

Latest Circulars and Other Changes and Amendments in Goods & Services Tax (GST) and Important Advance Rulings from April 2019-Jul 2019

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Latest Circulars and Other Changes and Amendments in Goods & Services Tax (GST)

FROM APRIL 2019-JUL 2019

Coverage

Major Announcements in 35th and 36th Meeting of GST Council

Circular No	Date	Coverage
92/21/2019	07.03.2019	Clarification on various doubts related to treatment of sales promotion schemes
105/24/2019	28.06.2019	Clarification on various doubts related to treatment of secondary or post-sales discounts
102/21/2019	28.06.2019	Clarification regarding applicability of GST on additional / penal interest
103/22/2019	28.06.2019	Clarification regarding determination of place of supply in certain cases
107/26/2019	18.07.2019	Clarification on doubts related to supply of Information Technology enabled Services (ITeS services)
109/28/2019	22.07.2019	Issues related to GST on monthly subscription/contribution charged by a Residential Welfare Association from its members

Major Announcements in 35th and 36th Meeting of GST Council

- ❖ The tenure of National Anti-Profiteering Authority has been extended by 2 years.
- ❖ They decided to introduce electronic invoicing system in a phase-wise manner for B2B transactions. The Phase 1 is proposed to be voluntary and it shall be rolled out from Jan 2020.
- ❖ New Return Format has been released which shall become applicable from October 2019

Major Announcements in 35th and 36th Meeting of GST Council

- ❖ The due date of GST Annual Return in Form GSTR-9 , GSTR-9C for the FY 17-18 has been extended till 31st August, 2019.
- ❖ Other Due Date Extensions

Form	New Due Date
ITC-04 for July 2017- June 2019	31 August 2019
CMP-02 for opting into the composition scheme for service providers under notification 2/2019-CT Rate	30 September 2019
CMP-08 (Self assessed tax) for quarter April 2019 to June 2019	31 August 2019

Major Announcements in 35th and 36th Meeting of GST Council

- ❖ Rule 138E of the CGST rules, pertaining to blocking of e-way bills on non-filing of returns for two consecutive tax periods, to be brought into effect from 21.08.2019, instead of the earlier notified date of 21.06.2019.
- ❖ Reduction in the GST rate on supply of goods and services :

Goods	Old Rate	New Rate
Electric Vehicles	12%	5%
Charging Stations for Electric vehicle	18%	5%
Hiring of electric buses (of carrying capacity of more than 12 passenger) by local Authorities	18%	Exempt

Clarification on various doubts related to treatment of sales promotion schemes

Circular: 92/21/2019

Date: 07.03.2019

FREE SAMPLES & GIFTS

- The goods or services or both which are supplied free of cost (without any consideration) shall not be treated as 'supply' under GST (except in case of activities mentioned in Schedule I of the said Act). Accordingly, it is clarified that samples which are supplied free of cost, without any consideration, do not qualify as 'supply' under GST, except where the activity falls within the ambit of Schedule I of the said Act.
- It is clarified that input tax credit shall not be available to the supplier on the inputs, input services and capital goods to the extent they are used in relation to the gifts or free samples distributed without any consideration

AUTHOR'S COMMENTS

In respect of this there can be three cases: -

Free Samples	No ITC
Promotional Material viz Banners, Backdrops, Display Pods, etc	ITC Allowed
Gifts to Distributors or others incl. Diwali Gifts	No ITC

Clarification on various doubts related to treatment of sales promotion schemes (Contd.)

Circular: 92/21/2019

Date: 07.03.2019

BUY ONE GET ONE FREE OFFER

- Sometime companies announce offer like 'Buy-one, Get-one free' For example 'buy one soap and get one soap free' or 'Get one tooth brush free along with the purchase of tooth paste'.
- It is not an individual supply of free goods but a case of two or more individual supplies where a single price is being charged for the entire supply. It can at best be treated as supplying two goods for the price of one.
- Taxability of such supply will be dependent on whether supply is a composite supply or mixed supply and the rate of tax shall be determined as per the provision of section 8 of the Act.
- It is also clarified that ITC shall be available to the supplier for the inputs, input services and capital goods used in relation to supply of goods or services or both as part of such offers.

