MAHARASHTRA AUTHORITY FOR ADVANCE RULING

GST Bhavan, Room No.107, 1st floor, B-Wing, Old Building, Mazgaon, Mumbai – 400010.

(Constituted under Section 96 of the Maharashtra Goods and Services Tax Act, 2017)

BEFORE THE BENCH OF

(1) Shri. Dipak Gojamgunde, Joint Commissioner of State Tax, (Member)

(2) Smt. Himani Dhamija, Joint Commissioner of Central Tax, (Member)

ARN No.		**AD2710220011870**
GSTIN Number, if any/ User-id		**27AAACI1417Q1ZE**
Legal Name of Applicant		**M/s. Inland Financial Services Pvt Ltd**
Registered Address/Address provided while obtaining user id		D/6, EVEREST 5TH FLOOR, TARDEO ROAD, TULSIWADI, MAHARASHTRA, MUMBAI, 400034.
Details of application		GST-ARA, Application No. 82 Dated 21.11.2022
Concerned officer		**Zone- Mumbai-Southeast, Division-Mandvi, Charge- Mandvi-607**
Nature of activity(s) (proposed/present) in respect of which advance ruling sought		
A	Category	**Leasing Business, Other**
B	Description (in brief)	The applicant is engaged in the business of Renting or Leasing Electric Vehicles (E-Bikes/EVs) without operator both interstate and intra state.
Issue/s on which advance ruling required		➢ Classification of any goods or services or both ➢ Applicability of a notification issued under the provisions of the Act.
Question(s) on which advance ruling is required		As reproduced in para 01 of the Proceedings below.

PROCEEDINGS

(Under Section 98 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017)

The present application has been filed under Section 97 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017 [hereinafter referred to as "the CGST Act and MGST Act" respectively] by **M/s. Inland Financial Services Pvt Ltd,** the applicant, seeking an advance ruling in respect of the following questions.

Whether leasing of Electric Vehicles (E-Bikes/EVs) without operator can be classified under the Heading 9973 – Leasing or rental services without operator vide Sl. No. 17(viia) or (viii) of the Notification No. 11/2017-CT(R) dated 28th June 2017 as amended vide Notification No. 20/2019-CT(R) dated 30th September 2019?

At the outset, we would like to make it clear that the provisions of both the CGST Act and the MGST 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 MGST Act. Further to the earlier, henceforth for the purposes of this Advance Ruling, the expression 'GST Act' would mean CGST Act and MGST Act.

1. **FACTS AND CONTENTION – AS PER THE APPLICANT FACTS**:

1.1 That the Applicant in the name and style M/s. Inland Financial Services Private Limited is a private limited company and a registered person under the provisions of Central Goods and Services Act, 2017 and Maharashtra Goods and Services Tax Act, 2017 (for short "Act") having GSTIN: 27AAACI1417Q1ZE. The Applicant is engaged in the business of renting/leasing Electric Vehicles (E-Bikes/EVs) both interstate and intra- state.

1.2 That the Applicant had executed a "Vehicle Lease Agreement" with M/s. Techsofin Private Limited of Bhubaneswar, Khordha, Odisha on 19th August 2022 for which the Applicant now proposed to supply electric vehicles (E-Bikes / EVs) without operator on lease basis as per the aforesaid lease agreement. A copy of the Agreement is annexed with this application.

1.3 That prior to 1st October, 2019, in the scheme of classification of services vide Notification No. 11/2017 – Central Tax (Rate) dated 28th June, 2017, there were two categories of headings which related to the nature of supply proposed by the Applicant in the present application; Heading 9966 – Rental services of transport vehicles with or without operators and Heading 9973 – Leasing or rental services, with or without operator. The Heading 9966 and 9973 as per Notification dated 28th June, 2017 as amended from time to time till 1st

October, 2019 were as follows:

Sl. No	Chapter, Section or Heading	Description of Service	Rate (per cent)
10	Heading 9966 – Rental services of transport vehicles	(iii) Rental services of transport vehicles with or without operators, other than (i) and (ii) above.	9
17	Heading 9973 – Leasing or rental services, with or Without operator	(viia) Leasing or renting of goods	Same rate of central tax as applicable on supply of like goods involving transfer of title in goods
		(viii) Leasing or rental services, with or without operator, other than (i), (ii), (iii), (iv), (v), (vi), (vii) and (viia) above.	9

A copy of the Notification dated 28th June 2017 along with subsequent amendments till 1st October 2019 are annexed with this application.

