

IMPORTANT GST UPDATES



Issued in case of M/s Chamundeswari Electricity Supply Corporation Ltd by Karnataka Authority for Advance Ruling
Advance Ruling No. KAR ADRG 24/2023 | Date: 13-07-2023

Ruling

Karnataka AAR ruled that 18% GST will be levied on the activity of providing charging services for Electric Vehicle batteries and ITC can be availed for the same.

Observations & Findings

The applicant, M/s Chamundeswari Electricity plans to set up public charging stations for electric two and four wheelers. The applicant will issue invoices for collecting electric vehicle charging fees. The invoice will be divided into two components - energy charges for the number of units consumed and the service charges for the services provided by the charging station. The applicant approached KAAR to know whether the activity of providing charging services for electric vehicle batteries is liable to GST and if so then whether ITC can be claimed for the same.

The KAAR observed that the applicant's activity of charging of battery does not involve sale of electricity to any person as the electricity is consumed by the charging station. Electric power is a consumable that is put to use at the charging station. The owner of the Electric Vehicle is being allowed to use the facilities of the charging station and hence the activity amounts to supply of service. The activity shall be classified under SAC 998714 which covers maintenance and repair of transport machinery which includes electrical systems repair and battery charging services for motor cars.

Considering the above observations and findings, the KAAR ruled the following:

- The activity of providing charging services for Electric Vehicle batteries will be considered as an act of service
- This service will be liable to 18% GST and classified under SAC 998714
- GST can be set-off against the Input Tax Credit received