



**BEFORE THE AUTHORITY FOR ADVANCE RULING - ANDHRA PRADESH
Goods and Services Tax**

D. No. 5-56, Block-B, R.K. Spring Valley Apartments, Edupugallu, Vijayawada-521151

Present

1. Sri. D. Ramesh, Additional Commissioner of State Tax (Member)
2. Sri. M. Sreekanth, Joint Commissioner of Central Tax (Member)

AAR No.15/AP/GST/2020 dated:13.05.2020

1	Name and address of the applicant	M/s. Halliburton Offshore Services Inc.(Oil India), Plot no. 5A3, Unit – 2, ADB Road, Vakalpudi, East Godavari, Andhra Pradesh – 533004.
2	GSTIN	37AAACH5154M1ZC
3	Date of filing of Form GST ARA-01	08.11.2019
4	Date of Personal Hearing	19.12.2019
5	Represented by	Sri Shyam Sundar Bangaru
6	Jurisdictional Authority –Centre	Superintendent, Ramanayyapeta Range, Kakinada CGST Division.
7	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.

ORDER

(Under sub-section (4) of Section 98 of Central Goods and Services Tax Act, 2017 and sub- section (4) of Section 98 of Andhra Pradesh Goods and Services Tax Act, 2017)

1. The present application has been filed u/s 97 of the Central Goods & Services Tax Act, 2017 and AP Goods & Services Tax Act, 2017 (hereinafter referred to CGST Act and APGST Act respectively) by Halliburton Offshore Services Inc. (hereinafter referred to as applicant), registered under the Goods & Service Tax.
2. The provisions of the CGST Act and APGST Act are identical, except for certain provisions. Therefore, unless a specific mention of the dissimilar provision is made, a reference to the CGST Act would also mean a reference to the same provision under the APGST Act. Further, henceforth, for the purposes of this Advance Ruling, a reference to such a similar provision under the CGST or AP GST Act would be mentioned as being under the GST Act.



3. Brief Facts of the case:

Halliburton Offshore Services Inc. is a global service provider, engaged in providing various oilfield services to Exploration and Production companies across the globe. Presently, the Applicant has contracted to provide Mud Engineering and Drilling Waste Management services for drilling three HPHT Exploratory Wells in KG Basin, Andhra Pradesh.

The applicant had filed an application in form GST ARA-01, Dt:19.12.2019, by paying required amount of fee for seeking Advance Ruling on the following issues, as mentioned below.

4. Questions raised before the Authority:

The applicant filed the present application seeking a ruling from this Authority on the following issues:

- a) Whether the supply of mud engineering services along with supply of imported mud chemicals and additives provided on consumption basis by the Applicant under the Contract qualify as composite supply.
- b) If answer to Para (a) is yes, then whether the supplies made under the Contract merits classification under Entry 9986 (ii) - Service of exploration, mining or drilling of petroleum crude or natural gas or both and subject to GST at the rate of 12%/18% as the case may be.
- c) If the answer to Para (a) is no, then whether such supply of mud chemicals and additives on consumption basis at OIL India's location in India provided under the Contract qualify for concessional GST rate of 5% against an Essentiality Certificate ('EC') under Notification No. 50/2017-Customs dated 30 June 2017.

On Verification of basic information of the applicant, it is observed that the applicant falls under Central jurisdiction, i.e. Superintendent, Ramanayyapeta Range Kakinada CGST Division. Accordingly, the application has been forwarded to the jurisdictional officer and a copy marked to the State Tax authorities to offer their remarks as per the Sec. 98(1) of CGST /APGST Act 2017.

In response, remarks are received from both Central and State jurisdictional officers concerned stating that there are no proceedings lying pending or passed relating to the applicant on the issue, for which the Advance Ruling sought by the applicant.

5. Record of Personal Hearing:

Sri Shyam Sundar Bangaru, the authorized representative appeared for Personal Hearing on 19.12.2019 and they reiterated the submission already made in the application.