AUTHOR'S COMMENTS

This is not taken as Free Supply and Full ITC is allowed.

The Transaction Value shall be Value of Supply for Output.

Clarification on various doubts related to treatment of sales promotion schemes (Contd.)

Circular: 92/21/2019

Date: 07.03.2019

DISCOUNTS INCLUDING 'BUY MORE, SAVE MORE' OFFER

- Some suppliers also offer periodic / year ending discounts to their stockists, etc. For example- Get additional discount of 1% if you purchase 10000 pieces in a year, get additional discount of 2% if you purchase 15000 pieces in a year. Such discounts are established in terms of an agreement entered into at or before the time of supply though not shown on the invoice as the actual quantum of such discounts gets determined after the supply has been effected and generally at the year end. Such discount referred as "Volume Discount". Such discounts are passed on by the supplier through credit notes.
- It is clarified that discounts offered by the suppliers to customer shall be excluded to determine the value of supply provided they satisfy the parameters laid down in sub-section (3) of section 15 of the said Act, including the reversal of ITC by the recipient of the supply as is attributable to the discount on the basis of document (s) issued by the supplier.

AUTHOR'S COMMENTS

Such discounts shall be routed through Credit Notes with GST Reversals as the same are based on Contracts / Agreements entered prior to effecting first supplies.

Clarification on various doubts related to treatment of sales promotion schemes (Contd.)

Circular: 92/21/2019

Date: 07.03.2019

SECONDARY DISCOUNT

- These are the discounts which are not known at the time of supply or are offered after the supply is already over. For example, M/s A supplies 10000 packets of biscuits to M/s B at Rs. 10/- per packet. Afterwards M/s A re-values it at Rs. 9/- per packet. Subsequently, M/s A issues credit note to M/s B for Rs. 1/- per packet.
- It is further clarified that such secondary discounts shall not be excluded while determining the value of supply as such discounts are not known at the time of supply and the conditions laid down in clause (b) of sub-section (3) of section 15 of the said Act are not satisfied.

AUTHOR'S COMMENTS

- Such discounts shall be routed through Credit Notes without GST Reversals as the same are based on change in circumstances after the parties effecting original supplies.
- As this is after sale discount that not known at the time of supply. Therefore, financial / commercial credit note(s) can be issued by the supplier even if the conditions mentioned in clause (b) of sub-section (3) of section 15 of Act are not satisfied.

Clarification on various doubts related to treatment of secondary or post-sales discounts

WHERE FURTHER OBLIGATION OR ACTION IS REQUIRED AT DEALER'S END

- If the post-sale discount is given by the supplier of goods to the dealer without any further obligation or action required at the dealer's end, then the post sales discount given by the said supplier will be related to the original supply of goods and it would not be included in the value of supply, in the hands of supplier of goods, subject to the fulfilment of provisions of sub-section (3) of section 15 of the CGST Act.
- That is it relates to original supply and needs to issue credit note.

AUTHOR'S COMMENTS

- The case covers conditions where the Buyer gets discount if he meets particular value / volume / other targets / conditions as may have been specified in the contract which was entered prior to effecting first supplies in respect of the contract.
- Such discounts shall be routed through Credit Notes with GST Reversals as the same are based on Contracts / Agreements entered prior to effecting first supplies.

Clarification on various doubts related to treatment of secondary or post-sales discounts (Contd.)

WHERE ADDITIONAL DISCOUNT GIVEN IS POST-SALE INCENTIVE REQUIRING THE DEALER TO DO SOME ACT LIKE SPECIAL SALES DRIVE, EXHIBITION ETC.

