

## **Deposit Work by Uttar Pradesh Power Transmission Corporation part of Transmission, Distribution of Electricity is Composite Supply: AAAR**

### **Fact of the Case**

The appellant, Uttar Pradesh Power Transmission Corporation Limited was incorporated in 2006 and notified as the state transmission utility of Uttar Pradesh, vide Notification No. dated 18th July 2007 and entrusted with the business of transmission of electrical energy to various licensees within the State of Uttar Pradesh.

The appellant sought the advance ruling on the issue whether the Deposit Work undertaken by Appellant is an integral part of supply of services of transmission or distribution of electricity. The other issue raised was whether the Deposit Work undertaken by Appellant is ancillary to the principal supply of transmission or distribution of electricity and whether the exemption given under Entry No. 25 of the exemption notification for services by way of transmission or distribution of electricity by an electricity transmission or distribution utility will be applicable on Appellant.

The appellant has also sought the ruling that whether ITC is available to the appellant in undertaking "Deposit Works" i.e. creating infrastructure for electricity transmission.

### **Decision of the Case**

The AAR ruled that the Deposit Work undertaken by applicant is not an integral part of supply of services of transmission or distribution of electricity. "The Deposit Work undertaken by the applicant is not ancillary to the principal supply of transmission or distribution of electricity," the AAR said.

The AAR further ruled that the exemption given under Entry No. 25 of the exemption notification for services by way of transmission or distribution of electricity by an electricity transmission or distribution utility will not be applicable on the applicant.

However, the appellant being aggrieved by the AAR's ruling filed the appeal before the AAAR

The Coram of the AAR's ruling, held that the deposit work undertaken by the appellant is part and parcel of the transmission and distribution of electricity and the same cannot be completed without the said deposit work. The AAAR observed that the **services provided by the appellant** are in nature of **Composite Supply in terms of Section 8 of the CGST Act, 2017** and **Transmission and distribution of electricity being the principal supply.**

***The Uttar Pradesh Appellate Authority of Advance Ruling (AAAR) ruled that Deposit work by Uttar Pradesh Power Transmission Corporation is a part of the transmission and distribution of electricity, so it is a composite supply.***