6. Applicant's Interpretation of Law and Facts:

6.1 In the present case, the Applicant has entered into the Contract to provide a wide range of oilfield services viz. mud engineering services, operation and management of mud plant services, drilling waste management services, waste management and fluid management services, etc. As the above listed supplies are made under a single Contract, to determine the rate of GST applicable on each supply (i.e. in this case, supply of mud engineering services, mud chemicals, additives, etc.), it is essential to determine whether such supplies would be classified as composite supply or independent supplies.

6.2 For this purpose, the Applicant is required to design, formulate and perform engineering services using its engineers, operators and technology. Further, the Applicant is also required to supply drilling mud, completion fluids, chemicals and additives to be used for performing services. The mud chemicals and additives are supplied on regular basis by the Applicant to maintain adequate stock of chemicals, additives and other materials. In this regard, Clause 16.2.2 of Schedule II of the Contract provides as under:

"16.2.2 The Contractor shall supply complete line of mud chemicals, barites & additives conforming to relevant API/BIS specifications required for preparation and maintenance of mud and completion fluid. The Contractor shall maintain adequate stock of all chemicals including contingency back-up chemicals and ensure timely supply as per operational requirement of the well for uninterrupted operations. However the payment will be made on actual consumption basis duly certified by the Company Representative and OIL Chemist."

6.3 In view of the above-mentioned scope of work for supply mud chemicals and additives, it is submitted that such chemicals, additives and materials supplied under the Contract for supply of mud engineering services are essential to perform service under the Contract. In this connection, as per the definition of 'composite supply' provided under Section 2(30) of the CGST Act, composite supply means a supply is comprising of two or more taxable supply of goods or services or both, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply.

6.4 In view of the scope of work to be performed under the Contract, it becomes relevant to analyse whether the supply of mud chemicals and additives can be said to be part and parcel of a 'composite supply'. In this regard, an important factor in the definition of 'composite supply' is that the various supplies (i.e. services and goods in the present case) are naturally bundled and must be supplied 'in conjunction with each other'.

6.5 In the present case, as mentioned in Clause 10 – Section II of the Contract, it can be said that chemicals, additives and other materials are required to be supplied to enable the performance of services. Thus, it can be said that supply of mud engineering and drill waste management services and supply of chemicals, additives and other materials are naturally bundled under this Contract.

6.6 With respect to supply to be made in conjunction with each other as mentioned in the definition of the term 'composite supply', they submit that the term 'conjunction' is not defined under the statute. Thus, applicant have referred the dictionary meanings as below:



Oxford English Dictionary (Online Version)

The action or an instance of two or more events or things occurring at the same point in time or space

Merriam Webster Dictionary (Online Version)

The state of being conjoined (Conjoined - being, coming, or brought together so as to meet, touch, overlap, or unite)

Occurrence together in time or space

Chambers Dictionary (Online Version)

A joining together; combination

The coinciding of two or more events

Cambridge Dictionary (Online Version)

The situation in which events or conditions combine or happen together

6.7 As per the aforesaid definitions, supplies in conjunction with each other would imply supplies that are made together or in combination. Here, it is submitted that the chemicals, additives and other materials are required to perform the services under the Contract by the Applicant and such mud chemicals and additives cannot be procured independently. In the present case, the mud chemicals and additives are not supplied independent of the mud engineering services performed in the offshore location. Thus, it can be said that such mud chemicals and additives are supplied in conjunction with the supply of mud engineering services.

6.8 As discussed above, since supply of mud chemicals and additives are naturally bundled and supplied in conjunction with the supply of mud engineering services, such supply of chemicals and mud engineering services would qualify as 'composite supply' as per Section 2(30) of the CGST Act.