1.4 That subsequently with effect from 1st October 2019 Notification No. 11/2017 – Central Tax (Rate) dated 28th June 2017 was amended by virtue of Notification No. 20/2019 – Central Tax (Rate) dated 30th September 2019 and Heading 9966 and 9977 were also amended as follows:

Sl. No.	Chapter, Section or Heading	Description of Service	Rate (per cent)
10	Heading 9966 – Rental	(iii) Rental services of transport vehicles with	9

	services of transport vehicles with operators	operators, other than (i) and (ii) above.	
17	Heading 9973 – Leasing or rental services, without operator	(viia) Leasing or renting of goods	Same rate of central tax as applicable on supply of like goods Involving transfer of title in goods
		(viii) Leasing or rental services, without operator, other than (i), (ii), (iii), (iv), (vi), (vii) and (viia) above.	Same rate of central tax as applicable on supply of like goods Involving transfer of title in goods

A copy of the Notification dated 30th September 2019 is annexed with this application.

2. STATEMENT CONTAINING APPLICANT'S INTERPRETATION OF LAW

2.1 For that the Applicant executed the Lease Agreement on 19th August, 2022 for supply of electric vehicles (E-Bikes / EVs) without operator on lease basis and by that date (i.e. w.e.f. 1st October, 2019) the Sl. No. 17 (viii) of Heading 9973 has been modified from "Leasing or rental services, with or without operator" to "Leasing or rental services without operator". Obviously, the Applicant believes that the classification shall be under the Heading 9973 – Leasing or rental services without operator – Sl. No. 17 (viii) of Notification No. 11/2017-CT(R) dated 28th June, 2017 as amended vide Notification No. 20/2019-CT(R) dated 30th September, 2019 is applicable in its case.

2.2 For that except Heading 9973 - Leasing or rental services without operator there is no such classification under the GST Law for supply of electric vehicles (E-Bikes / EVs) without operator on lease basis for which the Applicant bonafidely believes that the proposed supply to be undertaken by itself as per the lease agreement shall liable to be classified under the Heading 9973 Leasing or rental

services without operator – Sl. No. 17 (viii) of Notification No. 11/2017- CT(R) dated 28th June, 2017 as amended vide Notification No. 20/2019-CT(R) dated 30th September, 2019.

2.3 For that in the case of M/s. Yulu Bikes Pvt. Ltd. on a similar context the Karnataka Appellate Authority for Advance Ruling vide the order no. KAR/AAAR/03/2021 dated 02.02.2021 has been pleased to answer that "Renting of e-bikes/bicycles without operator is classifiable under SAC 9973 – Leasing or rental Services without operator and rate of tax as applicable under entry Sl. No. 17(viia) of Notification no. 11/2017 CT (R) dated 28th June, 2017 as amended is applicable to the instant case". A copy of the order dated 02.02.2021 is annexed with this application.

2.4 For that in view of the amended Notification No. 20/2019 – Central Tax (Rate) dated 30th September, 2019 and the order of the M/s. Yulu Bikes (supra), the Applicant has a reason to believe that the proposed supply of electric vehicles (E-Bikes / EVs) without operator on lease basis falls under the Heading 9973 – Leasing or rental services without operator vide Sl. No. 17(viia) or (viii) of Notification No. 11/2017-CT(R) dated 28th June, 2017 as amended vide Notification No. 20/2019-CT(R) dated 30th September, 2019.

3. CONTENTION – AS PER THE CONCERNED OFFICER:

QUESTION ON WHICH ADVANCE RULING IS REQUIRED:

Whether leasing of Electric Vehicles (E-Bikes/EVs) without operator can be classified under the Heading 9973 - Leasing or rental services without operator vide Sl. No. 17(viia) or (vii) of the Notification No. 11/2017-CT(R) dated 28th June 2017 as amended vide Notification No. 20/2019-CT(R) dated 30th September 2019.