- If the additional discount given by the supplier of goods to the dealer is the post-sale incentive requiring the dealer to do some act like undertaking special sales drive, advertisement campaign, exhibition etc., then such transaction would be a separate transaction and the additional discount will be the consideration for undertaking such activity and therefore would be in relation to supply of service by dealer to the supplier of goods.
- The dealer, being supplier of services, would be required to charge applicable GST on the value of such additional discount and the supplier of goods, being recipient of services, will be eligible to claim input tax credit (hereinafter referred to as the “ITC”) of the GST so charged by the dealer.

Clarification on various doubts related to treatment of secondary or post-sales discounts (Contd.)

AUTHOR'S COMMENTS

- In this case the transaction has two limbs
 - Original Supply of Goods by Supplier (Party A) to Buyer (Party B)
 - Supply of Services / Goods in form of Advertising Campaign etc by Party B to Party A
- The clarification has reiterated the law as it existed earlier: -
 - This is not in nature of Incentive / Discount and is a separate Supply
 - The Credit Note / Debit Note is not the appropriate method for this Transaction
 - Withholding Tax Implication on Supply by Party B to Party A.
- For Parties who have already undertaken such transactions
 - 2017-18 – No Action
 - 2018-19
 - The Credit Note issued in past may be reversed by matching Debit Note in current date
 - The Debit Note issued in past may be reversed by Credit Note in current date
 - Invoice may be issued by Party B to Party A in current date
 - Appropriate withholding Tax may be deducted in current date.
 - Interest on these transactions, may remain as a possible area of concern but since bona-fide rectification has been done, it may not arise.

Clarification on various doubts related to treatment of secondary or post-sales discounts (Contd.)

Circular: 105/24/2019

Date: 28.06.2019

WHERE ADDITIONAL DISCOUNT IS GIVEN BY SUPPLIER TO DEALER TO OFFER SPECIAL REDUCED PRICE BY DEALER TO THE CUSTOMER TO AUGMENT SALES VOLUME

- If the additional discount is given by the supplier of goods to the dealer to offer a special reduced price by the dealer to the customer to augment the sales volume, then such additional discount would represent the consideration flowing from the supplier of goods to the dealer for the supply made by dealer to the customer.
- This additional discount as consideration, payable by any person (supplier of goods in this case) would be liable to be added to the consideration payable by the customer, for the purpose of arriving value of supply, in the hands of the dealer, under Section 15 of the CGST Act.
- The customer, if registered, would be eligible to claim ITC of the tax charged by the dealer only to the extent of the tax paid by the said customer to the dealer in view of second proviso to sub-section (2) of section 16 of the CGST Act.

Clarification on various doubts related to treatment of secondary or post-sales discounts (Contd.)

Circular: 105/24/2019

Date: 28.06.2019

AUTHOR'S COMMENTS

- We can understand as under

Value	Original	Revised
A→B	5,000	5,000
B→C	5,500	5,000

- In addition to above, Party A pays Rs. 500 as sacrifice of Profit by Party B.
- As per the Circular Taxable Value is as under: -

	Taxable Value	ITC Available
A→B	5,000	Full
B→C	5,500 (5000 + 500)	Only on 5,000

The Circular denies ITC on Rs. 500 in this transaction to both Party A (Payer) and Party B (Ultimate Buyer)

This Clarification is against the spirit of law and not in accordance with law, but may lead to unnecessary harassment at the end of assessee by the department.

In this scenario it shall be more appropriate for assessee to make a Bill to Ship to Transaction wherever possible-

- B shall bill to A ship to C (Taxable Value – 5500)
- and A shall bill to / ship to C (Taxable Value – 5000)

Since, there is no provision in GST similar to VAT regime for reversal of credits if goods are sold on loss, this shall ensure that credit is not lost.

Clarification regarding applicability of GST on additional / penal interest

Circular: 102/21/2019

Date: 28.06.2019

Case 1:- X sells a mobile phone to Y. The cost of mobile phone is Rs 40,000/-. However, X gives Y an option to pay in installments, Rs 11,000/- every month before 10th day of the following month, over next four months (Rs 11,000/- *4 = Rs. 44,000/-). Further, as per the contract, if there is any delay in payment by Y beyond the scheduled date, Y would be liable to pay additional / penal interest amounting to Rs. 500/- per month for the delay. In some instances, X is charging Y Rs. 40,000/- for the mobile and is separately issuing another invoice for providing the services of extending loans to Y, the consideration for which is the interest of 2.5% per month and an additional / penal interest amounting to Rs. 500/- per month for each delay in payment.