7. In this regard, the second aspect which is raised before the authority is whether such mud engineering services are covered by Entry 9986 covering services of exploration or drilling inserted vide Notification no. 1/2018-Central Tax (Rate) dated 25.01.2018 amending the original notification no. 01/2017-Central Tax (Rate), dated 28.06.2017 and substituted Entry 24(ii) with the following entry:

Sl. No.	Chapter, Section or Heading	Description of Service	Rate (per cent.)	Condition
(1)	(2)	(3)	(4)	(5)
24	Heading 9986	(ii) Service of exploration, mining or drilling of petroleum crude or natural gas or both.	12	-



7.1 The description of scope of services provided under the Contract reflect the Applicant is providing mud engineering and waste management services to OIL India for smooth drilling of well and to ensure that the well is drilled in the desired size. It further prevents the well from collapse and maintains the integrity of well thereby resulting into completion and improvement of the well. The Applicant essentially executes an integrated Contract of mud engineering and drilling waste management of the well along with supply of chemicals for the supply of such services, in the nature of drilling activities. It is evident that OIL India intends to receive the services for the smooth extraction of petroleum crude and it becomes apparent that the services provided are for extraction of petroleum crude or natural gas or both. Thus, the specific entry i.e. Entry 9986 which covers the services of exploration or drilling supplied is applicable to the mud engineering and other services provided under the Contract.

7.2 Further, in respect of taxability of composite supply, Section 8 of the CGST Act provides as under:

"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) a mixed supply comprising two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax."

7.3 In terms of the foregoing, a composite supply is to be taxed per the principal supply. The term 'principal supply' has been defined under Section 2(90) of the CGST Act as under:

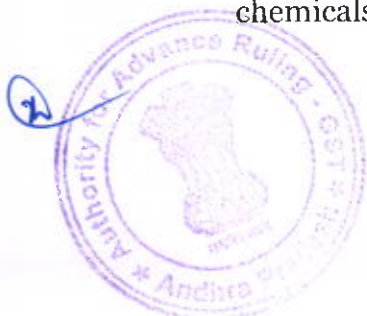
"2. Definitions

(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"

7.4 In the present case, as the supply of mud engineering services is the principal supply, the supply made under the Contract would be classified under HSN 9986 which covers the services of exploration or drilling and GST at the rate of 12% would be applicable to the entire Contract as a whole.

8. If the answer to Para (a) is no, then whether such supply of mud chemicals and additives on consumption basis at OIL India's location in India provided under the Contract qualify for concessional GST rate of 5% against an Essentiality Certificate ('EC') under Notification No. 50/2017-Customs dated 30 June 2017.

8.1 If the supply of mud engineering services along with the supply of mud chemicals and additives provided under the Contract by the Applicant does not qualify as composite supply, then it becomes relevant to determine the classification of mud chemicals and additives supplied by the Applicant.



8.2 As mentioned above, the Applicant is undertaking supply of mud chemicals (such as drilling mud, completion fluids and well bore cleanup chemicals/additives or any other chemicals) in the course of supplying such mud engineering services, waste management, fluid management services and operation and maintenance of Mud Plant.

8.3 The relevant clauses relating to supply of material of the Contract have been provided under:

“16.1.2 The Contractor will be required to maintain adequate stock of mud chemicals in a project warehouse. All imported or long lead time on critical chemicals shall be stocked in sufficient volume to cater uninterrupted drilling program. Locally available non critical items with less lead time can have a smaller minimum volume. The Contractor shall be responsible to maintain minimum stocks. The chemicals and additives imported exclusively for this project will be duty free based on EC (Essentiality Certificate) issued by DGH with confirmation letter given by the Company.

16.1.3 It is the Contractor's responsibility to confer with their mud engineers on the drilling unit to ensure that adequate stocks are maintained at the drilling site. The stock levels shall be reported and duly approved by OIL on daily/weekly basis.

16.2.2 The Contractor shall supply complete line of mud chemicals, barites and additives conforming to relevant API/BIS specifications required for preparation and maintenance of mud and completion fluid. The Contractor shall maintain adequate stock of all chemicals including contingency back up chemicals and ensure timely supply as per operation requirement of the well for uninterrupted operations. However, the payment will be made on actual consumption basis duly certified by the company representative and OIL Chemist.

16.2.4 The Contractor shall provide complete chemical product data for each chemical product data including but not limited to brand name, manufacturer's name, specifications/test reports of the chemicals, units of packaging, country of origin, specification and Material safety data sheet (MSDS). The Contractor shall provide complete list of chemicals as per full list provided for drilling, completion and wellbore clean up fluids along with the bid.

16.2.7 Company shall not buy any leftover chemicals brought by the Contractor after completion of the project/expiry of the contract under any circumstances.



