

GOA AUTHORITY FOR ADVANCE RULING

[Constituted under Section 96 of the Goa Goods and Services Tax Act, 2017
(Goa Act 4 of 2017) read with Rule 103 of the Goa Goods and Services Tax
Rules, 2017]

BEFORE THE BENCH OF

Shri. Vishant S. N. Gaunekar, Additional Commissioner- I of SGST Goa
Smt. Pallavi Gupta, Joint Commissioner of CGST Goa.

Advance Ruling No. **GOA/GAAR/04 of 2023-24/ 4657.**

dd. 03/02/2025

Name of the Applicant	Akhil Arun Naik
Address	H. No. 6/188/15, Behind Dr. Shirsat Residence, Tisk Ponda, Goa 403401
GSTIN	30AQRPN4325L1ZM
Date of Application	07.12.2023
Under Section 97(2) of the CGST/GGST Act, 2017 under which question raised	I wish to seek clarification on applicability of GST rate? Since water is an exempted commodity under GST, whether any GST would be applicable if bulk quantity of water is supplied through tankers.
Date of Hearing	12.01.2024
Persons Present for Hearing	Shri Arun K. Naik, Authorized Representative (Father of applicant) and Shri Harishchandra Muli, Employee of applicant.

PROCEEDINGS

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

1. The present application has been filed under Section 97 of the Goa Goods and Services Tax Act, 2017 and the Central Goods and Services Tax, Act 2017 (hereinafter referred to as the 'SGST Act' and 'CGST Act') by the applicant **Shri Akhil Arun Naik, H. No. 6/188/15, Behind Dr. Shirsat Residence, Tisk Ponda, Goa 403401** seeking an

Advance Ruling in respect of the following questions:

- Classification of any goods or services or both.
- Determination of time and value of supply of goods or services or both.
- Whether any particular thing done by the applicant with respect to any goods or services or both amounts to or results in a supply of goods or services or both, within the meaning of that term.

BRIEF FACTS

2. Applicants Background:

The applicant Shri Akhil Arun Naik, H. No. 6/188/15, Behind Dr. Shirsat Residence, Tisk Ponda, Goa 403401 is a registered taxable person and holds GSTIN **30AQRPN4325L1ZM**. The Applicant is engaged in the business of supply of bulk Drinking Water in tankers to educational institute which is either collected from the well or R.C.C. storage Tank of Public Works Department (PWD) which is the water filling point for the tankers, from where it is supplied to the concerned party i.e. IIT Goa for use by their students, in respect of which the applicant is seeking through the advance ruling for the purpose of determination of the following question:

3. CLARIFICATION REQUIRED ON THE BELOW POINTS:

Applicant received a work order from Indian Institute of technology (IIT) Goa for students for staggered delivery of potable drinking water, water is to be transported either from well or R.C.C. storage Tank of Public Works Department (PWD) which is filling point for the tanker from where it is supplied to the concerned party i.e. IIT Goa for students. As per the order IIT Goa is stating that the rates are inclusive of GST and hence the GST rates are not reflected in the particular order. **Applicant wishes to seek clarification on applicability of GST rate? Since water is an exempted commodity under GST, whether any GST would be applicable if bulk quantity of water is supplied through tankers.**

4. INTERPRETATION OF LAW AND/OR FACTS BY APPLICANT

4.1 As per Notification No. 2/2017-Central Tax (Rate) dated 28/06/2017, the water is exempted from GST under the following entry.

Entry 99-2201 water [other than aerated, mineral, purified, distilled, medicinal, ionic, battery, de-mineralized and water sold in sealed container]

4.2 Therefore, the water supplied by tankers which is neither purified nor sealed in containers is within the scope of above entry 99 of exemption rate Notification and hence no GST is applicable for supply of water by tankers.

4.3 Schedule III – 9% CGST + 9% SGST is applicable only if it is under sr. no. 24 HSN chapter 2201- Waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured.

4.4 Schedule II -- 6% CGST + 6% SGST is applicable only if it is under sr. no. 46B HSN Chapter 2201- Drinking water packed in 20 litre bottles.

4.5 Since water supplied through tankers does not fall under any of these categories it comes under exempted entry no. 99 and is exempted under GST regime.

PERSONAL HEARING

5. Shri Arun K. Naik, Authorized Representative (Father of applicant) and Shri Harishchandra Muli, Employee, duly authorized representatives appeared for personal hearing on 12/01/2024 before this authority and reiterated the points deliberated in written submissions made along with application.

