

**THE AUTHORITY FOR ADVANCE RULING
IN KARNATAKA
GOODS AND SERVICES TAX
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD
GANDHINAGAR, BENGALURU - 560009**

Advance Ruling No. KAR ADRG 22/2020

Date : 23-04-2020

Present:

1. Dr. Ravi Prasad M.P.
Additional Commissioner of Commercial Taxes Member (State Tax)
2. Sri. Mashhood Rehman Farooqui,
Joint Commissioner of Central Tax, Member (Central Tax)

1.	Name and address of the applicant	M/s Chamundeshwari Electricity Supply Corporation Limited, No.29, CESC Corporate Office, 2nd Stage, Vijayanagar, Near Hunsur Main Road, Hinkal, Mysuru- 570 017.
2.	GSTIN or User ID	29AACCC6636P1Z1
3.	Date of filing of Form GST ARA-01	03-09-2019
4.	Represented by	Sri B.C Bhat, Advocate
5.	Jurisdictional Authority - Centre	---GOKULAM RANGE----
6.	Jurisdictional Authority - State	LGSTO 190 ,Mysore
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000-00 under CGST Act CIN No. SYNB 19092900017364, dt.04-09-2019 and Rs 5,000-00 under SGST Act vide CIN No. SYNB 19082900393454 dt.22-08-2019

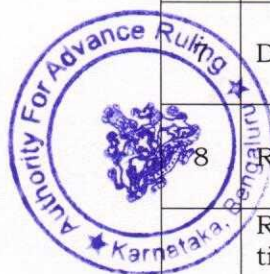
**ORDER UNDER SECTION 98(4) OF THE CENTRAL GOODS & SERVICES TAX
ACT, 2017 AND UNDER SECTION 98(4) OF THE KARNATAKA GOODS &
SERVICES TAX ACT, 2017**

1. M/s Chamundeshwari Electricity Supply Corporation Limited, No.29, CESC Corporate Office, 2nd Stage, Vijayanagar, Near Hunsur Main Road, Hinkal, Mysuru- 570 017., having GSTIN number 29AACCC6636P1Z1, has filed an application for Advance Ruling under Section 97 of the CGST Act, 2017 read with CHESCOM

Rule 104 of CGST Rules, 2017 and Section 97 of the KGST Act, 2017 read with Rule 104 of KGST Rules 2017, in **FORM GST ARA-01** discharging the fee of Rs.5,000-00 each under the CGST Act and the KGST Act.

2. The Applicant is a limited company and is registered under the Goods and Services Act, 2017. The applicant has sought advance ruling in respect of administration and Pre connection and Post Connection service of 91 services as shown below.

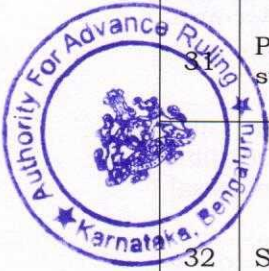
S.N	Amount Collected by CESC for providing Various Services	Description of Service
ADMINISTRATION- FEES/AMOUNT COLLECTED FOR ADMINISTRATION RELATED SUPPLY		
1	RTI Application Fee	Application Fee Collected from Information seekers as Prescribed by the Govt. for giving information to the applicant seeking Information under RTI Act.
2	Amount Collected towards providing information under RTI Act.	Amount Collected from the Applicant seeking Information. as Prescribed by the Govt. for providing additional information under RTI Act.
3	Departmental Exam fees collected from employees of CESC/KPTCL	Exam fees collected from employees for appearing to the Exams conducted by department (CESC/KPTCL) for promotions as per departmental norms.
4	E.M.D-Earnest money Deposit	Earnest money Deposit received (cash, cheque, BG) against tender notification as. As per terms and condition of the Tender, Deposit paid to company by vendors for applying for tender for various work contracted for improvement and enhancement of distribution network. The EMD/Security Deposit /BG will be refunded after final settlement of the account or cancellation of Work Order
5	Interest on Bank Short Term Deposit	Interest received from Bank for short term Deposit. It is shown as Other income in the P/L account
6	Interest amount recovered from employees	Loan / Advances given to the employees for their needs. A nominal Interest is recovered Along with monthly EMI amount. (Interest is less than the Bank Interest).
	Discount	Supply of electricity by KPC to CESC is exempted if KPC has given certain Discount the same will be accounted in Books of A/c
8	Rebate	Rebate received for settlement of Power purchase bills in time from the power Generator like KPCL and other Power generators.
9	Rebates collected for in time payment of energy purchase bills dues Discount given by the Power supply company for in-time payment for energy bills	We purchase Electricity from Power supply Company for distribution. If the payment to the Power Supply company is made within the due date for their energy bills, the Power Supply Company will give discount/ rebate for in-time payment.



