| GUJARAT APPELLATE AUTHORITY FOR ADVANCE RULING  
GOODS AND SERVICES TAX  
D/5, RAJYA KAR BHAVAN, ASHRAM ROAD, AHMEDABAD:380009 |  
  
“84d MARKET  
  
ADVANCE RULING (APPEAL) NO. GUJ/GAAAR/APPEAL/2023/05  
(IN APPLICATION NO. Advance Ruling/SGST&CGS1/2021/AR/20)  
  
Date: OLY 46.2023  
  
Name and address of the |: | M/s. The Varachha Co-op. Bank Ltd., |  
appellant 1 to 10 Affil Tower, L.1H.Road  
| Surat : 395006  
  
GSTIN of the appellant : | 24AABAT4356N1Z6  
  
Advance Ruling No. and): | GUJ/GAAR/R/37/2021 dated 30.07.2021  
Date  
  
Date of appeal : | 06.09.2021 |  
Date of Personal Hearing |: | 06.01.2023 and 26.07.2023  
Present for the appellant > | Mr. Hardik P. Shah  
  
At the outset we would like to make it clear that the provisions of the  
Central Goods and Services Tax Act, 2017 and Gujarat Goods and Services ‘Tax  
Act, 2017 (hereinafter referred to as the ‘CGST Act, 2017’ and the ‘“GGST Act,  
2017’) are in pari materia and have the same provisions in like matter and differ  
from each other only on a few specific provisions. Therefore, unless a mention is  
particularly made to such dissimilar provisions, a reference to the CGST Act, 2017  
would also mean reference to the corresponding similar provisions in the GGST  
  
Act, 2017.  
  
2. ‘The present appeal has been filed under Section 100 of the CGST Act,  
2017 and the GGST Act, 2017 by M/s The Varachha Co-op. Bank Ltd., against the  
Advance Ruling No. GUJ/GAAR/R/37/2021 dated 30.07.2021.  
  
3. Briefly the facts are enumerated below for ease of understanding.  
  
4. M/s. The Varachha Co-Op. Bank Ltd., 1 to 10, Affil Tower, LH. Road,  
  
Surat-395006, Gujarat (hereinafier referred to as ‘the appellant’), holding-GSTINs  
  
24A ABAT4356N1Z6, submitted that they are constructing a new administrative  
  
Page 1 of 19  
building and incurring cost on various services. The appellant, further submitted that  
they were cligible for Input Tax Credit [ITC] on the below mentioned goods and services  
  
in view of the foregoing viz:  
  
Sr. | Nature of Cost/ | Head under which | Capitali | Remark  
No. | Expenses | expense will be | zed or  
| booked not :  
ls Central Air Plant & | Yes Being Plant not covered  
Conditioning Plant | Machinery | under Immovable Property &  
| | - i | —\_\_| hence ITC available.  
2. New Locker Cabinet Locker Cabinets | Yes Being furniture not covered  
| under Immovable Property &  
| | hence ITC available. i]  
3s | Lift Plant & | Yes Being Plant not covered  
| Machinery under Immovable Property &  
| \_ hence ITC available.  
4. Electrical fittings, such Electrical fittings | Yes Being Electrical Fittings not  
as Cables , Switches, | covered under Immovable  
| NCB and other Property & hence ITC  
Electrical Consumables | available.  
| material |  
5. Roof Solar Plant Plant & | Yes Being Plant not covered  
Machinery | | under Immovable Property &  
| | | | | hence ITC available.  
| 6. | Generator Plant & | Yes Being Plant not covered  
Machinery under Immovable Property &  
| | | - hence I'T'C available.  
1%; Fire Safety Plant & | Yes Being Plant not covered  
Extinguishers Machinery under Immovable Property &  
| | | | hence ITC available.  
8. | Architect Service Fees | Profit & Loss | No Not being capitalized and  
Account | charged to P&L A/c no  
| | : restriction on I'T'C.  
9. Interior Designing Fees | Profit & Loss | No Not being capitalized and  
Account charged to P&L A/c. No  
| | | restriction on ITC,  
D0 Before the Gujarat Authority for Advance Ruling [GAAR], the appellant sought  
  
advance ruling on the following question:  
Whether the appellant, having undertaken the construction of their new  
  
administrative office, will be eligible for the ITC of following:  
  
i) Central Air Conditioning Plant (Classified & Grouped under ‘Plant  
& Machinery’ )  
  
il) New Locker Cabinet (Classified & Grouped under ‘Locker Cabinets’)  
  
ili) — Lift (Classified & Grouped under ‘Plant & Machinery’)  
  
iv) Electrical Fittings, such as Cables, Switches, NCB and other  
Electrical Consumables Materials (Classified & Grouped under  
Separate Block namely ‘Electrical Fittings’)  
  
v) Roof Solar (Classified & Grouped under ‘Plant & Machinery’)  
  
vi) Generator (Classified & Grouped under ‘Plant & Machinery’)  
  
vii) Fire Safety Extinguishers (Classified & Grouped under ‘Plant &~  
Machinery’) ah  
  