Observation:

3.1 As per S1. No. 17 of Notification No. 11/2017 CT (R) dt 28.06.2017 is amended by Notification no. 20/2019 CT (R) dated 30th September 2019.In this notification, the description under heading 9966 was amended to read as Rental services of transport vehicles with operators' and the description under heading 9973 was amended to read as Leasing of rental services without

operator'. The appellant's case is of leasing of electrical vehicles (E-Bikes/EV) without operator.

3.2 After examining the terms of the vehicle lease agreement, I find that the agreement provides the Lessee access to use the vehicles (e-vehicles). As per para 1.b of vehicle lease agreement the EVs are and shall at all times remain the sole and exclusive property of Lessor and the Lessee shall have no right. title or interest to mortgage, hypothecate or sell the same as bailee. However, while using such vehicle, there is no transfer of any interest in the vehicle in favour of the Lessee. The vehicle continues to be in possession of the Lessor.

3.3 The Lessee never gets the possession of the vehicle. Except having access to the facility which the Lessor is providing by virtue of possessing such goods, no such right in the goods is transferred to the Lessee. In other words, the Lessor retains the effective control of the goods in all respects. Therefore, I do not find any transfer in the right to use the goods and in the absence of any such transfer of the right to use the goods. The appropriate correct entry is SL.No 17 (viia) or (viii) of the Notification No. 11/2017 CT (R) dt 28.06.2017 is amended by Notification no. 20/2019 CT (R) dated 30th September 2019.

Conclusion:

3.4 Leasing of Electric Vehicles (E-Bikes/EVs) without operator is classifiable under the Heading 9973 - Leasing or rental services without operator vide SI. No. 17(viia) or (viiii) of the Notification No. 11/2017-CT(R) 28th June 2017 as amended vide Notification No. 20/2019-CT(R) September 2019.

4. HEARING

Preliminary e-hearing in the matter was held on 30.07.2025. Mr. Jiban Jyoti Pradhan, Advocate and the Jurisdictional Officer Mr. Rajvardhan Diliprao Patil Assistant Commissioner of CGST virtually attended the hearing.

The application was admitted and called for final e-hearing on 07.01.2026. Mr. Jiban Jyoti Pradhan, Advocate and the Jurisdictional Officer, Mr. Rajvardhan Diliprao Patil, Assistant Commissioner of SGST attended the hearing. We heard both the sides.

5. OBSERVATIONS AND FINDINGS:

5.1 M/s. Inland Financial Services Pvt. Ltd. (hereinafter referred to as "the Applicant") is registered under the CGST Act, 2017 and MGST Act, 2017 and is engaged in the business of leasing/renting Electric Vehicles (E-Bikes/EVs). The Applicant entered into a Vehicle Lease Agreement dated 19.08.2022 with M/s. Techsofin Private Limited for leasing Electric Vehicles (E-Bikes/EVs) without operator.

5.2 The Applicant seeks an advance ruling on the following question:

Whether leasing of Electric Vehicles (E-Bikes/EVs) without operator can be classified under Heading 9973 – "Leasing or rental services without operator" under Sl. No. 17(viia) or 17(viii) of Notification No. 11/2017-CT (Rate) dated 28.06.2017 as amended by Notification No. 20/2019-CT (Rate) dated 30.09.2019?

5.3 The Applicant submits that after 01.10.2019, rental services without operator fall squarely under Heading 9973. It is contended that there is no alternative classification applicable for leasing EVs without operator. Reliance is placed upon the decision of the Karnataka Appellate Authority for Advance Ruling in the case of Yulu Bikes Pvt. Ltd., Order No. KAR/AAAR/03/2021 dated 02.02.2021, wherein it was held that renting of e-bikes without operator is classifiable under SAC 9973 and taxable under Sl. No. 17(viia) of Notification No. 11/2017-CT (R).

5.4 On examination of the Vehicle Lease Agreement some important points are mentioned below:

A. The Lessor is engaged in carrying on bonafide business of renting/leasing of Electric-Vehicles (EVs).

B. The Lessee is engaged in carrying on bonafide business of providing marketplace services for leasing and/or renting out Electric-Vehicles to businesses and retail customers on their platform, driEV (driev.bike) as well as advising on sale / disposal of such EVs and inventory management, storage, maintenance and repairs of such EVs.