10	Income accrued on account of energy savings	Due to Power savings by the consumers, the Govt. will give certain incentives. A part of such Energy Savings will be passed on to CESC. The same is accounted under the head "Income accrued on account of energy saving"
11	Incentives Received	Incentives received from the Power Corporation/State Govt. from time to time under various schemes.
12	Rebate on Power Purchase Bills	Rebate received for settlement of Power purchase bills in time from the power Generator like KPCL and other Power generators.
13	Liquidated damages 1. Energy purchase bills 2. Others	Miscellaneous recoveries/income Related to power purchase. Amount Recovered as Damages from the supplier/vendors due to under/Non-performance of the work / Delay in delivery of Goods / Electricity Delivered less than the stipulated quantity as stipulated in the Power Purchase agreement. The loss to the company is recovered as damages at the time of Payment of Bills.
14	Goods given under Barter System	At the time of Installation/ Commissioning of Transformers at the Site or at consumer end by the Contractors, certain material gets short. The items will be given free of cost to the Contractor by CESC. Subsequently item will be replenished by the Contractor to CESC
15	Replacement of Assets during the Guarantee Period (Using Delivery Challan)	The defective items like Transformers etc, are replace by the supplier of Goods under Delivery Challan without making any invoice. No additional payment is made as the asset is replaced within Guarantee period
16	Profit on sale of Stores	Purchased Goods (Stores) are Accounted in Books of A/c under Written Down Value (WDV). When it is scrap materials sold, Invoice is prepared and applicable GST is paid. Sale proceeds shown separately. Where the Scraps are sold at a higher price than the WDV, the difference is accounted as profit in Books of Account under the Profit on Sale of Stores a/c head. It is only Book Adjustment
17	Depreciation withdrawn from Contribution / subsidies as per AS-12	In respect of Purchase of Capital goods like Transformers, Poles, Cables etc. the depreciation accounted earlier is reversed. This is only reversal entry.
18	Write-back of Interest	Interest accounted/demanded earlier if found to be accounted incorrectly, it is written back in books of accounts. This is only reversal entry
19	Excess found on Physical verification of Materials Stock, Fixed Assets & Cash	During the stock verification of Stores Materials if found excess, the same will be shown in P/L A/c as Excess found on Physical Verification. The GST is Already paid at the time of purchase of Material.
20	Excess provision for IT	Excess provision made in Income Tax payment at the end of year for present financial year before finalization of Company account



21	Excess provision for Depreciation in Prior periods	Excess Provision made in which difference between Provision Depreciation is made with the actual depreciation accounted in Books of Accounts.
22	Excess provision for Interest and Finance	Excess provision for Interest and Finance charges on Borrowings etc for the next Financial Year made in the previous period is written back in current year.
23	Other Excess provision in Prior Periods	Other Excess provision made earlier period (Pre-GST and after GST) is written back in current financial year.
24	Other income relating to prior periods	Income if any relating to pre-GST period received if any is accounted in book of accounts after GST Implementation.
25	Security Deposits transfer to Income after 3year pre-GST	Deposit Amounts like ISD, ASD, EMD, etc collected from the consumers for connection or contract works if not refunded due to non-traceability of consumer/contractors after 3 years the amount will be transferred to Misc Income of the company. (along with amount pertaining to pre-GST Transferred in GST Period). The amount will be paid back to the consumer when the consumer traced out or requested for refund
26	Rental from Staff Quarters	Amount Collected form the Employee/Officers of the CESC for lent out of the residential quarters. The HRA amount paid in the salary to the Employee will be recovered as the rent amount.
27	Part-time Sweepers wages	Wages paid to the Part-time sweepers employees directly engaged by CESC (Not through contractors)
28	SR Books sold to Employees	Printed Books sold to employees as Service register at time of appointment to service of the company
29	Other Miscellaneous receipts from Trading	Amount received from sale of Miscellaneous items viz. News Paper, Books & Periodicals
30	Advance on sale of scraps	Advance paid to the company by the vendors before finalization of sale of scrap pending confirmation of sale. If the sale is not finalized the same amount will refunded to the vendors
31	Penalty recovered from supplier Bills	Penalty recovered during payment of the suppliers bill for delay in work & delay in delivery of Goods/under performance/supply of damaged Goods / Services as per terms and condition of contract/ work award
32	Stale Cheque	If amount paid through Cheque by CESC as payment is not encashed or presented to bank by the vendor/supplier/contractors/deposit refund/service provider within due dates the cheque is cancelled or treated as stale cheque and amount is accounted as income if the same amount is not paid to the vendor/supplier/ contractors/ deposit refund/ service provider.
33	Transformer Rent	Charges collected on Lending Transformer on temporary Basis to the consumers.
34	Rental From others	Rent collected for using of CESC property like store yard/Buildings/ Poles for cable connection etc., from customers.