Page 2 of 19  
  
viii) Architect Service Fees (Charged to Profit & Loss Account)  
ix) Interior Designing lees (Charged to Profit & Loss Account)  
  
6. The GAAR, vide its order No. GUJ/GAAR/R/37/2021 dated 30.07.2021,  
gave its ruling as under:  
i) Input ‘l'ax Credit is admissible on New Locker Cabinet and Generator;  
il) Input Tax Credit is blocked under Section 17(5)(c) CGST Act for Central :  
Air Conditioning Plant, Lifi, Electrical Fittings, Fire Safety Extinguishers, Roof  
Solar Plant;  
ili) Input ‘Tax Credit is blocked under Section 17 (5) (d) CGST Act for Architect  
Service and Interior Decorator ees.  
  
7. Feeling aggrieved with the ruling in respect of (ii) & (iii) supra, the  
  
appellant has preferred the present appeal raising the following plea:  
  
a) GAAR has erred in interpreting section 17(5) of the CGST Act, 2017  
whereby the ITC which was otherwise cligible to the appellant, is denied. The  
appellant submitted reasons and justification for cach item on which ITC was  
  
claimed as follows:  
  
Central Air Conditioning System  
  
‘The appellant had entered into a contract for ‘supply & erection’ of ‘Central Air  
Conditioning System’. Section 2(119) of the CGST Act. defines \* Works Contract’.  
‘The expression ‘works contract’ is limited to contracts to do with immovable  
property, which is defined in clause 3(26) of the General Clauses Act, 1897.  
Section 3 of the Transfer of Property Act 1882, further defines the phrase  
  
‘attached to earth’.  
  
The supply reccived by the appellant does not involve assimilation with the  
property and the work carried out by the supplier is only to make the plant ready  
for a ‘wobble free operation’. ‘Thus, the activity undertaken by the supplier cannot  
be considered as an ‘Immovable Property’ by applying the permanency test. The  
appellant also relied upon the decision of AAAR of Maharashtra in the case of  
Nikhil Comforts |2020(41)GSTL 417(/AAAR-GST-Mah.)| and the ruling in the  
case of M/s. BAH. Paper Mills Ltd., |2018(14)GSTL 306(AAR-GS1)].  
  
Lift a  
  
The supply of Lift will be booked under the head of ‘Plant & Machinery’ in the  
  
books of accounts. The purpose behind attaching Lift to a concrete base was to  
  
Page 3 of 19  
prevent wobbling of the lifi, to secure maximum operational efficiency and also  
for safety. The lift as per the appellant, will be saleable if somebody wants to  
purchase it could be dismantled and sold. Thus, it would not be prudent to hold  
the lift. assembled and erected at the premises, to be an immovable property.  
Further, the Apex court in the case of M/s. Sirpur Paper Mills [1998 (97) ELT 3  
(SC)| held that where Plant & Machinery are capable of being dismantled and sold  
without being destroyed and are only embedded to the earth because of operational  
efficiency, it is not an immovable property. Even by this analogy also, ITC is  
  
available in their case.  
  
I:lectrical Fittings  
  
The appellant will install ‘Electrical ittings’ both at the exterior and the interior.  
The appellant does not intend to avail ITC on Electrical Fittings used in civil  
construction as it is being blocked via section 17(5). Llowever, for rest of the  
‘Electrical Fittings’, there is no specific barring provisions. ‘The appellant also  
wishes to rely on the ruling of M/s. Nipro India Corporation P. Ltd.. [2018(18)  
  
GSTL 289 (AAR-GS1T)].  
  
Roof Solar Plant  
  
The solar equipment can be qualified as ‘Plant and Machinery’ will be used for  
furtherance of business i.c. in its business of supplying taxable service. [ven  
though generation of electricity is an exempt supply, the appellant will be using  
electricity solely & consuming it captively for the purpose of supplying taxable  
services. rom the above it is inferred that the ‘Roof Solar Pant’ will be attached  
to carth for operational efficiency. The whole purpose behind attaching it to a  
concrete base will be to secure maximum operational efficiency and for safety  
purpose. Further, it is also seen that the ‘roof solar plant’ is saleable and that if  
somebody wants to purchase, it can be dismantled and sold. Further, it would not  
be correct to hold that the ‘Roof Solar Plant’ assembled and erected at the  
  
premises of the appellant is an immovable property.  
  
