

**GUJARAT AUTHORITY FOR ADVANCE RULING
GOODS AND SERVICES TAX
D/5, RAJYA KAR BHAVAN, ASHRAM ROAD,
AHMEDABAD – 380 009.**



ADVANCE RULING NO. GUJ/GAAR/R/2026/13
(IN APPLICATION NO. Advance Ruling/SGST&CGST/2025/AR/1)

Date: 28/04/2026

Name and address of the applicant	:	M/s. JBM Ecolife Mobility Surat P Ltd, Plot No. 70, BRTS Bus Depot & Workshop, TP Scheme No. 48, Opp. Unn-Bhestan Urban Health Centre, Bhestan, Surat, Gujarat-395 023.
GSTIN of the applicant	:	24AAFCJ4549P1Z1
Jurisdiction Office	:	Office of the Assistant Commissioner of State Tax, Unit-63, Range-16, Division-7, Surat.
Date of application	:	14/01/2025
Clause(s) of Section 97(2) of CGST/IGST Act, 2017, under which the question(s) raised.	:	(e)
Date of Personal Hearing	:	06.02.2026
Present for the applicant	:	Shri Kavish Goyal, Tax Head, JBM and Shri Rohan Pahwa, Advocate

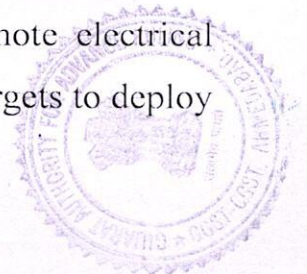
Brief facts:

M/s. JBM Ecolife Mobility Surat P Ltd, Plot No. 70, BRTS Bus Depot & Workshop, TP Scheme No. 48, Opp. Unn-Bhestan Urban Health Centre, Bhestan, Surat, Gujarat-395 023 [for short-applicant'] is registered under GST and their GSTIN is 24AAFCJ4549P1Z1.

2. The applicant is engaged in provision of services of end-to-end operation & maintenance of electric buses, plying them on prescribed route & schedule; that the consideration is paid on Gross Cost Contract (GCC) methodology *i.e.* a fixed amount; that this amount is payable on the basis of the total distance travelled in accordance with the deployment plan by each bus operated by the applicant; that operation of these buses is undertaken by the personnel employed/contracted by the applicant.

3. The applicant, has stated as follows:

(a) the flagship program of the Union Government is to promote electrical mobility viz. the National Electric Bus Program (NEBP) which targets to deploy 50,000 electric buses in various States of India;



(b) that the procurement and deployment of electric buses under NEBP is undertaken following the GCC methodology, whereby the Original Equipment Manufacturers (OEM) of the buses are-

- required to float a Special Purpose Vehicle (SPV) & procure buses of prescribed standard and quantity;
- the SPVs employ necessary staff and charging infrastructure;
- that the buses are operated on the prescribed routes & all expenses related to such operation is on the account of SPV;
- that consideration is on per kilometer basis i.e. a fixed price is paid to the SPVs by the service recipient for undertaking these services.

(c) under NEBP, a request for proposal bearing no. CESL/6/2022-23/E-buses/GC-2/222309007 dated 21.9.2022 was floated for procurement, operation and maintenance of 150 nos. of 12 m BRTS air-conditioned buses in the city of Surat;

(d) the applicant participated & emerged as a successful bidder for providing e-buses on rental;

(e) that post the above, the applicant was incorporated as an SPV in terms of the tender conditions & thereafter entered into a Master Concession Agreement dated 21.8.2023 with the Surat Municipal Corporation (SMC);

(f) thereafter to introduce further efficiency, SMC assigned all its rights and responsibilities in the master concession agreement, including those related to supervision and payment processing to Surat Sitilink Limited [a wholly owned subsidiary of SMC];

(g) that the assignment was undertaken through a tripartite agreement dated 5.4.2024 between SMC, Surat Sitilink Ltd and the applicant;

(h) that in terms of the concession agreement, the obligation of SMC pertaining to supervision, facilitation of payment processing in relation to the said project, shall be the responsibility of M/s. Surat Sitilink Ltd;

(i) the concession agreement, further, binds the applicant to supply buses conforming to the prescribed specification and standard; operate and maintain buses in accordance with the applicable laws; install, operate and maintain the charging infrastructure in accordance with the provisions of the agreement;



(j) that the consideration will be calculated by multiplying the aggregate bus kilometers travelled with Rs. 59.29;

(k) that the monthly invoice is to be raised on Surat Sitilink Ltd, which is liable to pay the same within thirty days from the submission of the invoice.