35	Sale of Scrap	Amount collected for Sale of Burnt Meters, Damaged Transformers, Waste Transformer Oil, Waste Cables, Conductors, Gunny / Plastic Bags, Carboys, Drums are sold as Scrap to the contractors/Vendors
36	Cheque Dishonour Fee	In case cheque issued by the consumer is dishonoured due to insufficient funds, the Bank charges & other incidental charges incurred by CESC is recovered from the consumers as Cheque Dishonour Fee
POST CONNECTION- FEES/AMOUNT COLLECTED FOR POST SERVICE CONNECTION OF ELECTRCITY RELATED SUPPLY		
37	Miscellaneous charges collected for storage/transport /installation of CFL Lamps Under Belaku Yojane.	Miscellaneous charges levied for storage/transport /installation of CFL Lamps from the consumers under Belaku Yojane or any scheme declared by State Govt. in respect of Power supply to the consumers
38	Re-Connection Fee	If the consumer defaults for payment of Electricity Bill for consecutive three months, the Electricity supply will be disconnected. When consumer makes the payment of dues, Re-Connection Fee will be collected at the time of re-connection of Electricity supply. Further the amount is collected in the Power Bill itself and not collected separately from the consumers
39	Fee for Testing of Installation	Fee collected from the consumers for the testing of authenticity or working condition of installation like meter, capacitor, etc for supply of Electricity
40	Installation Fee Collected towards Issue of NOC (No Objection Certificate)	Fees Collected form consumer for Issuing No Objection Certificate (NOC) at the time change of ownership of the premises
	Name Transfer Fee	Name Transfer Fee will be collected from the consumers for change of name from existing consumer name at the time change of ownership of the premises by purchase or lease or rent
42	Service Line Charges	Amount collected for giving connection through Service Line from point of supply to the premises of the consumer.
43	Additional load Fees	Fee collected for Providing additional load of power in addition to existing load as per requirements requested by the consumer as per KERC Regulations.
44	Load Reduction Fees	Fee collected for Providing Reduction in load of power from the existing load as per requirements requested by the consumer as per KERC Regulations.
45	Disconnection Fee	Amount collected from the consumers for disconnection of Power supply services due to non-payment of Electricity charges within stipulated time as per KERC Regulations.
46	Reconnection Fee	Amount collected from the consumers for Re-connection of Power when it is disconnected. Further the amount is collected in the Power Bill itself and not collected separately from the consumers
47	Disconnection / Reconnection Fees	It is the Reconnection charges collected for non-payment of electricity bills for the earlier period. It is not Fees as mentioned earlier. Further the amount is collected in the Power Bill itself and not collected separately from the consumers