Fire Safety Extinguishers is nothing but “Plant and Machinery’ attached to earth  
  
which is movable as well as marketable also. They further also relied on the case  
  
of M/s. Sirpur Paper Mills, supra. Further, as per the Gujarat Fire Prevention and oN  
  
Page 4 of 19  
Life Safety Measures Act, 2013, the appellant is duty bound to install fire safety  
instruments/system at their premises. Further credit restriction is only in so far as  
inputs/input services ‘for construction of an immovable property’ is concerned and  
does not apply to capital goods. The restriction provided under section 17(5)(c ) &  
(d) does not apply to procurement of various inputs which are installed in their  
administrative building. Hence, IC should be available to the appellant on these  
  
goods.  
  
‘The appellant appointed architect ic. Mr. Jignesh Moradiya and M/s. Keystone  
Consultants, for structural design of building. The explanation under section 17(5)  
defines the expression ‘construction’. In the instant case , the said expenses is not  
  
capitalized and is charged to “Profit & Loss Account’ and hence I'T'C is admissible.  
  
The appellant has appointed the Interior Designer i.c. M/s. Pankaj Dhakhar &  
Associates for ‘Interior Design Development’ of building which will be ultimately  
used for provision of supply of service. In the instant case, the said expenses is not  
capitalized and is charged to ‘Profit & Loss Account’ and hence the ITC is  
  
admissible.  
  
‘The appellant on the basis of above submissions requested to set aside  
the ruling issued by the GAAR (to the extent ITC is disallowed) and allow  
  
ITC on the inward supply of the goods/ services as mentioned in the appeal.  
  
8. During the course of virtual personal hearing held on 06.01.2023 and  
26.7.2023, the authorized representative for the appellant, Shri Hardik P Shah  
reiterated the submissions made in their appeal and submitted that they were  
eligible for ITC on the following:  
  
i) Central Air-conditioning Plant  
  
ii) Lift  
  
iii) Electrical fittings not for civil construction  
  
iv) Solar Plant  
  
v) Fire Safety Extinguishers  
  
vi) Architect Service Fees  
  
vii) Interior Designing Fees  
  
Further, the appellant forwarded the copies of following orders/articlé i  
  
support of their contentions: Jw BH  
  
Page 5 of 19  
a) Order No. 19/ARA/2021 dated 18.06.2021 passed by the Authority for  
Advance Ruling. Tamilnadu in the case of M/s. KLF Nirmal Industries  
P.Ltd.  
  
b) Order No. KAR ADRG 25/2019 dated 12.09.2019 passed by the Authority  
for Advance Ruling, Karnataka in the case of M/s. Shri Keshav Cement and  
Infra Limited.  
  
c) Article from the portal ‘laxGuru with reference to order dated 13.09.2021  
passed by Authority for Advance Ruling, Rajasthan in the case of M/s.  
Pristine Industries Ltd  
  
Discussions and Findings:  
  
9. We have gone through the facts of the case as mentioned in the Appeal  
papers, the Ruling of the GAAR, documents on record and oral as well as all the  
  
written submissions made by the appellant.  
  
10. We find that the appellant had sought ruling on the questions mentioned  
  
in para 5 above which was decided vide the impugned order dated 30.7.2021.  
  
ll. As is already mentioned, the GAAR allowed ITC on New Locker  
Cabinet and Generator. However, it held that ITC is blocked under Section 17  
(5)(c) of the CGST Act, 2017 for Central Air Conditioning Plant; Lift; Electrical  
Fittings; Fire Safety Extinguishers and Roof Solar Plant. Further, it held that ITC is  
blocked under Section 17(5)(d), ibid in respect of Architect Service and Interior  
Decorator Fees. The appellant has filed the present appeal against the order of  
GAAR rejecting ITC on the aforementioned items, wherein ITC stands  
  
blocked/disallowed.  
  
12. The provisions of ITC and blocked credit provided under sections 16 &  
  
17 of the CGST Act, 2017, states as under: [relevant extracts |  
  
Section 16. Eligibility and conditions for taking input tax credit.-  
  
(1) Every registered person shall, subject to such conditions and restrictions as may be  
prescribed and in the manner specified in section 49, be entitled to take credit of input  
tax charged on any supply of goods or services or both to him which are used or intended  
to be used in the course or furtherance of his business and the said amount shall be  
credited to the electronic credit ledger of such person.  
  
“Section 17: Apportionment of credit and blocked credits  
  
(1) Where the goods or services or both are used by the registered person partly for\_the  
purpose of any business and partly for other purposes, the amount of credit shall be  
restricted to so much of the input tax as is attributable to the purposes of his pu si :  
  
Page 6 of 19  
  
(2) Where the goods or services or both are used by the registered person partly for  
effecting taxable supplies including zero-rated supplies under this Act or under the  
Integrated Goods and Services Vax Act and partly for effecting exempt supplies under the  
said Acts, the amount of credit shall be restricted to so much of the input tax as is  
attributable. to the said taxable supplies including zero-rated \_ supplies.  
  
