RGST Act. Further to the earlier, henceforth for the purposes of this Advance Ruling, a reference to such a similar provision under the CGST Act / RGST Act would be mentioned as being under the "GST Act".*
- The issue raised by *M/s Vedant Synergy Pvt. Ltd., 38, Sanjay Marg, Hathroi, Ajmer Road, Jaipur, Rajasthan 302001* (hereinafter the applicant) is fit to pronounce advance ruling as it falls under the ambit of the Section 97(2) (a)(e) given as under :
 - a. classification of any goods or services or both;
 - d. determination of liability to pay tax on any goods or services or both;
- Further, the applicant being a registered person (GSTIN is *08AAECV5997L1ZE* as per the declaration given by him in Form ARA-01) the issue raised by the applicant is neither pending for proceedings nor proceedings were passed by any authority. Based on the above observations, the applicant is admitted to pronounce advance ruling.

1. **SUBMISSION AND INTERPRETATION OF THE APPLICANT:**

- The applicant is a company has applied for bidding in RFP “RFP for selection of an SI to implement and maintain Software VC up to Gram Panchayat Government offices” issued by Centre for e-Governance, Government of Karnataka, Gate-2, 1st Floor, MS Building, Bangalore 560001.
- The applicant will supply following goods and services to the Centre for e-Governance, Government of Karnataka:-



| S. No. | Particulars |
|--------|---|
| 1 | Supply, installation, commissioning and AMC and O & M support for 5 years-of central MCU and other equipment in high availability mode to meet the requirements in RFP. |
| 2 | Supply, installation, commissioning of 7000 nos. of client licenses and AMC and O & M support for 5 years. |
| 3 | Supply, installation, commissioning of Speaker Type 1 (1000 Locations) and AMC and O & M support for 5 years. |
| 4 | Supply, installation, commissioning of Camera Type 1 (1000 Locations) and AMC and O & M support for 5 years. |
| 5 | Supply, installation, commissioning of Camera Type 2 (10 Locations) and AMC and O & M support for 5 years. |
| 6 | Supply, installation, commissioning of Speaker Type 2 (10 Locations) and AMC and O & M support for 5 years. |
| 7 | Supply of 2 nos. of VC engineers for 60 months. |
| 8 | Supply of 2 no of helpdesk engineers for 60 months. |

- The applicant is of the opinion that the supply of goods and services provided by the applicant is a supply of works contract service and therefore attracts GST@12% in accordance with Notification No. 11/2017 dated 28.06.2017(amended from time to time).
- The applicant submitted some additional submission on 30.05.2019 in PH. The additional submission emphasize on the contention that supply by the applicant is a works contract and attracts GST@12%. The applicant enclosed an advance ruling order passed by the Kerala Authority dated 26.09.2018 and copy of few notifications of CBIC.

2. **QUESTIONS ON WHICH THE ADVANCE RULING IS SOUGHT**

- a. What is the classification of goods and services supplied by the applicant?

- b. What will be the applicable rate of GST on goods and services supplied by the applicant?

3. PERSONAL HEARING



In the matter personal hearing was granted to the applicant on 30.04.2019, 09.05.2019, 21.05.2019 and 28.05.2019 at Room no. 2.29 NCRB, Statue Circle, Jaipur. The applicant did not appear for PH on 30.04.2019 and requested for adjournment. Shri Sandeep Gupta, Director and Shri R A Bakiwala (Authorised Representative) appeared for PH on 09.05.2019 wherein they requested for another PH on 21.05.2019 as submission and interpretation of questions in respect of advance ruling was not complete.

The applicant again did not appear on 21.05.2019 and requested for adjournment. In accordance with principle of natural justice, a final PH was given to applicant on 28.05.2019. The applicant once again did not appear on this date also. Further, the applicant made a request to authority to appear on 30.05.2019 and same was accepted. The applicant himself appeared for PH and submitted some additional submission on 30.05.2019 in PH.

4. COMMENTS OF THE JURISDICTIONAL OFFICER

The jurisdictional officer (Assistant Commissioner, Circle-B, Commercial Taxes and SGST, Jaipur) has submitted his comments vide letter dated 11.04.2019 which can be summarized as under:

- The goods and services supplied by the applicant are classifiable under SAC 9983.
- The applicable rate of GST on services supplied by the applicant attracts 18% (SGST9%+CGST9%).

5. **FINDINGS, ANALYSIS & CONCLUSION:**



- a. While going through the submissions made by the applicant, we found that the applicant is an inter-state supplier of various goods and services to the state of Karnataka. The goods supplied by the applicant are as follows:- *Central MCU and other equipment in high availability mode, 7000 nos. of client licenses, Speaker Type 1 (1000 Locations), Camera Type 1 (1000 Locations), Camera Type 1 (1000 Locations), Speaker Type 2 (10 Locations) etc.*

Further the applicant is also supplying various services like *Supply of 2 nos. of VC engineers for 60 months, Supply of 2 no of helpdesk engineers for 60 months and AMC and O & M support for 5 years on all supplied goods.*

- b. We observe that supply is a mix of goods and services. Further, the service of manpower supply which here includes supply of VC engineers for 60 months, helpdesk engineers and AMC and O & M of the supplied goods for 5 years. The service therefore is either works contract service or mixed supply.
- c. According to Section 8 of GST Act, 2017:-

8. *The tax liability on a **composite or a mixed supply** shall be determined in the following manner, namely:—*

(a) a composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply; and

(b)

- As per Section 2(30) composite supply is defined as

(30) “composite supply” means a supply made by a taxable person to a recipient consisting of two or more taxable supplies



of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply;

- The term works contract has been defined under Section 2(119) of GST Act is as under:-

(119) “works contract” means a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of **any immovable property** wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract;

- d. We observe that the supply is a composite supply which is ascertained from following:
- 2 or more taxable supplies of goods or services or both;
 - The taxable supplies are naturally bundled;
 - The taxable supplies are supplied in conjunction with each other;
 - One of the taxable supplies is a principal supply.