4. The applicant, has further stated as follows:

(a) that the most appropriate classification of the service provided by the applicant to M/s. Surat Sitilink Ltd is SAC 996601 which covers 'Rental services of road vehicles including buses, coaches, cars trucks and other motor vehicles, with operator';

(b) that the term rental/rent has not been defined under CGST Act & therefore the applicant has relied on the dictionary meaning;

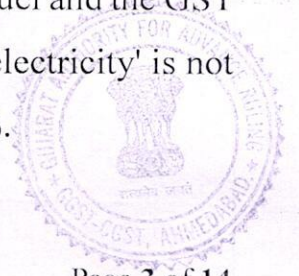
(c) that in terms of the explanatory notes to the scheme of classification of services, the service code includes rental of buses, with operators for a period of time, not generally dependent on distance; that the renter defines, how & when the vehicle will be operated, determining the schedules, routes & other operational considerations;

(d) that the "recipient of services" in the present case, for the purposes of the GST law, is Surat Sitilink Company, a private limited Company incorporated under the provisions of the Companies Act, 2013 as Surat Sitilink Limited is liable to the pay the consideration to the Applicant.

(e) That the present services are classifiable under Heading 9966, and fall under Sl. No. 10 of Notification No. 11/2017 (Central Tax-Rate) dated 28.06.2017.

(f) As per the said entry, in cases where passenger vehicles are given on rent, and the cost of fuel is included in consideration charged, the supplier has an option to levy GST at 5%, without availing input tax credit or levy GST at 12%, availing input tax credit. In cases wherein the cost of fuel is not included in the consideration charged, GST would be leviable at 18%.

(g) That there is an ambiguity which has led to making the present application, which is that the subject buses are battery-operated and run on electrical energy which is stored within the battery packs fitted on to the body of the buses. The controversy arises as to whether "electricity", can be regarded as fuel and the GST be applicable at the rate of 5% / 12%. Alternatively, in case the 'electricity' is not regarded as 'fuel' the services would be taxable at the rate of 18%.



5. The applicant has, therefore, sought a ruling on the following questions: -
- (a) *What is the scope of entry (i) of the Sl. No. 10 of the Rate Notification.*
 - (b) *Whether the present services would be covered under entry (i) of the Sl. No. 10 of the Rate Notification since the buses are run on electrical energy?*
 - (c) *Whether the present services be taxable under entry (iii) of Sl. No. 10 of the Rate Notification as the cost of fuel is not included in the consideration charged?*

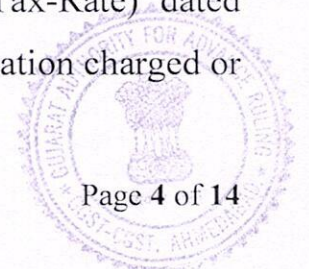
6. The applicant's interpretation of the law is as under: -

(a) The Hon'ble Supreme Court in *Chief Commissioner vs. Safari Retreats Private Ltd. & Ors.* [2024 INSC 756] has reiterated the principles of taxation statutes, some of which are: -

- A taxing statute must be read as it is with no additions and no subtractions on the grounds of legislative intendment or otherwise;
- While dealing with a taxing provision, the principle of strict interpretation should be applied;
- In interpreting a taxing statute, equitable considerations are entirely out of place;
- A taxing provision cannot be interpreted on any presumption or assumption;
- A taxing statute has to be interpreted in the light of what is clearly expressed. The Court cannot imply anything which is not expressed. Moreover, the Court cannot import provisions in the statute to supply any deficiency;
- Equity and taxation are strangers. But if construction results in equity rather than injustice, such construction should be preferred;

(b) Reference can be made to the landmark judgment of the Constitution Bench of the Hon'ble Supreme Court in *CC vs. Dilip Kumar & Company* [(2018) 361 E.L.T. 577)], wherein it was reiterated that a strict interpretation is required to be undertaken in respect of rate notifications, and in case of items providing a lower rate of duty, in case of any ambiguity, the same is required to be interpreted in favour of the Revenue Department.