Answer:- As per the provisions of sub-clause (d) of sub-section (2) of section 15 of the CGST Act, the amount of penal interest is to be included in the value of supply. The transaction between X and Y is for supply of taxable goods i.e. mobile phone. Accordingly, the penal interest would be taxable as it would be included in the value of the mobile, irrespective of the manner of invoicing.

Clarification regarding applicability of GST on additional / penal interest

Circular: 102/21/2019

Date: 28.06.2019

Case:-2 X sells a mobile phone to Y. The cost of mobile phone is Rs 40,000/-. Y has the option to avail a loan at interest of 2.5% per month for purchasing the mobile from M/s ABC Ltd. The terms of the loan from M/s ABC Ltd. allows Y a period of four months to repay the loan and an additional / penal interest @ 1.25% per month for any delay in payment.

Answer:- The additional / penal interest is charged for a transaction between Y and M/s ABC Ltd., and the same is getting covered under Sl. No. 27 of notification No. 12/2017-Central Tax (Rate) dated 28.06.2017. Accordingly, in this case the 'penal interest' charged thereon on a transaction between Y and M/s ABC Ltd. would not be subject to GST, as the same would be covered under notification No. 12/2017-Central Tax (Rate) dated 28.06.2017. The value of supply of mobile by X to Y would be Rs. 40,000/- for the purpose of levy of GST.

Clarification regarding determination of place of supply in certain cases

Circular: 103/22/2019

Date: 28.06.2019

Case 1:- Various services are being provided by the port authorities to its clients in relation to cargo handling. Like arrival of wagons at port, haulage of wagons inside port area up-to place of unloading, siding of wagons inside the port, unloading of wagons, movement of unloaded cargo to plot and staking hereof, movement of unloaded cargo to berth, shipment/loading on vessel etc.

Determine the Place of supply?

Answer:- The above mentioned services are ancillary to or related to cargo handling services and are not related to immovable property.

Accordingly, the place of supply of such services will be determined as per the provisions contained in sub-section (2) of Section 12 or sub-section (2) of Section 13 of the IGST Act, as the case may be, depending upon the terms of the contract between the supplier and recipient of such services.

Place of Supply: Cargo Handling Services at Port shall have place of Supply in following hierarchy: -

- **If Address of Recipient of Supply is available – Such Place, else**
- **Location of Supplier**

Clarification regarding determination of place of supply in certain cases

Circular: 103/22/2019

Date: 28.06.2019

Case 2:- The place of supply in case of supply of various services on unpolished diamonds such as cutting and polishing activity which have been temporarily imported into India and are not put to any use in India?

Place of Supply: In case of Import of Unpolished Diamonds which are imported temporarily only for cutting / polishing then Place of Supply in respect of these services shall be the ultimate party to which these goods are sent after such process of cutting / polishing.

That is in case of Export this shall be Zero Rated Supply.

Answer:- In case of cutting and polishing activity on unpolished diamonds which are temporarily imported into India are not put to any use in India, the place of supply would be determined as per the provisions contained in sub-section (2) of Section 13 of the IGST Act.

But an exception has been carved out in case of services supplied in respect of goods which are temporarily imported into India for repairs or for any other treatment or process and are exported after such repairs or treatment or process without being put to any use in India, other than that which is required for such repairs or treatment or process.