(5) Notwithstanding anything contained in sub-section (1) of section 16 and subsection  
(1) of section 18, input tax credit shall not be available in respect of the following,  
namely. -  
(c) works contract services when supplied for construction of an immovable  
property (other than plant and machinery) except where it is an input service for  
further supply of works contract service;  
  
(d) goods or services or both received by a taxable person for construction of an  
immovable property (other than plant or machinery) on his own account  
including when such goods or services or both are used in the course or  
furtherance of business .  
  
Explanation."For the purposes of clauses (c) and (d), the expression  
‘construction’ includes — re-construction, — renovation, additions — or  
alterations. or repairs, to the extent of capitalisation, to the said  
immovable property;  
  
Explanation.- For the purposes of this Chapter and Chapter VI. the  
expression "plant and machinery" means apparatus, equipment, and  
machinery fixed to earth by foundation or structural support that are used  
for making outward supply of goods or services or both and includes such  
foundation and structural supports but excludes-  
(i) land, building or any other civil structures;  
(ii) telecommunication towers; and  
(iii) pipelines laid outside the factory premises.  
13. ‘Immovable property’ is not defined under GST. However, its defined  
under section 3(26) of the General Clauses Act, 1897 to include land, benefits to  
arising out of land and things attached to the earth, or permanently fastened to  
anything attached to the earth. Likewise, section 3(36) of General Clauses Act,  
1897, defines “movable property” to mean property of every description, except  
immovable property. Further, section 3 of the Transfer of Property Act, 1882  
stipulates that unless there is something repugnant in the subject or context,  
“immovable property” does not include standing timber, growing crops or grass.  
Section 3, further, defines the term “attached to the earth” to mean (a) rooted in the  
earth, as in the case of trees and shrubs. (b) embedded to earth, as in the case of  
walls or buildings and (c) attached to what is so embedded for permanent  
beneficial enjoyment of that to which it is attached. Thus, on a conjoint reading:  
  
“immovable property”, essentially means something which is attached to the earth,  
  
Page 7 of 19  
  
or permanently fastened to anything attached to the earth, or forming part of the  
  
land and not agreed to be severed before supply or under a contract of supply.  
  
14. We now move on to examine the seven disputed supplies for which this  
appeal is preferred.  
  
15 Central Air Conditioning Plant  
  
15.1 The appellant states that they had entered into a contract for ‘supply &  
erection’ of ‘Central Air Conditioning System’. Relying on section 2(119) of the  
CGST Act, which defines a ‘Works Contract’, the appellant states that works  
contract is limited to immovable property; that the supply does not involve  
assimilation with the property; that the work carried out by the supplier is to make  
the plant ‘wobble free for operation’ and hence it cannot be considered as an  
  
‘Immovable Property’ by applying the permanency test.  
  
5.2 A conjoint reading of sections 16(1) and 17(5)(c), ibid, shows that ITC  
can be availed by a registered person subject to conditions and restrictions  
prescribed on any supply of goods or services or both, which are used or  
intended to be used in the course of furtherance of his business. The restrictions  
imposed [as far as the present context is concerned] is that ITC is not eligible for  
works contract services when supplied for construction of any immovable property  
except when it is an input service for further supply of works contract service. The  
only exception being when the works contract service is supplied for construction  
  
of plant and machinery. The section further goes on to define plant and machinery.  
  
153 Now, as per www.electricalworkbook.com in a central air-conditioning  
system, all the components of the system are grouped together in one central room  
and conditioned air is distributed from the central room to the required places  
through extensive duct work. The whole system can be divided into three parts.  
  
i) Plant room, which includes compressor, condenser and motor  
  
ii) Air handling unit (AHU room)  
  
iii) Air distribution system (Ducting)  
15.4 The plant room is located away from the room to be air conditioned.  
  
Other components are grouped together in a AHU and conditioned air is circulated BS  
  
Page 8 of 19  
through air distribution system i.e. ducting with the help of fan or blower to the  
room to be air-conditioned. The air, which is to be conditioned, is directly allowed  
to flow over the evaporator coil. Low pressure and temperature refrigerant passing  
  
through evaporator coil absorbs heat from the air. Thus the air gets cooled.  
  
15.5 The appellant has not submitted the details of supply of Central Air  
Conditioning Plant, its installation and functioning. However, from the general  
details of installation and functioning of a central air conditioning plant mentioned  
above, we find that the contention of the appellant that the supply does not involve  
assimilation with the property and the work carried out by the supplier is only  
towards making the plant ready for a ‘wobble free operation’ is not true  
representation of facts. As is evident the Central Air Conditioning Plant becomes a  
  
part of the building once it is installed and thereby an immovable property.  
  