48	Tariff Change Fee	Fee collected for Change of Higher Tariff to lower Tariff and vice-versa due to Change of purpose of usage of Electricity supply as per request from consumer.
49	Ledger Abstract Fee	Amount collected for providing Ledger Extract of the installations power usage, billing, payment and other information for a specific period of time of consumer account as per consumer request.
50	CT Testing Fees (Current Transformer)	Fees collected for testing of working conditions of current transformers at the time installation of Transformer.
51	Additional Security Deposit	Security Deposit collected in addition to the already existing deposits due to increase in tariff charges/load/annual usage of electricity. The same will be refunded at the time of surrender of installation/permanent disconnection at consumer Request
52	Deposits on MBC (Meter Burnt Cost)	Deposit Amount collected towards Burnt out meter (for various reasons like short circuit, overload) Pending decision Subjected to Finding fault from either party. Refund Subjected to the condition fault Found on Distribution side. If not fault is from consumer the amount account as income
53	Re-Sealing charges (if found broken)	At the time of Meter installation seal is put on the meter. In case the seal is broken or tampered with then the same needs to be replaced. Charges for sealing the meter is collected from the consumers
54	Miscellaneous Recoveries	Recoveries from the consumers relating to distribution of electricity not specified in the above list
55	Changes of meter/replacement	Charges collected for Changing Electro-mechanical Meters to EVM Meters request/ replacement of burnt Meter/fast gripping meters etc, at consumers or at complaint by Meter readers.
56	Line shifting Charges	Chargers levied for shifting of Line/poles from one place to other at consumers request/ as per city requirements like widening/construction of roads etc
57	Delayed Payment Charges	In case delay in payment of electricity Bill, by the consumers, delay payment charges are collected from the consumers at the rate of 1% per month calculated for the no of days delayed. Further the interest amount is added in next month Electricity Bill and collected as Electricity bill payment from the consumers
58	HT/LT Meter Testing Charge	Charges collected for Technical Testing and Analysis of Meters to check the working condition of Meters like capacitors, current, reading constant etc. The testing can be made at consumer requests (at time of new connection and/or change of meter) or if complaint lodge at the time of reading of meter not working.
59	Calibration Charges	Charges collected for Technical Testing and Calibration of Meters like precision of reading, and other features of Meters



60	Meter testing Charges	Charges collected for Technical Testing and Analysis of Meters to check the working condition of Meters. The testing can be made at consumer requests or if meter readers complaint of not working/slow reading/ fast gripping etc at the time of billing.
61	Duplicate Bill Charges	Chargers levied on issue of Duplicate Bill at consumer's request. i.e., if the original bill is lost by consumers, they can apply/ask for duplicate bill for any previous month. Charges is applied for every month Duplicate bill issued
62	Rebate- for collection of Electricity Tax	Electricity Tax levied at the time of electricity billing and the same is paid to the Govt. If the Electricity taxes are paid to government within stipulated time CESC receives rebate on such Electricity Tax paid and account under the head as "Rebate for payment of Electricity Tax." in the Books of A/c
63	Cross subsidy charges	Amount received from Govt. as subsidy for supply of power to certain Tariffs like Bhagya Jyothi, Power-looms, etc installations as stipulated by the Govt.
64	Any amount transferred to Misc. Revenue Ex:- Deposits, ACC, ISD, ASD, MSD, MBC.	Deposit Amounts like ISD, ASD, EMD, etc collected from the consumers for connection or contract works if not refunded due to non-traceability of consumer/contractors after 3 years the amount will be transferred to Misc Income of the company. (along with amount pertaining to pre-GST Transferred in GST Period). The amount will be paid back to the consumer when the consumer traced out or put request for refund
65	Receipts from consumers relating to prior periods	Old dues received from consumers/contractors for works and other charges pertaining in Pre-GST period received after GST implementation which was written off earlier but received subsequently
66	Fuel cost adjustment charges	Amount billed towards fuel cost like Petrol, Diesel borne by company for transport at the time of billing as per KERC regulations. The amount is revised every 3 months by KERC.
67	Power Factor penalty	Penalty levied if the power recorded by the capacitor is excess than standard power factor stipulate at the time of agreement for both HT and LT connection during bill cycle. The charges will be levied on the excess power recorded as Power factor penalty
68	Meter Burnt-out Cost	Amount collected towards Burnt out meter (for various reasons like short circuit, overload) Pending decision Subjected to Finding fault from either party. Refund Subjected to the condition fault Found on Distribution side. If the fault is from consumer the amount account as income
PRE CONNECTION- FEES/AMOUNT COLLECTED FOR PRE SERVICE CONNECTION OF ELECTRCITY RELATED SUPPLY		
69	Application Fee	Application Fee collected from the consumers for initial connection of Electricity supply to their premises as per KERC regulations.