(c) Comparing the two entries, the only aspect of distinction between Sl. No. 10(i) and Sl. No. 10(iii) of Notification No. 12/2017 (Central Tax-Rate) dated 28.06.2017 is whether the cost of fuel is included in the consideration charged or not.



(d) In light of the dictionary meanings of various publications, the term "*fuel*" can be commonly understood as a substance that is burned or otherwise consumed to produce energy, typically in the form of heat or power.

(e) Fuels include solid fuels (such as coal and wood), liquid fuels (such as petrol and diesel), and gaseous fuels (such as natural gas and LPG). These fuels are primarily used to power internal combustion engines or other machinery that relies on combustion.

(f) Electricity, on the other hand, is a secondary energy source generated through the conversion of primary energy sources such as coal, natural gas, nuclear, solar, or wind energy. Unlike conventional fuels, electricity is not a combustible substance but an energy carrier.

(g) In the case of electrically operated vehicles, energy is stored in batteries in the form of electrical energy. These batteries are recharged using electricity supplied from external sources, such as power grids, which are often generated through the combustion of fuels or renewable energy sources. This fundamental distinction underscores that electricity itself is not a fuel but a form of energy derived from various sources, including but not limited to fuel.

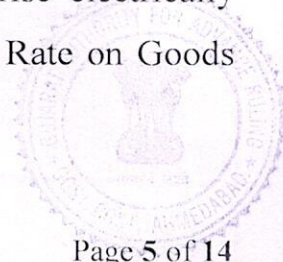
(h) Basis the above, the distinction between 'electricity' and 'fuel' can be elucidated as:

- Fuel: A chemical energy source that releases energy through combustion. For example, hydrocarbon fuels release energy when burned, producing by-products like CO₂ and water.
- Electricity: A flow of electrons resulting from electromagnetic or electrochemical processes, typically produced in power plants or through renewable energy systems.

(i) Therefore, it can be concluded that the term '*fuel*' does not include in its ambit '*electricity*', which is essentially a form of energy and not a source for generating energy.

(j) Electrically Operated Vehicles are a separate class of vehicles and do not answer to the term '*motor vehicles*' under the GST law. The said classification is distinct and independent of motor vehicles using an Internal Combustion Engine.

(k) This is manifest from Notification 01/2017-Central Tax (Rate) dated 28.06.2017, wherein the legislative intent has been to categorise electrically operated vehicles as a separate class of vehicles under the Tax Rate on Goods Notification.



(l) As a consequence, concessional rate of tax, i.e., 5% without ITC or 12% with ITC under the entry (i) of SI. No. 10 of the Tax Rate on Services Notification would not be available for electrically operated vehicles. This is because the said entry covers rental services of 'motor vehicles' and not 'electrically operated vehicles'.

(m) On perusal of the Customs Tariff, the fuels are classified under the sub-headings under headings 2701 to 2715. The term "fuel" is also suffixed to such products denoting that these products are fuels for the purpose of classification under Customs Tariff.

(n) As against the above, the electricity is classified distinctively as "electrical energy" under the heading 27160000. Also, the unit of measurement for electricity is prescribed as "1000 kWh" whereas fuels are measured in kilograms. Absence of term "fuel" and reference of term "energy" in the context of electricity, further strengthens the premise that electricity and fuel are different from each other.

(o) In light of the foregoing paragraphs, it is established that the Applicant is:

- Providing rental services of 'electrically operated vehicles' and not 'motor vehicles'.
- The consideration charged by the Applicant does not include the cost of fuel as the Subject E-Buses are not fuel operated vehicles.
- The rental services are provided with the operators.

(p) Entry (iii) of the SI. No. 10 of the Tax Rate on Services Notification is wider and covers rental services all the vehicles, including electrically operated vehicles which are meant for transport. Accordingly, the said entry would squarely rental services of electrically operated vehicles where such services are provided along with operators.

(q) Therefore, given the above, the services provided by the Applicant are squarely covered under SI.No. 10(iii) of the Rate Notification and appear to be taxable at the rate of 18%.

7. Personal hearing was granted on 06.02.2025 wherein Shri Kavish Goyal, Tax Head, JBM and Shri Rohan Pahwa, Advocate appeared for the applicant and reiterated the facts & grounds as stated in the application.



Discussion and findings

8. At the outset, we would like to state that the provisions of both the CGST Act and the GGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provisions under the GGST Act.