C. The Lessee has requested the Lessor to give the said EVs on lease to enable the Lessee to carry on the business of renting on hourly, daily & monthly basis.

D**. Lease Agreement and Ownership of EVs:** The FVs are and shall at all times remain the sole and exclusive property of Lessor and the Lessee shall have no right, title or interest to mortgage, hypothecate or sell the same as bailee.

E. Lease Rent Invoicing: The Lessee shall during the period of lease punctually pay to the Lessor free of any deduction whatsoever a sum of Rs. 1727/- per EV (excluding GST) as lease charges as specified in Annexure B hereto vide electronic transfer to Lessor's designated account. All payments shall be paid at the address or the Lessor shown above or as otherwise directed by the Lessor in writing.

F. Maintenance and Insurance of EVs: The Lessee shall keep the EVs in full working condition and order and in compliance with all legal requirements. The Lessee shall use the EVs properly with due care and ensure that the vehicle(s) is/are maintained in safe and roadworthy condition so that it is not hazardous to any persons while operating the EV during its commercial life.

The Lessee shall be responsible for regular repairs and maintenance of the EVs at his own cost and shall bear and pay running expenses of the EVs including duties, taxes of the EVs.

The Lessee shall be solely responsible for timely renewal of all legal documents mandatory for running of the EVs as per applicable laws during the tenure of this agreement.

i. Registration Certificate.

ii. Road Permit.

iii. Fitness Certificate.

iv. Insurance policies

The insurance shall be paid by the Lessor and reimbursed by the Lessee. The Lessee Shall keep the said EVS insured at all times during the subsistence of this Agreement against all risks and the Lessee shall

pay/bear all the premiums payable to insurance company for zero depreciation policy of the said Evs.

G Indemnities and Warranty: The Lessee shall indemnify and keep indemnified the Lessor at all times, against any liability, claim, loss, damage of any kind or nature, whatsoever arising from the transportation or seizure of the EVs under distress, execution or other legal processor destruction or damage to the EVs by fire, accident or other cause, from any claim or demand arising out of the storage. use or operation of the EVs or any risk or liability for death or loss of limb of any person whether employee of the Lessee or third party and hold the Lessor harmless, against all losses, damages, claim, penalties, expenses, suits, or proceedings of whatsoever nature made, suffered or incurred consequent thereupon.

During the continuance of the Agreement, the Lessor shall-

i. Not sell, assign, pledge, mortgage, underlet, lend or part with the possession of the said EVs and not allow the said EVs to be used by anybody else or kept or detained or run for the use or any other purpose except as per the terms or this agreement.

ii. Pay all license duties, registration and other charges, taxes payable in respect of the said EVs.

iii. Keep the EVs insured and kept insured so long as the rental shall continue in the name of the Lessee against all risks and the Lessee shall pay all the premiums payable to the insurance company. The Lessee further agrees to have zero depreciation insurance for the said EVs otherwise any amount payable on account of breakdown or accident of EVs not covered by the insurance on account of insurance other than zero depreciation will be borne by the Lessee.

H. Duration & Termination: This agreement shall commence from the effective date and shall remain in force for a period of forty eight months (48 months) unless terminated earlier.

I. Expiration of lease: Upon the expiration of lease, if the Lessee does not exercise its right to purchase the EVs, then Lessee has to return the EVs to

the Lessor. If the Lessee fails to deliver Evs to the Lessor in accordance with any directions given by the Lessor shall be deemed to be the tenant of the EVs at the same rental and upon the same terms here in expressed.

In short,

- Ownership of EVs remains with the Applicant.
- The lessee is granted possession and usage rights for a specified tenure.
- The lessee bears responsibility during the lease term.
- There is no operator provided by the Applicant.
- Upon the expiration of lease, Lessee has a right to purchase the EVs.