70	Collection of Registration Fee on HT/LT/ Temporary Application on supply of Electricity	Registration Fee collected from the consumers for Temporary connection of Electricity supply KERC regulations.
71	Facilitation fee towards Solar Roof Top system (SRTPV)	After installation of Solar Roof Top system (SRTPV) in the consumer's premises, facilitation fee is collected from the consumers for the Supervision Services provided by CESC from time to time.
72	Registration fee towards Solar Roof Top system (SRTPV)	Registration fee collected from consumers for new connection of Solar Roof Top system (SRTPV) in their premises
73	Facilitation fee towards Solar Roof Top system (SRTPV)	After installation of Solar Roof Top system (SRTPV) in the consumer's premises, facilitation fee is collected from the consumers for Supervision Services provided by CESC from time to time.
74	Regularization of the unauthorized IP SET Infrastructures Charges	Charges collected from Consumers for new connection/ regularization (Infrastructures Charges) of connection for providing Electricity supply to Irrigation Pump set.
75	Vendor Approval Fee	Amount collected for providing approval of vendor for supply of Goods/Services for CESC who is qualified as per terms and conditions of the tender
76	Tender Application Fee	Application Fee collected for applying quotations of tenders by the Vendors/Service Providers for supply Goods/Services to CESC.
77	Vendor Approval Fees	Amount collected for providing approval of vendor for supply of Goods/Services for CESC who is qualified as per terms and conditions of the tender
78	Tender Application Fees	Application Fee collected for applying quotations of tenders by the Vendors/Service Providers for supply Goods/Services to CESC.
79	Initial Security Deposit	Initial Security Deposit collected from the consumers for providing Electricity connection. The same will be refunded at the time of surrender of installation/ permanent disconnection at consumer Request
80	Meter Security Deposit	Security Deposit collected as collateral for installation of LT/HT meters to consumers at the time of New connection. The same will be refunded at the time of surrender of installation/ permanent disconnection at consumer Request or when meter is returned.
81	Advance Consumption Charges	Advance amount collected as collateral from the consumers for supply of Electricity of Temporary Connection . The Advance amount so collected will be refunded or adjusted towards Electricity charges at the time of conversion from temporary to permanent connection at the consumers request
82	EMD/Security Deposits/Bank Guarantees	Amount collected towards Earnest Money Deposit (EMD) / Security Deposit /Bank Guarantee for applying tender for supply of Goods/Services. The EMD/Security Deposit /BG will be refunded after final settlement of the account or cancellation of Work Order
83	Augmentation Charge	To enhance the Power connection to the consumers for e.g. from LT to HT or from 10KVA to 20KVA, Augmentation Charge is collected.



84	Amount Collected towards Self-Execution Works	Amount collected for goods/services given for self-execution of Electrical Works in relation to connection of Electricity for new Layouts.
85	Development Charges	Nominal Amount collected from the consumers for development of infrastructure to give supply of Electricity to a specific place.
86	Service connection charges (Supervision charges)	Amount collected towards supervision charges for initial service connection to the consumers relating to supply of Electricity.
87	Amount Collected towards Deposit Contribution Works (DCW)	Amount collected from Consumers for execution of Deposit Contribution Works in relation to the Electricity connection at Layouts. The amount is the cost collected against the purchase of goods and labour cost for the estimated work subsequently paid to the contractors upon completion of work.
88	One time maintenance cost of New Layouts	For Power connections at the time of formation of new layouts, one time maintenance cost will be collected from the consumers.
89	Fee Collected towards Inspection of Installation	Fee collected from the consumers for the physical Inspection of Installations like meter, capacitor, etc for supply of Electricity.
90	Rating / Re-Rating Charges	Amount collected from Supplier/Consumer for Rating/Re-Rating of Installation of Meter at the consumers request to verify the working condition of the Meter / meter rating
91	Supervision Charge	Supervision charges collected from the consumers for supervising the execution of the Electrical works as Self execution work/DCW work. A 10% supervision charges collected on total estimate cost of the work.

3. The applicant company furnishes some facts relevant to the stated activity:

a. The applicant company is a limited and engaged in distribution of electricity.