16.2.9 Mud chemicals shall be delivered by the Contractor in the well site. The Company shall reimburse the cost of chemicals at actual consumption basis to the contractor certified by OIL Chemist/Company Representative. However, the Contractor is required to stock sufficient quantity of mud chemicals at for any eventuality."

8.4 The prices for such chemicals and consumables have been identified separately under the Contract under Proforma B (Part L) of the Contract. Accordingly, the Applicant raises invoice for supply of goods to OIL India subject to verification of quantity consumed.

8.5 In light of the above aspects, the Applicant desires to examine whether supply of goods namely chemicals and additives, etc. is eligible for concessional GST rate of 5% vide Serial No. 404 of Notification No. 50/2017-Customs dated 30 June 2017, provided for petroleum operations under taken under petroleum exploration licenses or mining leases, granted by the Government of India or any State Government to the Oil and Natural Gas Corporation or OIL India Limited on nomination basis, subject to production of EC by the supplier.

8.6 In view of above factual and legal analysis, the Applicant submits the following:

- a) Supply of mud chemicals and additives provided by the Applicant under the Contract does not qualify as composite supply.
- b) If supplies provided under the Contract by the Applicant qualify as composite supply then such supply of mud Engineering and drilling services along with supply of mud chemicals and additives would be subject to GST 12%/18%, as the case may be, as services of exploration, mining or drilling of petroleum crude or natural gas or both under Entry 9986(ii) of Notification no. 11/2017-CT (Rate) dated 28 June 2017.
- c) If supplies provided under the Contract by the Applicant does not qualify as composite supply then supply of goods such as chemicals, additives, etc. for specified petroleum operation will be eligible for concessional GST rate of 5% against an EC in terms of Serial No. 404 of the Notification no. 50/2017-Customs dated 30 June 2017.

9. Discussion and Findings:

9.1 We have examined the issues raised in the application. The taxability and the applicable rate of tax for the goods and services supplied or to be supplied, as governed under the provisions of respective GST Acts are examined.



9.2 The Applicant sought advance ruling on determination of classification and consequent liability to pay GST on goods/services as supplied by the Applicant under the Contract with the Customer viz. M/s OIL. To be more precise reference is invited to the questions (a) to (c) {*raised in Exhibit-1 attached to the Application in GST-ARA-01*}. Ruling on the **questions (b) & (c)** will be automatically followed once the **question (a)** is answered. At the outset, the undersigned prefer to examine the issue or question as to whether the supply of mud engineering services along with supply of imported mud chemicals and additives provided on consumption basis by the applicant under the Contract qualify as **composite supply or not**.

9.3 Reference is drawn to sub-section (30) of Section-2 of the CGST Act, 2017 and according to which **'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".*

2(a) Above said definition inter-alia laid down two crucial pre-conditions for merit classification of a supply as a 'composite supply'. Foremost condition is that supplies of goods or services or both or any combination thereof should be **naturally bundled**. The next one is that they should be **supplied in conjunction** with each other. It is noticed that the word 'conjunction' was not defined under CGST Act, 2017 nor the word 'naturally bundled'. However, Section-2(90) of the CGST Act, 2017 defines 'Principal supply' as per which it 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"

2(b) To have a realistic understanding of the words 'naturally bundled' and 'conjunction', the definitions and meanings as provided in the erstwhile laws (as far as '*naturally bundled*' is concerned) or in the dictionary (as far as the word *conjunction* is concerned) have given cognizance in arriving at the answer. Reference is also sought to the Education guide on Composite supply and Mixed supply provided by the Central Board of Indirect Taxes & Customs in the website www.cbic.gov.in. Accordingly, the aspects are examined and the findings are as under:

9.4 M/s Halliburton Offshore Services (hereinafter referred to as 'the Applicant') was awarded a Contract No 62054290 by M/s Oil India Limited (hereinafter referred to as 'M/s OIL') vide letter under Ref No. OIL/KGB/CONT-6205290/637 dated 19.08.2014 (hereinafter referred to as 'the Contract'). As per said contract, the applicant should provide 'Mud Engineering and Drilling Waste Management services' for drilling three (3) HPHT Exploratory Well in KG Basin.