FINDINGS AND DISCUSSIONS (SGST Member)

6. The SGST Member have perused all the records uploaded with the application and also placed in the file and have perused the facts of the case as presented by the applicant. The applicant primarily seeks ruling on taxability of the product namely staggered delivery of potable drinking water through tankers.

7. Mr. Akhil Arun Naik, the applicant has entered into a contract with Indian Institute of Technology (IIT) Goa for staggered delivery of potable water for the students of IIT. The water is to be transported either from a well or R.C.C. storage tank

of Public Works Department (PWD). The contract rate for supply of such water is inclusive of taxes. The applicant desired clarification on GST rate on the said product/contract. He further seeks clarification whether GST would be applicable on supply of bulk quantity of water through tankers.

8. The applicant submits the argument that the said product is neither purified nor is sealed in any container and therefore is covered under entry 99 of exemption notification no. 2/2017-Central Tax (Rate) dated 28/06/2017.

9. We note that the taxability of drinking water has been provided in the Notification -1/2017 Central Tax (Rate) dated 28/06/2017, further amended by Notification No. 06/2018 Central Tax (Rate) dated 25/01/2018 the extract of the entries is as under:

Schedule	Sr. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition
(1)	(2)	(3)	(4)	(5)	(6)
Schedule II-6%	46B	2201	Drinking water packed in 20 liters bottles	6	Nil
Schedule III-9%	24	2201	Water, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured other than Drinking water packed in 20 Liters bottles	9	Nil

10. On the perusal of above these notification entries, it is found that, "Drinking water packed in 20 liters bottles" are liable to tax 12% and the "Water, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured other than Drinking water packed in 20 Liters bottles" are taxable and liable to tax @ 18% GST.

11. The said entries do not apply to the product/goods/contract under question as the water is supplied through tankers having approx. capacity of 20, 000 litres and is not subjected to any distillation or purification process.

12. The entry at Sr. 99 of exemption Notification No. 2/2017-Central Tax (Rate) dtd. 28.6.2017 is reproduced as below.

Sr. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition
(1)	(2)	(3)	(4)	(5)
99	2201	Water [other than aerated, mineral, purified, distilled, medicinal, ionic, batter, demineralized and water sold in sealed container]	Nil	Nil

13. As per the said entry at Sr. No. 99, “water’ other than aerated, mineral, purified, distilled, medicinal, ionic, batter, de-mineralized and water sold in sealed containers is covered under the Chapter Heading 2201.

14. According to the said entry, the water is generally exempted, except the aerated, mineral, purified, distilled, medicinal, ionic, batter, demineralized and water sold in sealed container which are not exempted from tax. The said entry therefore covers simple and natural type of water or rather all types of water except those 9 types which are mentioned therein as not exempted.

15. Therefore, the exemption of water under GST is vide entry no. 99, except for the 9 types of exceptions carved out therein. Hence, for excluding any type of water from entry no. 99, it should fit into any one category of 9 types viz.

- 1) Aerated;
- 2) Mineral;
- 3) Purified;
- 4) Distilled;

- 5) Medicinal;
- 6) Ionic;
- 7) Battery;
- 8) Demineralized; and
- 9) water sold in sealed container.

16. Therefore, Member, SGST Goa is of the opinion that a mere chlorination of water or sedimentation so as to make it potable or fit for human consumption does not change the classification of water as Purified water or any type of the 9 categories which are not exempted from GST.

17. The other important aspect of the matter is that same water which is stored in R.C.C. water storage tank of P. W.D. is supplied by P.W.D. Water Supply division through pipeline which is covered under exemption entry no. 99 and is exempted under GST. Therefore, if due to some technical issues the same water could not be supplied by existing pipeline and is transported by tankers the commodity remains the same.

18. Since the applicant supplies water not falling under any of the 9 exceptions mentioned in Entry no. 99 of Notification No. 2/2017 dtd. 28.06.2017, the same is falling under said entry no. 99 and is exempt from GST.

19. Further, question arises that whether tanker transportation service provided by way of transportation of water through tankers is taxable under the GST Law. In this regard we note that the supply in this case consists of two components i.e. supply of water and delivery of water through tankers.

20. The section 2(30) of the CGST Act, 2017 provides the definition of 'Composite supply', same is reproduced below.

“(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;

Illustration.- Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply;”

21. In the present case, we are of the opinion that the principal supply is **supply of water** whereas the service component of delivery of water through tanker is an ancillary service. It is clear that the transportation by tankers is inherently linked to the supply of water, indicating a natural bundling of these services. Therefore, in our opinion the supply of water through tankers is composite supply as defined under section 2(30). The Section 8 of the CGST Act, 2017 provides for taxability of composite supply, same is reproduced below.