While going through the facts above, we find that the supply of goods like Central MCU and other equipment in high availability mode, 7000 nos. of client licenses, Speaker Type 1 (1000 Locations), Camera Type 1 (1000 Locations), Camera Type 1 (1000 Locations), Speaker Type 2 **are not of immovable nature and can be dismantled in general view**. Thus character of immovability cannot be attached to the supply of goods. Further, the supply of services like VC engineers supply, helpdesk engineers supply and AMC and



O & M service are in conjunction with the supply of goods by the applicant. Therefore, the supply of goods and services by the applicant do not fall under category of works contract service, though it is a composite supply.

- e. As the supply is a composite supply, wherein there is a principal supply. The principal supply is defined under Section 2(90) of GST Act is as follow:-

(90) "principal supply" means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary;

While going through the submission and briefs of copy of tender submitted by the applicant we observe that whole supply is revolving around video conferencing (VC), the subject matter of the bid/tender and parts thereof contains explicit mention of video conferencing. The relevant submission of the above said brief tender is as below:-

"RFP for selection of SI for implementing and maintaining of Software VC for Center for e-governance, Bangalore"

Government of Karnataka intends to extend VC facilities up to Gram Panchayat level offices. As part of local governance, panchayat office are equipped with desktop and laptop for various automation and e-governance works. It is proposed to leverage the current desktops and laptops available for conducting VC also. Hence software VC solution should work by deploying necessary software client available at panchayat level and other government offices. VC solution should work via internet as well KSWAN/NIC net. Selected agency will implement software VC solution at offices, as per government's directions and ensure the operations and



maintenance of the VC is carried out in a proper manner as per RFP for next 5 years.

From the above facts, we observe that essential element of whole supply is Video Conference software/network. All other goods and services are involved in carrying out of smooth fixture and operation of video conference, therefore, the principal supply of the whole supply is Video Conference software/solution.

- f. The above said supply falls under HSN 998316 to Notification No. 11/2017(Central Tax-Rate) dated 28.06.2017 (amended from time to time) and rate of GST is 18% (SGST 9% + CGST 9%). The relevant extract of annexure and notification is reproduced below:-

Annexure

| S.No. | Chapter, Section, Heading or Group | Service Code (tariff) | Service Description |
|-------|------------------------------------|-----------------------|--|
| 296 | Heading 9983 | | Other professional, technical and business services |
| 297 | Group 99831 | | Management consulting and management services; information technology services |
| 298 | | 998311 | Management consulting and management services including financial, strategic, human resources, marketing, operations and supply chain management |
| 299 | | 998312 | Business consulting services including public relations services |
| 300 | | 998313 | Information technology consulting and support services |
| 301 | | 998314 | Information technology design and development services |
| 302 | | 998315 | Hosting and information technology infrastructure provisioning services |
| 303 | | 998316 | Information technology infrastructure and network management services |
| 304 | | 998319 | Other information technology services nowhere else classified |


Notification No. 11/2017-CT (Rate) dated 28.06.2017 (as amended from time to time).

| Sl No. | Chapter ,Section or Heading | Description of Service | Rate(per cent) | Condition |
|--------|---|--|----------------|-----------|
| (1) | (2) | (3) | (4) | (5) |
| 21 | Heading 9983 (Other professional, technical and business services) | (i) Selling of space for advertisement in print media. | 2.5 | - |
| | | (ii) Other professional, technical and business services other than (i) above. | 9 | - |

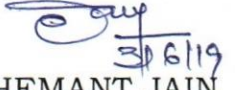
6. In view of the foregoing, we rule as follows:-

RULING

- The goods and services supplied by the applicant are classifiable under HSN 998316 (*Information technology infrastructure and network management services*) attracting GST @ 18% (SGST 9% + CGST 9%).


J.P. MEENA 3/6/19
Member
(Central Tax)




3/6/19
HEMANT JAIN
Member
(State Tax)

SPEED POST

M/s Vedant Synergy Pvt. Ltd.,
38, Sanjay Marg, Hathroi,
Ajmer Road, Jaipur, Rajasthan 302001

F.No. AAR/Vedant-Synergy/2018-19/59-62

Dated: 03 ⁰⁶/₂₀₁₉



Copy to:-

1. Commissioner, SGST & Commercial Taxes, Kar Bhawan, Bhawani Singh Road, Ambedkar Circle, C-Scheme-, Jaipur 302005.
2. Commissioner, CGST and Central Excise Jaipur Commissionerate, NCRB, Statue Circle, Jaipur, Rajasthan 302005.
3. Assistant Commissioner, SGST & Commercial Taxes, Circle-B, Jhalana Doongri, Jhalana, Jaipur, Rajasthan.