5.5 That subsequently with effect from 1st October 2019 Notification No. 11/2017 – Central Tax (Rate) dated 28th June, 2017 was amended by virtue of Notification No. 20/2019 – Central Tax (Rate) dated 30th September, 2019 and Heading 9966 and 9973 were also amended. The relevant amended entries are as follows:

Sl. No.	**Chapter, Section or Heading**	**Description of Service**	**Rate (per cent)**
10	Heading 9966 – Rental services of transport vehicles with operators	(iii) Rental services of transport vehicles with operators, other than (i) and (ii) above.	9
15	Heading 9971 – Financial and related services	(ii) Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payments or other valuable consideration	Same rate of central tax as applicable on supply of like goods Involving transfer of title in goods
17	Heading 9973 – Leasing or rental	(iii) Transfer of the right to use any goods for any purpose	Same rate of central tax as applicable on

	services, without operator	(whether or not for a specified period) for cash, deferred payments or other valuable consideration	supply of like goods Involving transfer of title in goods
		(viia) Leasing or renting of goods	Same rate of central tax as applicable on supply of like goods Involving transfer of title in goods
		(viii) Leasing or rental services, without operator, other than (i), (ii), (iii), (iv), (vi), (vii) and (viia) above.	Same rate of central tax as applicable on supply of like goods Involving transfer of title in goods

5.5.1 Notification No. 11/2017-CT (Rate) dated 28.06.2017 prescribes GST rates for services.

Post amendment by Notification No. 20/2019-CT (Rate) dated 30.09.2019:

- Heading 9966 covers: *Rental services of transport vehicles with operators*.
- Heading 9973 covers: *Leasing or rental services without operator*.
- Heading 9971 – Financial and related services.

After amendment vide Notification No. 20/2019-CT (R), Heading 9966 is restricted to rental with operator. Therefore, leasing of EVs without operator cannot fall under Heading 9966. So, either Heading 9971 or Heading 9973 is applicable to applicant.

5.6 From above discussion, it is necessary to examine the nature of lease agreement executed between applicant (Lessor) and Lessee whether it is a Financial Lease(Heading 1971) or an Operating Lease(Heading 1973) Agreement.

Distinction between Finance Lease and Operating Lease

1. Nature of Transaction
   - Finance Lease: A lease arrangement in which substantially all the risks and rewards incidental to ownership of the asset are transferred to the lessee, though the legal title may remain with the lessor during the lease term.
   - Operating Lease: A lease arrangement where ownership risks and rewards remain with the lessor, and the lessee merely obtains the right to use the asset for a specified period.
2. Ownership of Asset
   - Finance Lease: Ownership is effectively transferred in substance; often the asset may transfer to the lessee at the end of the lease term or the lessee has an option to purchase the asset at a concessional price.
   - Operating Lease: Ownership always remains with the lessor, and the asset is typically returned to the lessor after the lease period.
3. Lease Term
   - Finance Lease: Generally covers a substantial portion of the economic life of the asset (often around 75% or more).
   - Operating Lease: Usually for a shorter duration, covering only a part of the asset's useful life.
4. Recovery of Asset Cost
   - Finance Lease: Lease rentals are structured so that the present value of lease payments substantially recovers the cost of the asset along with interest.
   - Operating Lease: Lease payments represent compensation for temporary use of the asset, and the lessor expects to lease the asset again or otherwise utilize it after the lease period.
5. Transfer of Risks and Responsibilities

- Finance Lease: Maintenance, insurance, and other ownership-related risks are generally borne by the lessee.
- Operating Lease: Such risks and responsibilities typically remain with the lessor.

6. Substance of Arrangement

- Finance Lease: In substance, it resembles a financing arrangement or acquisition of an asset through instalments.
- Operating Lease: In substance, it resembles a rental arrangement for temporary use of the asset.

Thus, while a finance lease is characterized by the transfer of substantially all risks and rewards of ownership to the lessee and functions in substance as a financing arrangement, an operating lease merely grants a temporary right to use the asset without transferring the incidents of ownership.

5.7 The Applicant has contended that the activity undertaken by it should be classified under Heading 9973 – Leasing or rental services without operator under Sl. No. 17 of Notification No. 11/2017-CT (Rate). However, it is necessary to examine whether the present arrangement satisfies the characteristics of mere rental or operational leasing of goods**,** which is the scope of Heading 9973. Heading 9973 generally covers situations where:

- goods are supplied temporarily for use,
- the owner retains substantial control over the goods,
- the arrangement is typically short-term in nature, and
- the payment made represents rental charges for temporary usage of goods.