Clarification on doubts related to supply of Information Technology enabled Services (ITeS services)

Circular: 107/26/2019

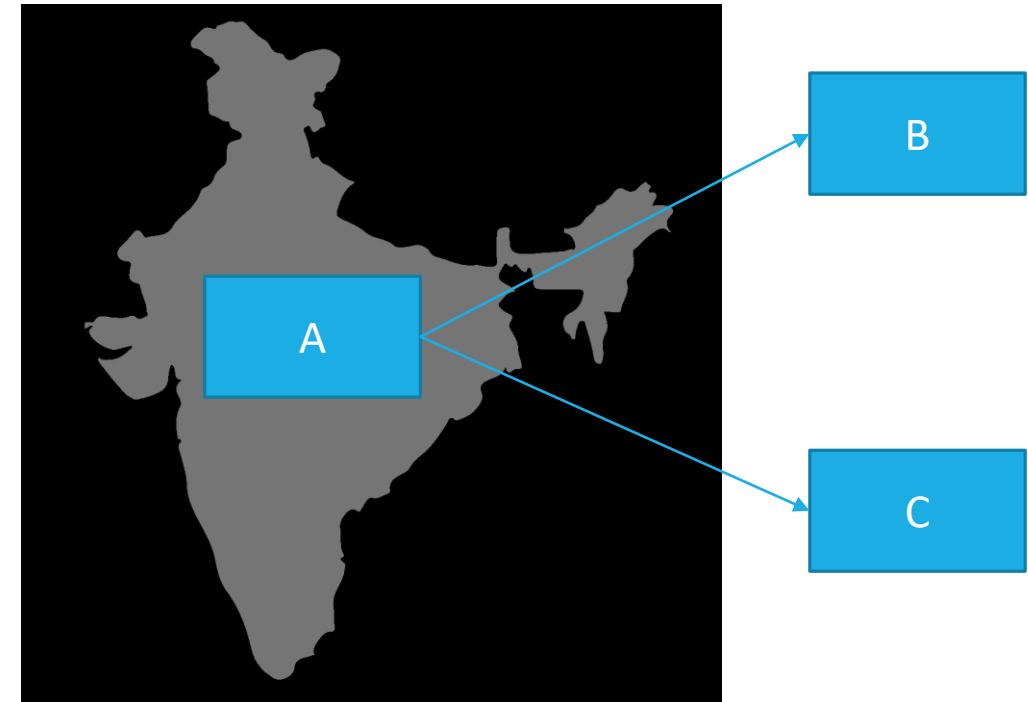
Date: 18.07.2019

Case 1 :- Supplier of ITeS Services supplies back end services to customers of his clients on clients behalf but actually supplies these services on his own account.

Answer:- In such a scenario, the supplier will not fall under the ambit of intermediary under sub-section (13) of section 2 of the IGST Act where these services are provided on his own account by such supplier.

For e.g:- A supplier “A” supplying services, listed in above, on his own account to his client “B” or to the customer “C” of his client would not be intermediary in terms of sub-section (13) of section 2 of the IGST Act.

A provides Services to B or to C (On Order of B)



- No Intermediary Supply.
- Both Cases shall be considered as Export

Clarification on doubts related to supply of Information Technology enabled Services (ITeS services)