9. We have considered the submissions made by the applicant in their application for advance ruling as well as the submissions made both oral and written during the course of personal hearing. We have also considered the issue involved, the relevant facts & the applicant's submission/interpretation of law in respect of question on which the advance ruling is sought.

10. We find that M/s JBM Ecolife Mobility Pvt. Limited was allotted a contract for supply of 150 nos of 12m BRTS electric air-conditioned buses for the city of Surat under the flagship program of the Union Government to promote electrical mobility. Subsequently, the applicant was incorporated as an SPV in terms of the tender conditions. A Master Concession Agreement dtd. 21.08.2023 was entered into between the Applicant and Surat Municipal Corporation for Supply, Operation and Maintenance of E-buses, subject to the terms and conditions set forth in the Concession Agreement. However, subsequently, the project under consideration was transferred to M/s Surat Sitilink Limited (SSL for short), a wholly owned subsidiary of SMC for O & M purpose by SMC and therefore, a Tripartite Agreement dtd. 05.04.2024 was executed between the applicant, SMC and SSL and all the roles and responsibility of the said project pertaining to SMC were shifted to SSL in the same manner as defined in the Request for Proposal and the LOA.

11. The scope of the applicant as mentioned in the Concession Agreement, included: -

(a) Design, manufacture, procure and supply of buses conforming to the Specifications and Standards set forth in Schedule-B(the "Buses") and in accordance with the provisions of this Agreement;

(b) Operate and Maintain the Buses in accordance with the provisions of this Agreement.



(c) Develop, Equip, Operate and Maintain the Maintenance Depots on the Depot Sites specified in Schedule-A, in accordance with the provisions of this Agreement.

(d) Procurement and installation of the Charging Infrastructure at the Maintenance Depots for charging of the Buses.

The consideration in the form of fee payable to the applicant is calculated by multiplying the aggregate Bus Kilometres travelled by all Buses with INR 59.29, which is defined as 'PK fee' in the agreement.

12. Some of the other relevant clauses of the Concession Agreement are reproduced below: -

5.5.10 The Operator shall be responsible for all the costs and expenses for employment of drivers and other personnel including but not limited to expenses for travel, training of its employees, and payment to vendors engaged by the Operator in connection with the implementation of this Project.

16.4.1 The Parties agree that the Authority shall have the exclusive right to determine routes, frequency and schedule of the buses as part of Deployment Plan throughout the Contract Period. The Authority shall provide the routes to the Operator for operation of the buses as specified in Schedule-J (the 'Deployment Plan'). All Operational Routes will be such that their origin, destination and opportunity charging location is one or more Maintenance Depots allocated to the Operator as per Schedule-A.

The Explanatory Notes to Scheme of Classification of Services under GST for SAC 996601 is as under: -

"This service code includes rental of buses or coaches, trucks and other motorized freight vehicles, with operators for a period of time, not generally dependent on distance. The renter defines how and when the vehicles will be operated, determining schedules, routes, and other operational considerations."



From the terms of the Concession Agreement, it is seen that the services provided by the applicant would fall under SAC 996601, as the buses are given on rent to SSL, along with the driver (operator) and the SSL was determining the schedules and routes.

13. Having held that the services provided by them fall under SAC 996601, we move on the next question, as to the rate of GST payable by the applicant. The applicable entry for the rental of transport vehicles with operators, as prescribed under **Notification No. 11/2017-CT(R)**, is reproduced below for reference: -

Sl.No.	Chapter, Section or Heading	Description of Service	Rate (per cent.)	Condition
(1)	(2)	(3)	(4)	(5)
1	Chapter 99	All Services		
	Section 6	Distributive Trade Services; Accommodation, Food and Beverage Service; Transport Services; Gas and Electricity Distribution Services		
10	Heading 9966 (Rental services of transport vehicles with operators)	(i) Renting of any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged from the service recipient.	2.5	Provided that credit of input tax charged on goods and services used in supplying the service, other than the input tax credit of input service in the same line of business (i.e. service procured from another service provider of transporting passengers in a motor vehicle or renting of a motor vehicle) has not been taken. [Please refer to Explanation no. (iv)] Provided further that where the supplier of input service in the same line of business charges central tax at a rate higher than 2.5%, credit of input tax charged on the input service in the same line of business in excess of the tax paid or payable at the rate of 2.5%, shall not be taken. Illustration: 'A' engages 'B' for transport from New Delhi to Jaipur in