“Section 8. Tax liability on composite and mixed supplies.-

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)”.*

22. Since in the present case the supply is a composite supply for the reasons and facts stated above, the supply shall be taxable at the rate applicable for principal supply i.e. water in this case. Since the supply of water in the present case shall be treated as exempt the ancillary supply by way of delivery through tankers is to be treated as exempt.

23. However, if the applicant is billing separate amount for the value of water and separate amount for its transportation by tanker then it will not be a composite supply but they will be two independent supplies. In such case, the supply of water would be exempt under entry no. 99 and the separate supply of transportation service by tanker

would be taxable @ 18% under GST under entry no. 9, Heading 9965(goods transport services), (v) Goods transport services other than (i), (ii), (iii) and (iv) above of Notification No. 11/2017-Central Tax (Rate) dated 28/06/2017.

DISCUSSION AND FINDINGS (CGST Member)

24. Before going into detailed discussions and findings on determination of taxability of the potable 'drinking water' which is subjected to the process of chlorination and the applicable rate on the same, it is important to go through the relevant extracts of Notification No. 01/2017 Central Tax (Rate) dated 28/06/2017 as amended by Notification No. 06/2018 Central Tax (Rate) dated 25/01/2018 and exemption Notification No. 2/2017-Central Tax (Rate) dated 28/06/2017.

24.1 Relevant extract of Notification No. 01/2017 Central Tax (Rate) dated 28/06/2017 as amended is as under:

Schedule	Sr. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (%)	Condition
(1)	(2)	(3)	(4)	(5)	(6)
Schedule II-6%	46B	2201	Drinking water packed in 20 liters bottles	6	Nil
Schedule III-9%	24	2201	Water, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured other than Drinking water packed in 20 Liters bottles	9	Nil

24.2 Relevant extract of exemption Notification No. 2/2017-Central Tax (Rate) dated 28/06/2017 is as under:

Sr. No.	Chapter, Section, Heading, Group or Service Code	Description of Services	Rate (%)	Condition
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	(Tariff)			
(1)	(2)	(3)	(4)	(5)
99	2201	Water [other than aerated, mineral, purified, distilled, medicinal, ionic, batter, demineralized and water sold in sealed container]	Nil	Nil

25. On perusal of Entry No. 24 and 46B of Not. No. 01/2017 Central Tax (Rate) dated 28/06/2017 it is ample clear that the Drinking water packed in 20 liters bottles is taxable at the rate of 12%. Further *the water, including natural or artificial mineral waters and aerated waters which does not contain added sugar or other sweetening matter and /or not flavoured, is taxable at the rate of 18%.*

26. Inference drawn from above is that all kinds of water falls under Chapter Heading 2201, is taxable and at the applicable rate of 18% except:

- (1) Drinking water packed in 20 liters bottles (which is taxable at rate of 12%)
- (2) Water having added sugar
- (3) Water having other sweetening matter
- (4) Flavoured water

27. Further on perusal of Entry No. 99 of exemption Notification No. 2/2017-Central Tax (Rate) dated 28/06/2017 it is clear that 'water other than the exceptions mentioned at para 26 above' is exempted other than the water falling under the below 9 mentioned categories

- (i) aerated,
- (ii) mineral,
- (iii) **purified,**
- (iv) distilled,
- (v) medicinal,
- (vi) ionic,
- (vii) batter,
- (viii) de-mineralized
- (ix) water sold in sealed containers.

28. On combined reading of the above notifications, it appears that the water falling under the above 9 mentioned categories is taxable under GST at the rate of 18%.

29. Now coming to the case of the applicant. Applicant describes that the water which is subjected to the process of chlorination is being collected either from a well or R.C.C. storage tank of Public Works Department (PWD) and supplied to an educational institute through unsealed water tankers having approx capacity of 20,000 Liters. To determine taxability of the water supplied by the applicant, the question arises whether the said water falls under any of the above 9 mentioned categories. Prima facie, it appears that the same falls under the category of '**purified**' water however it needs further discussion before arriving at final conclusion.

30. In connection to above it is pertinent to discuss the meaning and scope of 'purified water' and whether the process of chlorination leads to purification of water.

Dictionary meaning of '*purification*' is "the removal of contaminants from something". Thus 'Purified water' means water on which any process has been carried out for removal of contaminants for making it fit for use.