Tak  
  
15.5  
Order No. 58/1/2002-CX dated 15.01.2002, wherein under Para S(ili), with  
  
regards to Refrigeration/ Air-Conditioning Plants, it is mentioned as follows:  
  
“S(iii) Refrigeration/Air conditioning plants. These are basically systems comprising of  
compressors, ducting, pipings, insulators and sometimes cooling towers etc. They are in  
the nature of systems and are not machines as a whole. They come into existence only by  
assembly and connection of various components and parts. Though each component is  
dutiable, the refrigeration/air conditioning system as a whole cannot be considered to be  
excisable goods. Air conditioning units, however, would continue to remain dutiable as per  
the Central Excise Tariff.”  
  
Taking inference from the above Board’s circular we find that the supply  
of Central Air Conditioning Plant falls under the category of works contract  
service supplied for construction of an immovable property. We would also like to  
rely on the judgement of the Hon’ble Supreme Court in the case of Globus Stores  
P. Ltd., [2011 (267) ELT 435 (S.C.)] wherein it was held that air-conditioning  
plant is an immovable property.  
  
3. In the present appeals also, we are concerned with the air-conditioning plant which  
is the same good as that of Virdi Brothers (supra). The learned counsel appearing for the  
appellant, however, has drawn our attention to the decision of this court in  
Commissioner of Central Excise, Ahmedabad v. Solid & Correct Engineering Works -  
2010 (252) E.L.T. 481. In the said decision, this court had considered the case of setting  
up of Asphalt Drum/Hot Mix plant. Apart from the fact that the aforesaid good is  
different from the good in question, even the circular which is referred to and relied upon  
by this Court in ‘the case of Virdi Brothers (Supra) was not considered in the said  
decision: as the subject matter was tonal) different. Besides, the air-conditioning |  
  
Ther efore, in our considered opinion, the facts of both the cases ane: fifferent ‘and.  
therefore, distinguishable. For what is required to be decided in the present case. stands ei }  
  
=  
  
Page 9 of 19  
  
10  
  
already decided by this court in Virdi Brothers (supra), which applies to the case in hand  
  
with full force.  
{emphasis supplied]  
15.6 As the construction of central air conditioning plant via a works contract  
service as pointed out above, makes it an immovable property, it ceases to be a  
  
plant and machinery.  
  
15.7 In view of the foregoing, we hold that the ITC on the supply of Central  
Air Conditioning Plant, ceases to be a plant and machinery & hence, is blocked  
under Section 17(5)(c) of CGST Act, 2017 as the same is works contract services  
  
for construction of an immovable property.  
16. Lift  
  
16.1 The appellant has entered into an agreement with M/s. Schindler India  
Private Ltd., for supply and installation of Lift/Elevator. The components of a lift  
include - the elevator car, elevator doors, hoist way or shaft, elevator control  
system, safety systems, counterweights, guide rails, call buttons, emergency  
communication system, lighting, and ventilation. In the agreement for supply, M/s.  
  
Schindler India Private Ltd., had mentioned the following installation steps viz:  
  
i) Installing of hoisting equipment and testing hitch point  
ii) | Template fixing  
  
ili) Installing of mechanical pit components  
  
iv) \_ Installing of car structure for use as working platform  
v) Installing of brackets and guide rails  
  
vi) — Installing of cabin door and landing doors  
  
vii) Installing of headroom components and commissioning of machine  
viii) Wiring in hoist way and pit  
  
ix) Completion of cabin  
  
x) Installation of belt  
  
xi) | Commissioning  
  
xii) Quality inspection & handover to customer  
  
On examining the above agreement for supply of lift, we find that the  
same falls under the category of ‘works contract’ service as defined under section  
2(119) of CGST Act, 2017, as it fulfills the description of the works contract  
  
service.  
  
Page 10 of 19  
  
11  
  
16.2 We find that in the case of M/s. Otis Elevator Company (India)|2003  
(151) ELT 499] the Hon’ble Bombay High Court, held that lifv/elevator is an  
integral part of immovable property, viz [relevant extract]:  
  
“9. Having heard the rival contentions and having examined all the citations referred  
to hereinabove, we are clearly of the opinion that the same shall apply to the facts of this  
case in full force and item in question being immovable property cannot be subjected to  
excise under the tariff heading claimed by the Revenue. The case sought to be made out  
by the petitioner is also covered by the decision of the Government of India in reference,  
Otis Elevator Company (India) Ltd., 1981 (3) E.L.T. 720 (GOD, wherein it was clearly  
held that if an article does not come into existence until it is fully erected or installed,  
adjusted, tested and commissioned in a building, and on complete erection and  
installation of such article when it becomes part of immovable property, ... ....."  
  
{emphasis supplied]  
  
In view of the foregoing, we find that the lift would become an  
immovable property after being erected and installed, as it is attached to the  
  
building itself.  
16.3 As the erection, installation and commissioning of lift via a works  
contract service as pointed out above, makes it an immovable property, it ceases to  
  
be a plant and machinery.  
  