5.8 In the present case, the arrangement between the Applicant and the lessee does not merely involve short-term rental of vehicles. Instead, the agreement creates a structured leasing arrangement extending over a substantial period of forty-eight months, during which the lessee utilizes the vehicles for its commercial operations. Further, the lessee assumes substantial responsibilities relating to operation of the vehicles, including maintenance, repairs and compliance with statutory requirements. Such features indicate that the arrangement goes

beyond mere rental of goods. Therefore, the present transaction does not fit squarely within the typical scope of Heading 9973.

5.9 From the contractual terms placed on record, the following elements characteristic of financial leasing or equipment leasing are evident:

1. The Applicant procures EVs and provides them to the lessee for commercial use.
2. The agreement is executed for a **defined tenure of forty-eight months**, which is indicative of long-term leasing.
3. Lease rentals are payable periodically during the tenure of the agreement.
4. The lessee assumes operational responsibilities relating to maintenance and statutory compliance.
5. The economic substance of the arrangement indicates that the Applicant is enabling the lessee to utilize the EV assets for its business operations over the lease period against fixed lease rentals.

Such arrangements are commonly recognized in commercial practice as **asset financing through leasing**, where the lessor finances the acquisition of equipment and recovers the cost through lease rentals. If the agreement is Financial Lease agreement, then it would be squarely falls under **Heading 9971 –** Financial and related services **Sl. No. 15(ii) –** Financial leasing services including equipment leasing and hire purchase of Notification No. 11/2017-CT (Rate) dated 28.06.2017.

5.10 With regard to the applicable rate of tax on such services, it is pertinent to note that Entry at Sl. No. 15(ii) applies where there is a transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration. The concept of transfer of the right to use goods is a well-recognized constitutional and legal concept. However, every transfer of goods by way of lease, license or hiring does not necessarily amount to transfer of the right to use goods. The transfer of the right to use goods is treated as a deemed sale under Article 366(29A)(d) of the Constitution of India. The applicability of Article 366(29A)(d) has been elaborately discussed by the Hon'ble Supreme Court in the case of Bharat

Sanchar Nigam Limited v. Union of India. In the said judgment, the Hon'ble Supreme Court observed that the purpose of Article 366(29A)(d) was to levy tax on transactions involving transfer of the right to use goods even where the title or ownership of the goods does not pass to the transferee. By virtue of a legal fiction, such transactions are treated as a 'sale'.

5.11 In Bharat Sanchar Nigam Ltd., the Hon'ble Supreme Court laid down essential conditions for "transfer of right to use goods":

1. Goods must be available for delivery
2. Identity of goods must be established
3. Right to use must be transferred
4. Effective control must be with transferee

Where these conditions are satisfied, it constitutes transfer of right to use.

5.12 On examination of the terms and conditions of the Vehicle Lease Agreement, it is observed that the lessor has agreed to provide and deliver the Electric Vehicles (EVs) to the lessee on lease for a period of forty-eight months, unless terminated earlier in accordance with the provisions of the agreement. The lessee is responsible for regular repair and maintenance of the EVs at its own cost and shall bear all running expenses in respect of the said vehicles. The lessee is also solely responsible for the timely renewal of statutory documents such as Registration Certificate, Road Permit, Fitness Certificate and Insurance Policies as mandated under the applicable laws during the tenure of the agreement. The lessee is further required to keep the EVs insured at all times against all risks and to bear the premiums payable to the insurance company. In case any insurance claim is rejected, the liability to bear the repair costs shall rest with the lessee. The lessee is also required to obtain and maintain all necessary licenses, permissions and consents required for the transportation and use of the EVs. All taxes, duties and other statutory dues payable in respect of the EVs shall also be borne by the lessee. Further, if any permit or license is required to be obtained from any Government authority or local authority for the use of the EVs, the same shall be obtained by the lessee at its own cost and responsibility.

