



JUDGEMENT

Solar Inverters Eligible for 5% GST as Part of Solar Power Generating System

Issued By:	Karnataka High Court
In Case Of:	M/s. ABB India Ltd
Order Date:	15th Dec 2026
Order No:	WP No. 17875 of 2023

N J JAIN & ASSOCIATES

CHARTERED ACCOUNTANTS

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FACTS & OBSERVATIONS

- The petitioner was engaged in the **supply of solar power generating systems and associated equipment**, including solar inverters used in renewable energy installations.
- During assessment proceedings, the **department took the view that solar inverters constituted independent electrical equipment, taxable at 18% GST**, rather than being treated as a component of the solar power generating system.
- The **assessee contended that solar inverters are functionally inseparable from the solar power generating system**, as they convert DC power generated by solar panels into usable AC electricity.
- Relying on concessional GST rate provisions applicable to renewable energy devices and parts, the **petitioner argued that such supplies should be taxed at 5% GST when supplied as part of the solar power generating system**.

JUDGEMENT

- The Court noted that the **solar inverter performs a critical and indispensable role in the functioning of a solar power generating system**, enabling conversion of the electricity generated by solar panels into usable power.
- It observed that **without an inverter, the electricity generated by solar panels cannot be effectively transmitted or utilized**, thereby rendering the solar power generating system commercially incomplete.
- The **Court emphasized that components forming an integral and functional part of renewable energy devices cannot be artificially segregated** for the purpose of applying a higher GST rate.
- Accordingly, the **Court held that solar inverters supplied as part of a solar power generating system qualify for the concessional GST rate of 5%** applicable to renewable energy devices and their parts.

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