16.4 In view of the above discussions in terms of section 17 of the CGST  
  
Act, the appellant is not entitled to ITC of GST paid on supply of Lift/Elevator.  
  
17. Electrical fittings such as Cables, Switches, NCB and\_ other  
  
Electrical consumables materials  
  
17.1 The appellant states that they will install ‘Electrical Fittings’ in both  
exterior and interior and further concedes that they do not intend to avail ITC on  
Electric Fittings used in civil construction. However, for the rest of the ‘Electrical  
Fittings’, they intend to avail ITC on the premise that there is no specific barring  
  
provisions.  
  
17.2 The electrical fittings are mostly concealed into the wall/floor of the  
building. They are concealed or fitted on to the building through pipes as it serves  
the dual purpose of safety and aesthetics. The supply of electrical fittings involves  
  
its installation also. The supply therefore falls under the category of “Works  
  
Page 11 of 19  
  
12  
  
Contract Service’. Further on installation of the electrical fittings it becomes part of  
  
the building and thereby an immovable property.  
  
17.3 In view of the foregoing, we find that the supply of electrical fittings  
after installation and commissioning becomes part of the building i.e. immovable  
property and thus in terms of section 17 of the CGST Act, we hold that the  
  
appellant is not entitled to ITC of GST paid on Electrical fittings.  
  
18. Roof Solar Plant  
  
18.1 As per the appellant they will be installing a Roof Solar Plant atop their  
building to generate electricity which will ultimately be used for provision of  
supply of service. They further stated that they will enter into comprehensive  
  
SITC contract (supply, installation, testing and commissioning) with the vendor.  
  
18.2 We find that the appellant has enclosed as Annexure VII to the appeal  
  
papers ‘Proposal for solar Project by M/s. Raj Electricals’. ‘The relevant portion, is  
  
scanned below for ease of reference viz  
  
Page 12 of 19  
  
13  
  
Inverter  
We provide inverter from ra i Havel. GoodWe, Sungrow. Growatt, ete.  
here is usually a warranty rovide an option for extended warranty of upto 10  
  
years. Choice of inverter shall be bas client's input but we assure technical compatibility front  
We ensure ee oe to be higher t unt  
  
m which is developed by TATA Power Sotat  
ata as the data stays inside the country. Moreover, in-hous  
  
a guarantee regular pail and meats from TATA eo  
  
11, 12062 and Yst-350MPa; with a finish of Hot Dip Galvanization of avg 80 microns. For igi  
rovide state of the art civil work with four foundations per panel. Moreover, we interconnect structu  
  
eft  
  
Page 13 of 19  
14  
  
acturmg, of Solar PV Modules. It started in  
position. Today it has the  
es PY Morale att  
  
Solar PV Panel  
seni  
  
Tata Power Solar ts the oldest company bn India for the  
1980 ge TATA BP Solar and it has ever since enjoyed the market leadership  
i market cap i India m terms of EPC Projects. TATA Power Solar manufactur:  
  
th the help of Artificial Intelligence. Operstinaal  
  
for identifying defective panels wi  
lity material ranging from Multi-crystalline to Moro  
  
culling edge technology  
eXcellonce of PATA has in turn helped to provide qual  
  
Covstatline PV Modules.  
  
DCDB and ACDB :  
\Ve ensure high standard of switchgear (ABB/Schneider) in our DCDB and ACDB. We ensure 5P2 of  
strings  
  
Phoenix make in both our DBs. We also design configuration of DCDB keeping in mind number of  
on Meter and  
  
sr.’ MPPT configuration of Inverter. Our ACDB is equipped with standard make Multi-Functi  
outer well maintained terminal boxes. Our DBs are minimum 1P65 rated and we also provide outdoor  
  
LCD B as the case may be.  
  
Inverter <  
Ve provide inverter from range of manufacturers like Delta, Havells, GoodWe, Sungrow, Growzatt etc.  
There is usually a warranty of 5 years but we also provide an option for extended warranty of upto 10  
  
“s. Choice of inverter shall be based on client’s input but we assure technical compatibility from our end.  
  
we ensure DC:AC ratio to be higher than one, usually around 1.2,  
  
Remote Monitoring System  
\We provide in-house Remote Monitoring System and platform which is developed by TATA Power Solar.  
  
in-house platform guarantees the safety of data as the data stays inside the country. Moreover, in-house  
fontures also guarantee regular updates and customization from TATA Power Solar.  
  