9.5 Clause-10 of Section-II of the Contract speaks about Scope of work i.e. Scope of Service to be provided by the Applicant. It is noticed that the Mud Engineering Services to be provided by the Applicant is inclusive of Tools/Equipment/Laboratory facilities / Consumables / Chemicals / additives and Personnel for drilling of HTHP Wells in KG onshore. The contract further laid emphasis that the applicant is required to provide complete mud service and that the scope of the work includes (but not limited to) designing and formulation of mud program, mud engineering services, supply of complete line of drilling mud, completion fluids and wellbore cleanup chemicals/additives. A comprehensive reading of scope of work (as provided in the Contract including the aspects thereof) gives an understanding that the Contract is not merely for supply of additives/chemicals/consumables or not merely for providing for services. In the perspective of the customer or recipient i.e. M/s OIL, the Contract is a single package comprising of 'supply of services and supply of goods'.

9.6 Under the Contract, the applicant is obligated to provide complete Mud Engineering and Drilling Waste Management Services. For provision of such services, it is essential to have all technical support (equipment/tools), technical personnel and required chemicals/additives. These components are clearly incidental and ancillary to main supply i.e. providing of mud engineering and drilling waste management Services for 3(three) HTHP Wells in KG Basin. If any one or more of these components is removed, the very nature of main supply **i.e. provision of mud engineering and drilling waste management services** would be affected. It also defeats the very purpose of the Contract and in such a scenario; there appears no service to be provided by the Applicant. Thus, the scope of the work to be provided by the Applicant under the Contract is a combination of supply of service and supply of goods which are naturally bundled in the ordinary course of business – wherein the principal supply is supply of service (*mud engineering or drilling waste management services*) and supply of goods viz. mud chemicals and mud additives which form incidental or ancillary supply to the principal supply.

9.7 Now, We proceed to examine the second condition of definition of 'Composite Supply' i.e. *as to whether the supply of service and supply of goods are provided in conjunction with each other or not*. The word conjunction has the following meanings as per the dictionary meanings (on line version) as stated hereunder:

"The action or an instance of two or more events or things occurring at the same point in time or space" – Oxford English Dictionary (on Line version)

"Occurrence together in time or space" – Marriam Webster Dictionary (on line version)

"the coinciding of two or more events" – Chambers Dictionary (on line version)

"the situation in which events or conditions combine or happen together" – Cambridge Dictionary (on line version)



As per the above said definitions, the phrase '**in conjunction with**' would mean...*"the fact of two or more things occurring/happened together or simultaneously"*. Accordingly, in plain reading and understanding, the phrase or sentence viz. **"supplied in conjunction with each other"** used in the definition of 'Composite Supply' under Section -2(30) of the CGST Act, 2017 would imply *"occurrence or happening of the two things or events namely supply of services and supply of goods together or simultaneously.."*. Therefore, in the light of scope of work read with terms & conditions as provided in the Contract (*including rate of payment*), it is necessary to examine whether the additives /chemicals supplied (*on consumption basis*) by the Applicant are in conjunction with supply of services or not.

9.8 It is observed that for "Mud Engineering and Drilling Waste Management Services", the scope of work was detailed under Section-II of the Contract. The said scope of work consists of 'deployment of personnel (mud coordinator, Mud Engineer etc.)- Ref: Clauses 11.1 to 11.3', Technical support (clause-17), Laboratory Equipment (clause-15), Logistics (clause-16)'. It is observed that though the contract is for 'Mud engineering and Drilling waste management services', the scope of work or the consideration for such services is not based on quantum or volume of the service. The scope of work under the contract encompasses the events viz. supply of technical personnel, technical equipment (on rental basis) and supply of additives/chemicals/consumables. Consideration receivable by the applicant is with reference to provision of such each event (*reference to Section-III of the Contract*). Thus, all these components are **not supplied or provided as a package at a single price**.