5.13 From the above facts and the terms of the Vehicle Lease Agreement, it is evident that the attributes laid down by the Hon'ble Supreme Court for determining transfer of the right to use goods are satisfied in the present case. The agreement clearly identifies the goods to be delivered, namely e-bikes, and provides the lessee with legal rights to use the said vehicles. Further, during the subsistence of the agreement, the lessor cannot assign, pledge, mortgage, lend or otherwise part with possession of the EVs nor allow the said EVs to be used by any person other than the lessee except in accordance with the terms of the agreement. Accordingly, it can be concluded that effective control and physical possession of the goods have been transferred by the supplier (lessor) to the recipient (lessee). During the tenure of the agreement, the EVs remain in the possession of the lessee and the transaction therefore involves transfer of the right to use such goods. In other words, the lessee enjoys possession as well as effective control over the goods.

5.14 The agreement between the appellant and the lessee clearly demonstrates the intention to transfer the right to use the goods (e-bikes). The terms of the agreement clearly establish that the appellant (lessor) has legally and effectively transferred the right to use the goods to the lessee in accordance with the agreed contractual conditions. On examining the terms of the present agreement, it is observed that the lease period covers a substantial part of the economic life of the asset, the lease rentals are structured to recover the cost of the asset along with interest, and the lessee assumes responsibilities for maintenance, insurance, and other risks and rewards associated with the asset. Additionally, the lessee is provided with an option to acquire the asset at the end of the lease term. In view of these factors, the arrangement substantially transfers the ownership-like risks and rewards to the lessee and, in substance, constitutes a finance lease. Consequently, the present transaction squarely falls within the ambit of Entry at Sl. No. 15(ii) of Notification No. 11/2017-C.T. (Rate), i.e. "transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration", and the applicable rate of

tax shall be the same rate of tax as applicable on supply of like goods involving transfer of title in goods.

5.15 The Appellate Authority for Advance Ruling in True Solar Pvt. Ltd. AAAR Odisha has examined a similar arrangement and held that such long-term leasing of electric vehicles without operator is appropriately classifiable under SAC 9971 – Financial leasing services**.**

5.16 The ratio of Yulu Bikes Pvt. Ltd. supports the classification of renting e-bikes without operator under SAC 9973. Where company enter into contract/agreement with the customers with regard to usage/renting of e-bikes and charge based on the time of usage of such e-bikes. In the present case, applicant had executed a " Vehicle Lease Agreement" with M/s. Techsofin Pvt. Ltd. and Techsofin further enter into contract/agreement with the customers with regard to usage/renting of e-bikes and charge based on the time of usage of such e-bikes. So, facts are different and reliance is misplaced. Accordingly, not applicable to present case.

6. In view of the extensive deliberations as held hereinabove, we pass an order as follows:

ORDER

(Under Section 98 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017)

NO.GST-ARA- 82/2022-23/B- 148 Mumbai, dt. 28.09.2026

For reasons as discussed in the body of the order, the question is answered thus –

Question: Whether leasing of Electric Vehicles (E-Bikes/EVs) without operator can be classified under the Heading 9973 – Leasing or rental services without operator vide Sl. No. 17(viia) or (viii) of the Notification No. 11/2017-CT(R) dated 28th June 2017 as amended vide Notification No. 20/2019-CT(R) dated 30th September 2019?

Answer:- Leasing of Electric Vehicles (E-Bikes/EVs) without operator by the Applicant is classifiable under SAC 9971 – Financial and related services and covered under Sl. No. 15(ii) of Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017 as amended by Notification No. 20/2019-Central Tax (Rate) dated 30.09.2019 and the applicable rate of tax will be the same

rate as applicable on supply of like goods involving transfer of title in goods.

D.P. GOJAMGUNDE
(MEMBER)

HIMANI DHAMIJA
(MEMBER)

PLACE - Mumbai

Copy to:-

1. The applicant
2. The concerned Central / State officer
3. The Commissioner of State Tax, Maharashtra State, Mumbai
4. The Pr. Chief Commissioner of Central Tax, Churchgate, Mumbai
5. The Joint commissioner of State Tax, Mahavikas for Website.

Note:-An Appeal against this advance ruling order shall be made before The Maharashtra Appellate Authority for Advance Ruling for Goods and Services Tax, 15th floor, Air India Building, Nariman Point, Mumbai – 400021. Online facility is available on **gst.gov.in** for online appeal application against order passed by Advance Ruling Authority.