Structure  
For RCC roof mounted projects, we provide structure with flexibility of setting 4 different angles - 10 deg  
ue  
  
15 dey, 20 deg and 25 deg. Changing angle once in summer (10 deg) and once in winter (25 deg) can  
increase annual generation by around 6-7%, We use material of cold form sheet with 1.6mm thickness as  
der 18811, 1S2062 and Yst-350MPa; with a finish of Hot Dip Galvanization of avg 80 microns. For rigidity we  
»rovide state of the art civil work with four foundations per panel. Moreover, we interconnect structure  
  
pe : is orted by nuts anc bolts  
of all panels to make it more robust and wind prone. Our entire structure is supp’ .  
ing high Impacts.  
with zero welding which reduces the fragility during high : oe  
  
Page 14 of 19  
with oe walding which reduces the fragiiity auras espe cr  
  
oe . aad ee pe cat  
Dassen ns ssersvua eran Se Sih date. \* menshaeahanawarstah nan i068 $m ie  
  
paisa Baieisec ihe wake Pn, ait slave  
Raised Structure for Gl Roof  
  
urrent rating of solar plant. We use Copper Fiexinie  
Evacuation Point.  
  
Cable  
  
We ensure to use ¢  
cable from Inverter to ACDB and Armour  
  
the c  
  
able of the rating higher than  
inium cable from ACDB to  
  
ed Alum  
  
ecs - 48 mm 1.5 mtr Cu coating 250  
  
Earthing  
u Flexible wire for LA which runs  
  
We provide separate earthings  
  
nricron earthing rod with FRP  
from the GI strips of DC and AC Earhtings.  
  
for DC, AC and LA as per following sp  
Chamber. We use ic x 16sq mm Ci  
  
separately  
15 years. With the strong foothold in the  
  
e immense pride in our technical expertise.  
m the perspective  
  
Workmanship  
We are working in the field of Electrical Engineering since las  
itting, we tak  
  
feld of Electrical Testing, Maintenance and Retrofi  
We execute solar project from not just the perspective of renewable system but also fro  
  
of overall electrical energy system.  
  
Value Proposition  
We are one of the leading maintenances  
functioning not just by visual check but also by per  
  
TATA Power Solar and thus, you have a single point con  
  
ensure proper  
  
and testing company in Gujarat. Post Installation we  
forming thermography. We provide entire syste  
tact from OEM to resolve problem post installavion.  
  
trout  
  
Liaising Activities  
GEDA Application -> CEI Application -> CEI Drawing Approval  
Discom Meter Application -> Discom Meter Installation  
  
-> Installation -> CEI Installation Approx) >  
  
Page 15 of 19  
  
16  
  
18.3 On going through the above, what is forthcoming is as under:  
  
e that the solar PV plant is for captive consumption as the energy generated is  
to be used in-house & only in case the available energy exceeds the demand,  
it would be ‘exported’ to the DGVCL grid via Net Metering System;  
  
e that it will have civil work with four foundations per panel;  
  
e that the entire structure is supported by nuts and bolts with zero welding  
which reduces the fragility during high impacts;  
  
e that it will have flexibility of setting 4 different angles 10°, 15°, 20°, 25°;  
that changing the angle once in summer 10° & once in winter 25° , can  
increase annual generation by around 6-7%.  
  
18.4 In view of the foregoing, it is abundantly clear that the roof solar plant,  
affixed to foundation via nuts and bolts and which has the flexibility of 4 different  
angles is not an immovable property but a plant and machinery. The applicant has  
further stated that they have capitalized the roof solar plant in their books of  
accounts. The Roof Solar Plant, as is evident is not permanently fastened to the  
building. Thus, it qualifies as a plant and machinery and is not an immovable  
property, hence, it is not covered under blocked credit as mentioned in 17(5)(d) of  
the CGST Act, 2017. Therefore we hold that the applicant is eligible for input tax  
  
on roof solar plant.  
  
19. Fire Safety Extinguishers  
  
19.1 The appellant has entered into agreement for supply and installation of  
‘Fire Safety Extinguishers’ in their building premises. The appellant has submitted  
that in terms of sections 18, 19, 20 & 21 of The Gujarat Fire Prevention and Life  
Safety Measures Act, 2013, it is mandatory to install fire safety instruments/  
systems at their premises. We find that while section 18 of the said Act ibid makes  
installation of firefighting and life safety installations mandatory, section 19  
mandates that the occupancy certificate can be issued only after compliance of the  
provisions of section 18. Thus, it can be inferred that Fire Safety Extinguishers are  
integral part of any building. A building is only complete and can be occupied only  
when Fire Safety Extinguishers are in place. Fire Safety Extinguishers however are  
permanently attached to the building and are in place during the entire life time of  
  
the building.  
  