In turn they procure the electricity from various power suppliers such as KPTCL, KPCL, NTPC, KAOGA, JSW, PTCL, PGCIL etc. In addition to that, the applicant buys power from industries and individuals and also by the Solar Power generators.

b. The Company supplies and distributes the powers to the various consumers, such as Companies, Industries, Commercial Shops, Hospitals, Farmers Irrigation pumps, Individuals, Government Organizations etc., in the Mysore, Mandya, Chamarajanagar, Hassan & Kodagu Districts. The power tariff rate is fixed by the government as per the mutual understanding between ESCOMS.

c. In addition to that the applicant renders other essentials services in or relation to the distribution of Electricity to consumers like application fee, Registration fee. Supervision fee, Security deposit, Meter testing charges.

- d. Further the applicant has stated that Intra and interstate supply of Electrical energy is goods being exempted from the payment of taxes as per entry number 104 and Chapter Heading 2716 00 00 of the notification number 2/2017-Central Tax (Rate) dated 28-06-2017 .And also stated that Transmission or distribution of electricity by an electricity transmission or distribution utility being exempted from payment of taxes as per entry number 25 of the notification number 12/2017-Central Tax (Rate) dated 28-06-2017.
- e. The applicant states that from the provisions of the CGST Act mentioned in Para 6 above, the service of transmission or distribution of electricity by an electricity transmission or distribution utility is exempt under said Notification. The applicant is being distribution licensee under the Electricity Act, 2003. Hence, the applicant would clearly fall within the ambit of definition of the term 'electricity transmission or distribution utility'.
- f. The applicant states that the said Exemption Notification does not define the terms 'transmission or distribution of electricity'. Accordingly, it is pertinent to analyze whether the other charges collected by applicant would be treated as consideration for the activity of 'transmission and distribution of electricity' and thereby covered under the said Entry of the Exemption Notification.
- g. The Applicant being the licensee holder for the Distribution and transmission of electricity to end user has to develop and maintain an efficient, coordinated and economical distribution system. hence the applicant undertakes certain activities like Supervision, installation, repair and maintenance of meter, electric lines and other related activities. **These services are directly related to the "Distribution of Electricity"**. The detailed list of activities done by the applicant is enumerated above.
- h. The applicant further states that as per section 2(30) of the CGST Act the said activities comes under purview of "**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. Where in principal supply is electricity. From the above point of view the principal supply is distribution and transmission of electricity by licensee holder to



the end-user hence whatever ancillary charges associated with supply transaction is being exempted from GST.

4. The applicant has referred to the following judgements in support of his contention:

4.1 In this regard the applicant has referred to the judgement rendered by Honourable Supreme court in the case of Doypack Systems (Pvt) Ltd. Vs. Union of India [1988 (36) ELT 201 (SC)], in which the Hon'ble Apex Court has analyzed that

- Interpretation of Statute - Deeming provision - Intended to enlarge the meaning of a particular word. Deeming provision is intended to enlarge the meaning of a particular word or to include matters which otherwise may or may not fall within the main provisions. [para 64]. **Interpretation of Statute - Meaning to be given to words - Construction to be adopted.** - And also referred the of judgement rendered by Honourable Apex Court in the case of Oswal Agro Mills Ltd Vs. Collector of Central Excise [1993 (66) ELT 37 (SC)], the Hon'ble Apex Court has held that :-it is very clear that the statute should be interpreted in the liberal meaning. **Interpretation of statute - Doctrines of reading down, Noscitur A Sociis and ejusdem generis - Applicability of** - The doctrine of reading down has been applied only to sustain the constitutionality of the statute. i.e. **when two or more words which are susceptible of analogous meaning are clubbed together, they are understood to be used in their cognate sense.**

4.2 The applicant has also referred to the judgment rendered by the High Court of Gujarat in the matter of Torrent Power Ltd. has given a verdict in favour of applicant on validity of Circular No.34/8/2018-GST with regards to taxability of charges recovered for the activities directly connected with the distribution and transmission of electricity such as application fee, meter rent, testing fee, labour charges for shifting meters and shifting of service line, etc..

PERSONAL HEARING / PROCEEDINGS HELD ON 21.11.2019.

5. Sri B.C Bhatt Advocate and duly authorised representative of the applicant company appeared for personal hearing proceedings held on 21.11.2019 &



reiterated the facts narrated in their application. And representative took one month time to furnish the required documents.

6. FINDINGS & DISCUSSION:

6.1 We have considered the submissions made by the applicant in their application for advance ruling as well as the submissions made by Sri B.C Bhatt, Advocate of the applicant during the personal hearing. We have also considered the issues involved, on which advance ruling is sought by the applicant, and relevant facts.