Circular: 107/26/2019

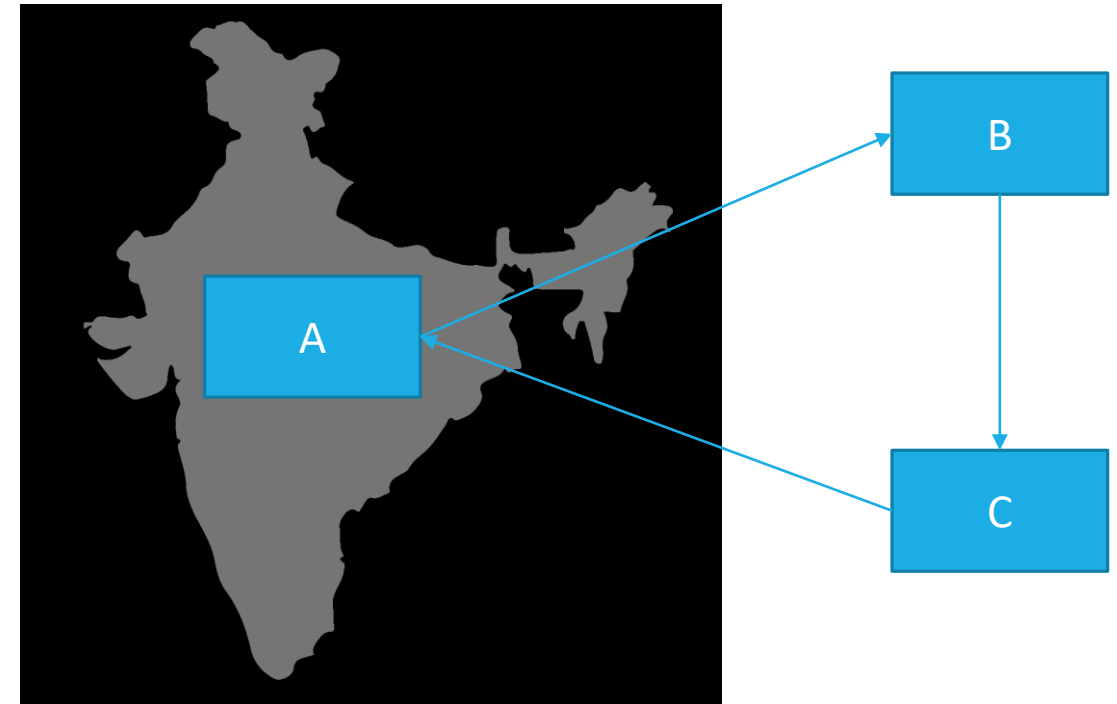
Date: 18.07.2019

Case 2:-Supplier of backend services located in India arranges or facilitates the supply of goods or services or both by the client located abroad to the customers of client. Such backend services may include support services, during pre-delivery, delivery and post-delivery of supply.

Answer:- The supplier of such services will fall under the ambit of intermediary under sub-section (13) of section 2 of the IGST Act as these services are merely for arranging or facilitating the supply of goods or services or both between two or more persons.

For e.g:- Supplier "A" supplying backend services as mentioned in this scenario to the customer "C" of his client "B" would be intermediary in terms of sub-section (13) of section 2 of the IGST Act.

B Supplies to C on an Order obtained by A from C for B.



- The Supply by A shall be Intermediary Supply.

Issues related to GST on monthly subscription/contribution charged by a Residential Welfare Association from its members

Circular: 109/28/2019

Date: 22.07.2019

Case 1:-Are the maintenance charges paid by residents to the Resident Welfare Association (RWA) in a housing society exempt from GST and if yes, is there an upper limit on the amount of such charges for the exemption to be available?

Answer:- Supply of service by RWA (unincorporated body or a non-profit entity registered under any law) to its own members by way of reimbursement of charges or share of contribution up to an amount of Rs. 7,500 per month per member for providing services and goods for the common use of its members in a housing society or a residential complex are exempt from GST.

For RWA - Maximum Amount which can be collected from each member per month Exempt from GST is Rs. 7,500/-

Issues related to GST on monthly subscription/contribution charged by a Residential Welfare Association from its members

Circular: 109/28/2019

Date: 22.07.2019

Case 2:- A RWA has aggregate turnover of Rs.20 lakh or less in a financial year. Is it required to take registration and pay GST on maintenance charges if the amount of such charges is more than Rs. 7500/- per month per member?

Answer: No

Annual turnover of RWA	Monthly maintenance charge	Whether Chargeable to Tax?
More than Rs. 20 lakhs	More than Rs. 7500/-	Yes
	Rs. 7500/- or Less	No
Rs. 20 lakhs or less	More than Rs. 7500/-	No
	Rs. 7500/- or Less	No

Issues related to GST on monthly subscription/contribution charged by a Residential Welfare Association from its members

Circular: 109/28/2019

Date: 22.07.2019

Case 3:-Is the RWA entitled to take input tax credit of GST paid on input and services used by it for making supplies to its members and use such ITC for discharge of GST liability on such supplies where the amount charged for such supplies is more than Rs. 7,500/- per month per member?