Page 16 of 19  
  
17  
  
19.2 The Hon’ble Supreme Court of India in the case of Commissioner of  
Central Excise, Ahmedabad Vs. Solid & Correct Engineering Works [2010 (252)  
E.L.T. 481 (S.C.)| held at Para 33 as under:  
  
“33. It is noteworthy that in none of the cases relied upon by the assessee referred to  
above was there any element of installation of the machine for a given period of time as  
is the position in the instant case. The machines in question were by their very nature  
intended to be fixed permanently to the structures which were embedded in the earth.  
The structures were also custom made for the fixing of such machines without which  
the same could not become functional. The machines thus becoming a part and parcel  
of the structures in which they were fitted were no longer moveable goods. It was in  
those peculiar circumstances that the installation and erection of machines at site were  
held to be by this Court, to be immovable property that ceased to remain moveable or  
marketable as they were at the time of their purchase. Once such a machine is fixed,  
embedded or assimilated in a permanent structure, the movable character of the  
machine becomes extinct....” [emphasis supplied]  
  
19.3 In the present case too we find that there is an intention to install the  
‘Fire Safety Extinguishers’ permanently to the building. The Fire Safety  
Extinguishers once fitted, no longer remains movable goods as it gets assimilated  
  
in a permanent structure i.e. the administrative building of the appellant.  
  
19.4 As the supply and installation of fire safety extinguishers as pointed out  
  
above, makes it an immovable property, it ceases to be a plant and machinery.  
  
19.5 Hence, in view of the above discussions we find that the appellant is not  
entitled to ITC of GST paid on Fire Safety Extinguishers in view of the provisions  
  
of section 17(5)(c) of the CGST Act, 2017.  
  
20. Architect Service Fees and Interior Designer Fees  
20.1 The appellant has appointed Architect who will carry out the structural  
  
design of their new administrative building. Further they have also hired the  
services of Interior Designer who will carry out the interior design of their new  
  
administrative building.  
  
20.2 We find that it is undisputed that the services of an Architect and Interior  
Designer availed is with regard to construction of an immovable property i.c. the  
new administrative/office building of the appellant.  
  
20.3 The appellant, we find has contended that the expenses related “to,  
  
Architect services and Interior Designing fees is not being capitalized and is  
  
waa,  
  
Page 17 of 19  
18  
  
charged to Profit & Loss Account, to further substantiate their claim for availment  
of ITC. We find that Accounting Standards [AS] 10 issued in terms of Section 133  
of the Companies Act, 2013, prescribe the accounting treatment for property, plant  
  
and equipment. AS 10, states as follows: [htps://www.icai.org/www.icai.org/post/accounting-  
  
standards-as-on- | stfeb2022  
  
Elements of Cost  
  
17. The cost of an item of property, plant and equipment comprises: 5  
(a) its purchase price, including import duties and non-refundable purchase taxes,, after  
deducting trade discounts and rebates.  
  
(b) any costs directly attributable to bringing the asset to the location and condition  
necessary for it to be capable of operating in the manner intended by management.  
  
(c) the initial estimate of the costs of dismantling, removing the item and restoring the  
site on which it is located, referred to as ‘decommissioning, restoration and similar  
liabilities’, the obligation for which an enterprise incurs either when the item is acquired  
or as a consequence of having used the item during a particular period for purposes  
other than to produce inventories during that period.  
  
18. Examples of directly attributable costs are:  
  
(a) costs of employee benefits (as defined in AS 15, Employee Benefits) arising directly  
from the construction or acquisition of the item of property, plant and equipment;  
  
(b) costs of site preparation;  
  
(c) initial delivery and handling costs;  
  
(d) installation and assembly costs;  
  
(e) costs of testing whether the asset is functioning properly, after deducting the net  
proceeds from selling any items produced while bringing the asset to that location and  
condition (such as samples produced when testing equipment); and  
  
(f) professional fees.  
  
20.4 As is evident, AS 10, prescribes capitalization of professional fees,  
meaning thereby that in this case both these services viz architect service fees and  
interior designer fees, should in terms of the accounting standards be capitalized.  
The averment therefore that since they are booking a capital expense under Profit  
and Loss account will make them eligible for ITC, is not a legally tenable  
  
argument.  
20.5 In view of the above discussions we find that the appellant is not entitled  
to IVC of GST paid on Architect Service Fees and Interior Designing Fees in view  
  
of the provisions of Section 17(5)(d) of the CGST Act, 2017.  
  
Zl As far as reliance on rulings of various AARs is concerned, we find that  
  
same are not binding on us in terms of section 103 of the CGST Act, 2017.  
  
22. In view of the foregoing, we reject the appeal filed by appellant M/s. The  
  
Varachha Co-op. Bank Ltd and uphold the Advance Ruling No. GUJ/GAARIRY~  
  
Page 18 of 19  
  
19  
  
37/2021 dated 30.07.2021 of the Gujarat Authority for Advance Ruling except in  
respect of roof solar plant, wherein in paragraph 18.1 to 18.4 we have held that  
  
ITC is admissible on roof solar plant.  
  
fh Fv  
( Samir Vakil ) (B V Siva Naga Kumari)  
Member (SGST) Member (CGST)  
  
Place: Ahmedabad  
  
Date: Oly 40.2023  
  
Page 19 of 19