				a motor cab for Rs. 1000. 'B', for supplying the said service, hires a motor cab with operator from 'C' for Rs. 800. 'C' charges 'B' central tax at the rate of 6% (Rs. 48). If 'B' charges 'A' central tax at the rate of 2.5%, he shall be entitled to take input tax credit on the input service in the same line of business supplied by 'C' only to the extent of Rs. 20 (2.5% of Rs. 800) and not Rs. 48.
				or
			6 [Up to 21/09/2025]	-
			9 [Substituted by Noti. No. 15/2025-Central Tax (Rate) dated 17.09.2025 w.e.f. 22.09.2025 for "6"]	
		[(ia) Renting of goods carriage where the cost of fuel is included in the consideration charged from the service recipient	2.5	Provided that credit of input tax charged on goods and services used in supplying the service, other than the input tax credit of input service in the same line of business has not been taken: [Please refer to Explanation no. (iv)] Provided further that where the supplier of input service in the same line of business charges central tax at a rate higher than 2.5%, credit of input tax charged on the input service in the same line of business in excess of the tax paid or payable at the rate of 2.5% shall not be taken.
				or
			6 [Up to 21/09/2025]	-
			9	



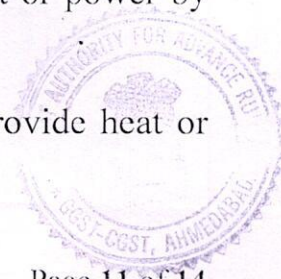
			[Substituted by Noti. No. 15/2025-Central Tax (Rate) dated 17.09.2025 w.e.f. 22.09.2025 for "6"]	
		(ii) Time charter of vessels for transport of goods	2.5	Provided that credit of input tax charged on goods (other than on ships, vessels including bulk carriers and tankers) has not been taken [Please refer to Explanation no. (iv)]
		(iii) Rental services of transport vehicles with operators, other than (i), (ia) and (ii) above	9	-

[Emphasis Supplied]

Thus, as per Entry No. 10 (i), the rate of GST for renting of any motor vehicle designed to carry passengers, **where the cost of fuel is included in the consideration charged from the service recipient**, is 5% without ITC and 12 % / 18% with ITC as the case may be. For cases other than (i), i.e. renting of any motor vehicle designed to carry passengers **where the cost of fuel is not included in the consideration** charged from the service recipient, the rate of GST as per the residual Entry No. 10(iii) would be 18%. Thus, the determinative factor as to whether the services provided by the applicant falls under Entry No. 10 (i) or 10(iii), is the inclusion of the cost of fuel in the consideration charged from the service recipient.

14. Before evaluating whether the cost of fuel is included in the total consideration, we must first determine if "*electricity*" falls within the legal definition of "*fuel*." This determination is a condition precedent because if electricity is not classified as fuel, the question of whether fuel costs are included or excluded becomes redundant in the context of identifying the correct Entry under Notification No. 11/2017-CT(R) dtd. 28.06.2017. This is particularly relevant here, as the applicant's service involves the rental of electric buses to SSL. We find that the term '*fuel*' has not been defined in the CGST Act. Therefore, we take recourse to the its dictionary meaning. The applicant has quoted the definition of '*fuel*' from various dictionaries/websites as under:-

- **Merriam-Webster Dictionary:** "A material used to produce heat or power by burning.
- **Cambridge English Dictionary:** "A substance that is used to provide heat or power, usually by being burned."



- **Collins English Dictionary:** "A substance such as coal, oil, or petrol that is burned to provide heat or power."
- **Reverso English Dictionary:** "A substance burned for heat or power."
- **Wikipedia:** "Fuel is any material that can be made to react with other substances so that it releases energy as heat or to be used for work."

While dictionaries traditionally define '*fuel*' as a combustible material—such as coal or gas—that is burned to produce heat or power, '*electricity*' occupies a different category. Electricity is a secondary energy carrier rather than a primary fuel source. Unlike physical fuels, electricity is not a combustible substance; rather, it is a form of energy generated through the conversion of primary sources. Therefore, scientifically speaking, electricity is the result of energy conversion, not the raw material used to initiate it. A clear distinction exists between *combustible fuels* and *electrical energy*, as under:

- **Fuel:** A primary energy source (e.g., hydrocarbons) containing chemical potential energy released through combustion.
- **Electricity:** A secondary energy derivative. It is a flow of charge generated by converting primary sources—such as the thermal energy from burning coal or the kinetic energy of wind.