'*Chlorination of water*' is the process of adding chlorine to drinking water to disinfect and make it safe for consumption by killing harmful microorganisms and pathogens. Chlorination of water is a widely adopted and essential process in the field of public health and water treatment. It involves the controlled introduction of chlorine, a powerful disinfectant, into drinking water supplies to eliminate harmful microorganisms, bacteria, and other pathogens that could pose serious health risks to consumers. This method of water treatment ensures that consumers have access to clean and potable water.

Viewing above dictionary meaning of the terms, it is clear that the process of 'chlorination of water' leads to the 'purification of water' by means of removing the contaminants present in the impure water i.e. microorganisms and pathogens, thereby making it fit for human consumption.

31. As a result it is clear that the chlorinated water supplied by the applicant falls under the category of 'purified' and therefore it is taxable under the Chapter Heading 2201 in view of exclusion mentioned at Entry No. 99 of the exemption Notification No. 2/2017-Central Tax (Rate) dated 28/06/2017.

In view of above discussion and findings, the ruling so sought by the applicant is as under.

RULING (SGST Member)

ADVANCE RULING UNDER SECTION 98 OF THE CGST/ GGST ACT,
2017.

The ruling so sought by the applicant is accordingly answered as under.

The supply of water for students by a staggered delivery of potable drinking water to be transported either from well or R.C.C. storage Tank of Public Works Department (PWD) which is filling point for the tanker, from where it is supplied to the concerned party i.e. IIT Goa for students as per the work order cited by the applicant, being a composite supply with supply of water as the principal supply, is covered under the entry No. 99 of Notification No. 2/2017-Central Tax (Rate) dated 28.06.2017 and thus is exempt from Tax under GST.

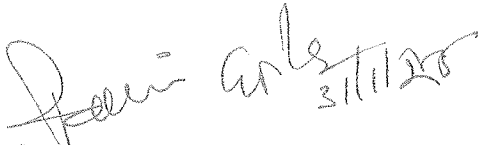
RULING (CGST Member)

ADVANCE RULING UNDER SECTION 98 OF THE CGST/ GGST ACT,
2017.

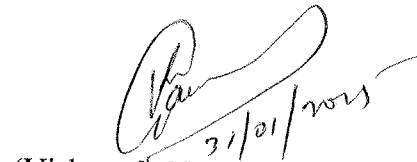
The ruling so sought by the applicant is accordingly answered as under.

The supply of water for students by a staggered delivery of potable drinking water to be transported either from well or R.C.C. storage Tank of Public Works Department (PWD) which is filling point for the tanker, from where it is supplied to the concerned party i.e. IIT Goa for students as per the work order cited by the applicant, being a composite supply with supply of water as the principal supply, does not cover under the

entry No. 99 of Notification No. 2/2017-Central Tax (Rate) dated 28.06.2017 and thus is taxable under GST at the rate of 18%.


31/01/2025

(Pallavi Gupta)
Member


31/01/2025

(Vishant S. N. Gaunekar)
Member

Dated: - /01/2025
Place: - Panaji, Goa

To,

Shri Akhil Arun Naik,
H. No. 6/188/15,
Behind Dr. Shirsat Residence,
Tisk Ponda, Goa 403401

Copy to:

1. The State Tax Officer, Ponda Ward, Ponda, Goa.
2. The Dy. Commissioner of State Tax, Ponda Ward, Ponda-Goa.
3. The Commissioner of State GST, Altinho, Panaji - Goa.
4. The Commissioner of Central GST, Patto Plaza, Panaji - Goa.
5. Office File.
6. Guard File.

GST Reference to Appellate Authority for Advance Ruling

no. GOA/GAAR/OH of 2023-24 / GST Reference / 4668



Goods and Services Tax

Vishant Sadanand NaikGaujekar
Goa, Goa

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Search by: **Sadhanand Naik** GST ARA - 01

English

ARN/Case Id
AD301223000509S
Legal Name
AKHIL ARUN NAIK

GSTIN/UIN/Temporary Id
30AQRPN4325L1ZM

Date of Application/Case Creation
07/12/2023

Status
Referred by Authority

APPEALS

Referred to

APPEALS	Advance Ruling Reference ARH	Type of Reference	Centre Member	State Member	Date of Reference	Advance Ruling Order passed by Authority	Details of Reference
PROCEEDINGS	AD30602250090370	Complete Reference	Ray Kulkarni, Chief Commissioner, Center	SANPREET SINGH GILL, Commissioner	04/07/2025	NA	Reference Sent Mail

RETRIBUTION

ADDITIONAL

EXCISE DUTY

VALUE ADDED

RETURNED BACK

1493.96

1493.96

1493.96

04-07-2025