6.2 At the outset, we would like to make it clear that the provisions of both the Central Goods and Services Tax Act, 2017 and the Karnataka Goods and Services Tax Act, 2017 (hereinafter referred to as CGST Act, 2017 and KGST Act, 2017) 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 corresponding similar provisions under the KGST Act.

6.3 On 19th December 2019 the applicant company has furnished classified status document in respect of administration and Pre and Post connection charges towards supply and distribution of electricity as enumerated above.

6.4 The applicant will fix and recover non-tariff charges as per provisions of the Karnataka Electricity Act 2003 and regulations of the KERC and Karnataka Electricity Regulatory Commission (KERC) 1999.

6.5 As per Circular no. 34/8/2018-GST dated 1st March, 2018 issued by Ministry of Finance, Government of India, it was clarified that the services by way of transmission or distribution of electricity by an electricity transmission or distribution utility is only exempted as per entry number 25 of notification No. 12/2017- CT (R) dated 28.06.2017 and other services provided by the applicant to consumer are taxable as under, -

- i. Application fee for releasing connection of electricity;
- ii. Rental Charges against metering equipment;
- iii. Testing fee for meters/ transformers, capacitors etc.;
- iv. Labour charges from customers for shifting of meters or shifting of service lines; Circular No. 34/8/2018-GST 3



v. charges for duplicate bill;

Further it is was clarified in the circular that the other services such as meter rent, application fees, testing fees for meters etc. provided by these companies to their consumers are taxable.

6.6 The same contentions was upheld by AAR Rajasthan issued ruling in the matter of M/s Tp Ajmer Distribution Limited vide RAJ/AAR/2018-19/AR-02 dated 11-05-2018 and relying upon the Circular No 34/8/2018-GST issued on 1st March 2018 also held that transmission/distribution of electricity alone shall be exempt in terms of Notification No.12/2017-Central Tax (Rate) and non-tariff charges which is recovered from customer with respect to provision of the following service as mentioned below is taxable

- i. Application fee for releasing connection of electricity
- ii. Rental Charges against metering equipment
- iii. Testing fee for meters/transformers, capacitors etc.
- iv. Labour charges from customers for shifting meters or shifting of service lines
- v. charges for duplicate bill

6.7 Subsequently vide Judgment rendered by the Honorable High Court of Gujarat in the case of M/s Torrent Power Limited of Gujarat High Court vide Special Civil Application NO. 5343 of 2018 dated 05-04-2018 stating that Vide Circular No. 34/8/2018-GST dated 01.03.2018 was quashed.

6.8 The facts of the judgment is narrated that the ancillary charges collected by Electricity Distribution Company towards application fee, meter rent, other pre and post connection charges for shifting of lines, etc are covered by entry 25 of exemption notification number 12/2017-Central Tax (Rate) dated 28-06-2017 relating to transmission and distribution of electricity. Hence the same would constitute composite supply as per section 8 of the GST Act.

6.9 It is pertinent to note that the department has filed special leave petition vide Diary No(s). 24733/2019 dated 09-08-2019 in the Honourable Supreme Court against the order passed by Honourable High court of Karnataka in the case of M/s



Torrent Power Limited of Gujarat High Court vide Special Civil Application NO. 5343 of 2018 dated 05-04-2018 is at present pending for the decision

7. In view of the foregoing, we pass the following

RULING

The issue of the exemption activities carried out by the applicant with reference to administration and Pre and Post connection charges towards supply of electricity is pending before Honorable Supreme Court of India vide SLP Diary No.s 24733/2019 dated 09-08-2019. Since the matter is sub-judice therefore advance ruling on aforesaid issue cannot be given.

(Dr.M.P. Ravi Prasad)

MEMBER

Karnataka Advance Ruling Authority
Bengaluru - 560 009

Place : Bengaluru,

Date : 23-04-2020

(Mashhood ur Rehman Farooqui)

Member

MEMBER
Karnataka Advance Ruling Authority
Bengaluru - 560 009



To,

The Applicant

Copy to :

1. The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.
2. The Commissioner of Commercial Taxes, Karnataka, Bengaluru.
3. The Commissioner of Central Tax, Mysore GST Commissionerate, Mysore.
4. The Asst. Commissioner, LGSTO- 190, Mysore.
5. Office Folder