Because electricity is not "consumed" through combustion to create energy, but is itself the energy being transmitted, it cannot be classified as a fuel in the traditional or scientific sense.

15. We are also aware that the legislature has granted exemption to electric vehicles given on hire to a local authority. The relevant entry of Notification No. 12/2017-Central Tax (Rate) dtd. 28.06.2017, is reproduced below: -

Sl.No.	Chapter, Section or Heading	Description of Service	Rate (per cent.)	Condition
(1)	(2)	(3)	(4)	(5)
22	Heading 9966 or Heading 9973	<p>Services by way of giving on hire –</p> <p>(a) to a state transport undertaking, a motor vehicle meant to carry more than twelve passengers; or</p> <p>(aa) to a local authority, an Electrically operated vehicle meant to carry more than twelve passengers; or</p> <p>Explanation.- For the purposes of this entry, "Electrically operated vehicle" means vehicle falling under Chapter 87 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) which is run solely on electrical energy derived from an external source or from one or more electrical batteries fitted to such road vehicle.</p> <p>(b) to a goods transport agency, a means of transportation of goods.</p> <p>(c) motor vehicle for transport of students, faculty and staff, to a person providing services of transportation of students, faculty and staff to an educational institution providing services by way of pre-</p>	Nil	Nil



	school education and education upto higher secondary school or equivalent.		
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[Emphasis Supplied]

The legislative intent to distinguish electrically operated vehicles from those using traditional fuels is evident across statutory notifications. While Notification No. 12/2017-CT(R) explicitly defines and provides exemptions for "*electrically operated vehicles*" (specifically when hired to local authorities), Notification No. 11/2017-CT(R) employs the term "*fuel*" in its common parlance, which typically refers to fossil fuels. The Supreme Court in the case of *Gujarat State Fertilizers Co. vs. Collector of Central Excise-1997* (91) E.L.T. 3 (S.C) has held that express language of the notification has to be given its due effect and supposed object and purpose of the exemption has to be culled out from the said language. In *Chief Commissioner vs. Safari Retreats Private Ltd. & Ors.* [2024 INSC 756], the Supreme Court held that a taxing statute has to be interpreted in the light of what is clearly expressed. The Court cannot imply anything which is not expressed and cannot import provisions in the statute to supply any deficiency. Since the legislature chose to use the specific term '*Battery operated Vehicle*' in one instance and '*fuel*' in another, the latter cannot be broadened to include electricity by implication. Consequently, as electricity is found to fall outside the scope and definition of '*fuel*,' the secondary question—whether fuel costs are included in the total consideration—becomes redundant. Therefore, in view of the discussions mentioned supra, we hold that the applicant would be covered under Entry No. 10 (iii) of Notification No. 11/2017-CT(R) dtd. 28.06.2017 attracting GST @ 18%.

16. In view of the above, we rule as under: -

RULING

Ques.1 What is the scope of entry (i) of the Sl. No. 10 of the Rate Notification.

Ans 1:- Entry (i) of the Sl. No. 10 of the Rate Notification No. 11/2017-CT(R) dtd. 28.06.2017 covers rental services of motor vehicles with operators where cost of fuel is included in the consideration.

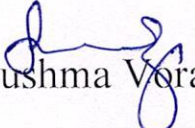
Ques.2 Whether the present services would be covered under entry (i) of the Sl. No. 10 of the Rate Notification since the buses are run on electrical energy?




Ans 2:- No. The present services of the applicant would be covered under entry (iii) of the Sl. No. 10 of the Rate Notification No. 11/2017-CT(R) dtd. 28.06.2017, as amended, for the reasons mentioned aforesaid.

Ques. 3 Whether the present services be taxable under entry (iii) of Sl. No. 10 of the Rate Notification as the cost of fuel is not included in the consideration charged?

Ans 3:- Already answered in Ques. 2.


(Sushma Vora)
Member (SGST)




(Vishal Malani)
Member (CGST)

Place: Ahmedabad
Date: 28/04/2026

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