

## **Work Contract entrusted to NBCC (India) by IIT, Bhubaneswar to be treated as Composite Supply Contract: AAAR**

### **Fact of the Case**

The appellant, M/s NBCC (India) Limited is a Government of India Enterprises under the aegis of Ministry of Urban Development, Government of India, have filed an application on 17.01.2020 under Section 97 of CGST Act, 2017 and Section 97 of the OGST Act, 2017 in Form GST ARA 01 before the Authority for Advance Ruling, Odisha (AAR) seeking an Advance Ruling on the applicability of rate of taxes with respect to the supplies made by NBCC to IIT, Bhubaneswar in terms of clause (vi)(b) of Sr.No.3 (classification code 9954) of the Table in the Notification No. 11/2017-Central Tax (Rate) dated the 28th June, 2017.

Aggrieved by the ruling of the Authority for Advance Ruling, Odisha, the Applicant M/s. NBCC (India) Ltd. filed an appeal before the Odisha Appellate Authority for Advance Ruling. The issue raised was whether the works executed by them can be treated as composite supply or not.

Where the Authority for Advance Ruling in their rulings of the order have held that a number of works have been entrusted to the Applicant would not make it entitled to be categorized as composite supply, particularly in terms of Section 2(30) of the CGST Act, 2017. "The works entrusted to the Applicant namely construction of 800 seater boys hostel, 200 seater girls hostel, Construction of lecture hall complex, Construction of Student Activity Centre, Dispensary, Construction of 1000 capacity Auditorium, Construction of Central Research & Instrumentation facilities, Construction of Central Workshop, Playgrounds are within the purview of sub-clause (b) of Clause (vi) of SI No.3 ( heading 9954) of Notification No. 11/2017-Central Tax (Rate) dated the 28th June, 2017. under CGST Act and corresponding notification under OGST Act, 2017, and hence merits concessional rate of tax at applicable tax rate of 12%," the AAR observed.

The representative of M/s. NBCC (India) Ltd, has vividly argued that the subject works contract which was entrusted to M/s. NBCC (India) Ltd. by IIT, Bhubaneswar is a composite supply and is naturally bundled. To support their stand, he has cited the content of memorandum of agreement between IIT, Bhubaneswar and M/s. NBCC (India) Ltd. executed.

### **Decision of the Case**

The Coram of observed that the Authority for Advance Ruling, Odisha has held that, major part of the project works are covered under sub-clause (b) of Clause (vi) of SI No.3 (heading 9954) of Notification No. 11/2017-C.T. (Rate) under CGST Act and corresponding notification under OGST Act, 2017, and hence merits concessional rate of tax of 12%.

The AAAR clarified that composite supply works contracts are treated as a supply of service under Schedule II of the CGST or OGST Act. Therefore, the Appellate Authority did not accept the decision of the Authority for Advance Ruling that the works contract entrusted to Applicant M/s. NBCC(India) Ltd. cannot be termed as a composite supply.

"In view of the above findings in our view, the works entrusted to M/s. NBCC (India) Ltd. can be treated as composite supply and consequently the Faculty Quarters, Staff

Quarters and Director's Bungalow shall be entitled for concessional rate under Sl.No.3(vi) of the Notification No. 11/2017-Central Tax (Rate) dated the 28th June, 2017 and matching State tax notification issued by the Government of Odisha," the AAAR ruled.

***The Odisha Appellate Authority of Advance Ruling (AAAR) ruled that the work contract entrusted to NBCC (India) by IIT, Bhubaneswar to be treated as composite supply contract.***