9.9 Reference is invited to detailed scope of supply of Mud Chemicals and Additives together with their Logistics is provided under clause 16.2 and 16.1.2 to 16.1.5 of Section-II of the Contract. Reference is also drawn to Clause 8.10 of Section-I of the Contract with regard to Customs duty on list of items. As stated hereinabove, the scope of work consists of activities of mobilization, utilization and demobilization of technical personnel, technical equipment and chemicals/additives/consumables. Reference is invited to clause 2.2 and the note there-under, as per which *"mobilization of consumable only on staggered basis to each of the three wells on mutually agreed delivery schedule; all rental tolls/equipment/accessories/personnel shall be mobilized to the well site as and when instructed by the Company"*. In terms of clause 5.2 of the Contract, *"upon company's request, Contractor, entirely at its own expense, shall remove immediately; any personnel of the Contractor determined by the Company to be unsuitable and shall promptly replace such personnel with personnel acceptable to the Company."* Further, clause-8.10 of the Contract speaks about procurement of items (additives/chemicals/consumables etc.) i.e import at concessional (nil) customs duty, issuance of Recommendatory Letter (RL) by OIL, obtaining of necessary EC from DGH by the Applicant etc. Under Clause 15.0 of the Contract, the Applicant may sub-contract the petty support services subject to Company's approval. It is also observed that consideration in the form of 'mobilization charges' would be paid by the Company for each of the event (individually or separately) at the rates and schedule as specified in Section-III of the Contract. Same is the case with regard to demobilization of personnel, technical equipment and additives/chemicals/consumables



etc. All these facts lead to a conclusion that all these elements, technical personnel/equipment and goods are separately available and can be procured independently.

9.10 In terms of Clause 11.4 of the Scope of the Work under Section-II of the Contract, 'the Applicant will remove and replace any personnel in the Contract if deemed not suitable or experienced enough to carry out the work in a reasonable time without effecting company's operation at their own expenses provided that OIL requests so in writing'. Under this clause, it appears that a choice is available to the service recipient for replacement/removal of technical personnel (a part of their scope of work of the Contract) independently. Vide clause 13.1 of Scope of the Work under Section-II of the Applicant shall ensure sufficient quantity of materials and chemicals are available at the rig site and at the base and the applicant is also under obligation for providing of actual delivery verification.

9.11 Clause-16.2 of Section-II of the Contract refers to supply of mud chemicals and Additives – which includes submission of specification of all the offered chemicals, supply of complete line of mud chemicals and additives, maintenance of adequate stocks of these items, furnishing of test reports to OIL, payment on actual consumption basis etc. As per Clause 16.2.5, the recipient i.e., OIL reserves the right to terminate the contract if the chemicals and additives are found to be of substandard quality and the contractor is unable to replace those within a reasonable time without affecting operations. On examination of terms and conditions under these clauses, it is found that all activities/events viz. procurement, delivery, usage, rejection or replacement, demobilization and receipt of consideration- relating to mud-chemicals and additives can be done independently/separately. It is noticed that all these activities or events relating to the goods (chemicals/additives/consumables) are not necessarily be procured, delivered, replaced or demobilized simultaneously with those of other services and goods namely 'technical personnel or technical equipment or lab equipment etc.' Though the items mud chemicals and additives are essential and integral part of the work of the Applicant under the Contract viz. "Mud Engineering and Drilling Waste Management Services", it is found that the supply of these items is not necessarily be in conjunction with supply of other events namely services – technical personnel and other goods on rental basis.

9.12 From the foregoing, it is observed that there are independent qualitative, quantitative and logistic (mobilization, delivery, replacement of deficient or substandard materials, demobilization thereof etc.) compulsions with reference to procurement by the applicant, clauses for sub-contracting of petty services, subsequent delivery (or supply) to M/s OIL and usage (or consumption) of additives / chemicals in mud engineering activity and drilling waste management services. It is also observed that there are similar conditions prevailed independently to Technical Personnel and technical equipment (including laboratory equipment) separately. Thus, it is clear and evident that the different components namely, technical personnel, technical equipment and additives/chemicals/consumables are separately available for procurement and supply by the applicant. It is therefore, understandable that supply of mud additives and chemicals



cannot be said to be supplied in conjunction with supply of services (technical assistance by way of supply of technical personnel) and supply of other goods namely technical equipment.

