



JUDGEMENT

Kerala AAR Classifies Self-Drive Rentals Under SAC 9966, Imposing 18% GST Without Fuel Inclusion

Issued By: AAR Kerala

In Case Of: Indus Motor Company Pvt. Ltd.

Order No: Advance Ruling No. KER/15/2024

Order Date: 15th July 2024

FACTS & OBSERVATIONS

- Indus Motor Company Pvt. Ltd. sought an advance ruling on the GST classification and applicable tax rate for its self-drive car rental service, “Indus GO.”
- The company argued that its service, which provides vehicles without operators, should be classified under SAC 997311, attracting an 18% GST rate as per Notification No. 11/2017, amended by Notification No. 20/2019.
- The service was described as leasing or rental without a transfer of ownership, with vehicles offered solely for personal use and controlled by the company through tracking devices and maintenance responsibilities.
- The applicant contended that its operations did not involve a transfer of the right to use, as full control over the vehicles remained with Indus Motor.

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- The Authority for Advance Ruling observed that the arrangement lacked the legal transfer of the right to use, as substantial control over the vehicles, including repairs and insurance, was retained by the company.
- Referring to precedents such as the BSNL judgment, it noted that such control precluded the service from qualifying as a "transfer of the right to use" under Article 366(29A) of the Constitution.
- Consequently, the AAR ruled that the service falls under SAC 997311 as leasing or rental without transfer of ownership. It confirmed the applicability of an 18% GST rate in accordance with Notification No. 11/2017, as amended.

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