

TAX INFO

Dated 22.11.2021

Latest update on GST Law: Information regarding **Supply of gas to residential apartments through pipelines along with management services is a composite supply** as given in **Ruling by AAR-West Bengal in Masterly Kolkata Facility Maintenance Pvt Ltd dated 30.09.2021 vide Order 12/WBAAR/2021-22.**

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Brief Facts of The Case:

The applicant is service provider engaged in rendering maintenance services to the owner of the apartments. The apartments have been developed with a facility of supply of cooking gas through pipeline from gas banks installed at different places in the project premises. For the purpose of supply of cooking gas, the applicant purchases GAS cylinders and said GAS is refilled in the gas bank from where gas is supplied to the apartment owners. For acquiring the supply of cooking gas, the apartment owners are required to pay a one-time charge per flat. However, the apartment owners are at liberty either to get the supply of cooking gas through the applicant or they may procure on their own.

Questions on which the Ruling is sought:

Whether supply of cooking gas as provided by the applicant should be classified as supply of goods or supply of services in the given circumstances?

Contention of Applicant:

The LPG/ cooking gas is not being supplied in conjunction with the maintenance service. It is an option to the apartment owners either to purchase the cooking gas from the applicant or from any other supplier. Therefore, this is an independent supply and should not be said to be a part of composite supply of maintenance service.

Submission of revenue:

From the submitted invoices, it appears that the applicant raises a consolidated maintenance bill where such upkeep of gas bank, pipelines and related fittings are invariably included, to each and every flat owner of such complex. He also raises an additional invoice to the flat owners (who opted for service of reticulated gas system) namely "gas charges bill" based on actual consumption of cooking gas.

Observations:

The Authority is unable to accept the submission made by the applicant that maintenance of piped gas connection has got no connection with supply of cooking gas through the said piped gas connection. Further, whether or not any apartment owner avails the piped gas facility, they all are required to bear the common cost of maintenance of pipeline. So, when an apartment owner intends to get supply of cooking gas through pipeline, she/he will be provided the same along with the services for which she/he has already been paying to the applicant. So, supply of cooking gas through pipeline is linked with facility and property management services as provided by the applicant.

In spite of issuance of separate invoices as "Gas Charges Bill" for consumption of gas, supplies of gas through pipeline is found to be naturally bundled with facility and property management services and are supplied in conjunction with each other. The instant supply, therefore, shall be treated as "composite supply" where the principal supply is facility and management services.

Ruling:

Supply of cooking gas as provided by the applicant shall be classified as supply of services.

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