9.13 As the essential second criteria of 'supplied in conjunction with' had not been complied, the supply of mud engineering services along with supply of imported mud chemicals and additives provided on consumption basis by the Applicant under the contract **do not qualify** and classifiable as '**composite supply**'.

9.14 And therefore, the supply of imported mud-chemicals and mud additives provided on consumption basis shall be classifiable as supply of goods under respective HSNs of goods as specified under CGST Act, 2017. Similarly, it is found that the other events supply of goods (on rental basis) and supply of services (supply of technical personnel) shall be accordingly classifiable independently under respective HSNs of Services/Goods as the case may be.

9.15 As the Answer to Question-A is No, the necessity of classification of supplies as sought under Question or Point-B to ARA does not arise. As it is found that the scope of the work under the subject contract is not a 'composite supply' and each of the events/activity found to be classifiable independently (as goods or as services as the case may be), the said events/activities will be chargeable or leviable to applicable and prevailing respective GST rates.

9.16 The last Question or Point-C viz. is "whether supply of mud chemicals and additives on consumption basis at OIL India's location in India provided under the Contract qualify for concessional GST Rate of 5% against an Essentially Certificate under Notification No. 50/2017-Customs dated 30.06.2017". In this regard, a reference is invited to the finding herein above with regard to holding that "supply of mud chemicals and additives as supply of goods". Accordingly, the benefits under referred Customs Notification is available to supply of such goods at the time of their importation subject to fulfilment of description, tariff item, lists and conditions specified therein and subject to the satisfaction of the Proper Officer.

RULING

(Under section 98 of Central Goods and Services Tax Act, 2017 and the Andhra Pradesh Goods and Services Tax Act, 2017)

Question (a): Whether the supply of mud engineering services along with supply of imported mud chemicals and additives provided on consumption basis by the Applicant under the Contract qualify as composite supply.

Answer (a): No



Question (b): If answer to question (a) is yes, then whether the supplies made under the Contract merits classification under Entry 9986 (ii) - Service of exploration, mining or drilling of petroleum crude or natural gas or both and subject to GST at the rate of 12%/18% as the case may be.

Answer (b): Not applicable as its replied in question (a)

Question (c): If the answer to Para (a) is no, then whether such supply of mud chemicals and additives on consumption basis at OIL India's location in India provided under the Contract qualify for concessional GST rate of 5% against an Essentiality Certificate ('EC') under Notification No. 50/2017- Customs dated 30 June 2017.

Answer (c): The benefits under referred Customs Notification is available to supply of such goods at the time of their importation subject to fulfilment of description, tariff item, lists and conditions specified therein and subject to the satisfaction of the Proper Officer.

**Sd/- D. RAMESH
(MEMBER)**

**Sd/- M.SREEKANTH
(MEMBER)**

//t.c.f.b.o//


Assistant Commissioner (ST)
Assistant Commissioner (State Tax)
O/o, Chief Commissioner of State Tax,
Andhra Pradesh, Vijayawada.

TO

- 1) M/s. Halliburton Offshore Services Inc.(Oil India),
Plot No.5A3, Unit-2, ADB Road, Vakalpudi, East Godavari District,
Pin.No.533004 (Andhra Pradesh) **(By Registered Post)**
- 2) M/s. Halliburton Offshore Services Inc.(Oil India),
International Business Park, 17th Floor, Commerz II,
Oberoi Garden City, Off Western Express Highway, Goregaon (East),
Mumbai-400063 Maharashtra State **(By Registered Post)**

Copy to

1. The Assistant Commissioner of State Tax, Kakinada Circle, Kakinada Division.
(By Registered Post)



2. The Superintendent of Central Tax, Ramanayyapeta Range, Kakinada CGST Division **(By Registered Post)**

Copy submitted to

1. The Chief Commissioner (State Tax), O/o Chief Commissioner of State Tax, Eedupugallu, Vijayawada.
2. The Chief Commissioner (Central Tax), O/o Chief Commissioner of Central tax & Customs, Visakhapatnam Zone, GST Bhavan, Port area, Visakhapatnam-530035 **(By Registered Post)**

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

