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CIRCULAR

(No. 22 / 2019-20 - GST)

**Subject: Clarification on scope of support services to exploration, mining or drilling of petroleum crude or natural gas or both – reg.**

Representations have been received from trade seeking clarification on the scope of the entry “services of exploration, mining or drilling of petroleum crude or natural gas or both” at Sr. No. 24 (ii) of heading 9986 in Notification No. 38/1/2017-Fin(R&C)(11/2017-Rate) dated 30.06.2017.

2. The matter has been examined. Most of the activities associated with exploration, mining or drilling of petroleum crude or natural gas fall under heading 9986. A few services particularly technical and consulting services relating to exploration also fall under heading 9983. Therefore, following entry has been inserted under heading 9983 with effect from 1st October 2019 vide Notification No. 38/1/2017-Fin(R&C)(20/2019-Rate) dated 1.10.2019 ; -

*“(ia) Other professional, technical and business services relating to exploration, mining or drilling of petroleum crude or natural gas or both”*

3. Explanatory Notes to the Scheme of Classification of Services adopted for the purposes of GST, which is based on the United Nations Central Product Classification describe succinctly the activities associated with exploration, mining or drilling of petroleum crude or natural gas under heading 9983 and 9986.

3.1 The relevant Explanatory Notes for Heading 9983 are as follows:

***998341 Geological and geophysical consulting services***

*This service code includes provision of advice, guidance and operational assistance concerning the location of mineral deposits, oil and gas fields and*

*groundwater by studying the properties of the earth and rock formations and structures; provision of advice with regard to exploration and development of mineral, oil and natural gas properties, including pre-feasibility and feasibility studies; project evaluation services; evaluation of geological, geophysical and geochemical anomalies; surface geological mapping or surveying; providing information on subsurface earth formations by different methods such as seismographic, gravimetric, magnetometric methods & other subsurface surveying methods*

*This service code does not include*

*- test drilling and boring work, cf. 995432*

### **998343 Mineral exploration and evaluation**

*This service code includes mineral exploration and evaluation information, obtained on own account basis*

*Note: This intellectual property product may be produced with the intent to sell or license the information to others.*

3.2 The relevant Explanatory Notes for Heading 9986 are as follows:

### **998621 Support services to oil and gas extraction**

*This service code includes derrick erection, repair and dismantling services; well casing, cementing, pumping, plugging and abandoning of wells; test drilling and exploration services in connection with petroleum and gas extraction; specialized fire extinguishing services; operation of oil or gas extraction unit on a fee or contract basis*

*This service code does not include:*

*- geological, geophysical and related prospecting and consulting services, cf. 998341*

### **998622 Support services to other mining n.e.c.**

*This service code includes draining and pumping of mines; overburden removal and other development and preparation services of mineral properties and sites, including tunneling, except for oil and gas extraction; test drilling services in connection with mining operations, except for oil and gas extraction; operation of other mining units on a fee or contract basis*

*This service code does not include:*

*- mineral exploration and evaluation services, cf. 998343*

- *geophysical services, cf. 998341*

4. It is hereby clarified that the scope of the entry at Sr. 24 (ii) under heading 9986 of Notification No.38/1/2017-Fin(R&C)(11/2017-Rate) dated 30.06.2017 shall be governed by the explanatory notes to service codes 998621 and 998622 of the Scheme of Classification of Services.

4.1 It is further clarified that the scope of the entry at Sr. No. 21 (ia) under heading 9983 of Notification No.38/1/2017-Fin(R&C)(11/2017-Rate) dated 30.06.2017 inserted with effect from 1st October 2019 vide Notification No. 38/1/2017-Fin(R&C)(20/2019-Rate) dated 1.10.2019 shall be governed by the explanatory notes to service codes 998341 and 998343 of the Scheme of Classification of Services.

4.2 The services which do not fall under the said entries under heading 9983 and 9986 of the said notification shall be classified in their respective headings and taxed accordingly.

5. Difficulty, if any, in implementation of this circular may be brought to the notice of the undersigned.

(Dipak M. Bandekar)

**Commissioner of State  
Tax, Goa**

Note : Similar circular is issued under Central Goods and Services Tax Act, 2017 by the Tax Research, Department of Revenue, Ministry of Finance, GOI, New Delhi vide Circular No.114/33/2019-GST dated 11/10/2019.