Answer:-RWAs are entitled to take ITC of GST paid by them on capital goods (generators, water pumps, lawn furniture etc.), goods (taps, pipes, other sanitary/hardware fillings etc.) and input services such as repair and maintenance services.

- **RWA can Claim ITC on Capital Goods, Inputs and Input Services.**
- **Rules for derecognition shall apply in normal course.**

Issues related to GST on monthly subscription/contribution charged by a Residential Welfare Association from its members

Circular: 109/28/2019

Date: 22.07.2019

Case 4:- Whether the ceiling of Rs. 7500/- per month per member on the maintenance for the exemption to be available shall be applied per residential apartment or per person?

Answer:- The ceiling of Rs. 7500/- per month per member shall be applied separately for each residential apartment owned by him

The Ceiling of Rs. 7,500/- per month shall apply separately for each residential house owned by a person.

Issues related to GST on monthly subscription/contribution charged by a Residential Welfare Association from its members

Circular: 109/28/2019

Date: 22.07.2019

Case 5:-How should the RWA calculate GST payable where the maintenance charges exceed Rs. 7500/- per month per member? Is the GST payable only on the amount exceeding Rs. 7500/- or on the entire amount of maintenance charges?


Answer:- In case the charges exceed Rs. 7500/- per month per member, the entire amount is taxable. For example, if the maintenance charges are Rs. 9000/- per month per member, GST @18% shall be payable on the entire amount of Rs. 9000/- and not on $[Rs. 9000 - Rs. 7500] = Rs. 1500/-$

The GST shall apply on full value in case amount chargeable exceeds Rs. 7500 and not on the excess amount only.


Advance Ruling

IMPORTANT ADVANCE RULINGS IN APRIL 2019-JUL 2019


Order of Advance Ruling Authority

State/UT	Name of Applicant	Question(s) on which Advance Ruling Sought	Order No. & Date	AR
West Bengal	Mohana Ghosh	<ol style="list-style-type: none"> Where applicant supplies cabs on rental basis to institutes like West Bengal Postal Circle, nature of service applicant provides is classifiable under Heading No. 9966 as renting of a motor vehicle? Where applicant supplies cabs on rental basis to institutes like West Bengal Postal Circle, GST paid on purchase of motor vehicles for supplying rent-a-cab service is admissible or not for credit? 	06/WBAA R/2019-20 dated 10.06.2019	
Order	<ol style="list-style-type: none"> The Applicant a certain amount per month as consideration irrespective of what distance the cab travels in a particular month. Additional amount has to be paid if the cab is retained for extra hours or requisitioned on holidays. Therefore, the above services is classifiable under SAC 9966 as renting of a motor vehicle. GST paid on the purchase of motor vehicles for supplying rent-a-cab service is not admissible for credit in terms of section 17(5)(b)(i) of the GST Act. 			


Order of Advance Ruling Authority

State/UT	Name of Applicant	Question(s) on which Advance Ruling Sought	Order No. & Date	AR
West Bengal	Sarj Educational Centre	<p>The Appellant is stated to be the owner of a private boarding house and is providing services of lodging and food exclusively to the students. The appellant have following question:-</p> <ol style="list-style-type: none">Whether supply of such service is eligible for exemption under Sl. No. 14 of Notification No. 12/2017-CT (Rate) dated 28/06/2017 (hereinafter referred to as the 'Exemption Notification')Whether or not services provided by the Appellant to the students of lodging and supply of food is a composite supply within the meaning of Section 2(30) of the GST Act.	05/WBAA AR/APPEAL/2019-dated 25.06.201	
Order	<ol style="list-style-type: none">The appellant raise bills directly on the individual students and realizes the consideration directly from them. The Appellant, clearly does not come under the definition of Educational Institution" as envisaged in clause 2(y) of the Exemption Notification and thus serial no. 66 of the Exemption Notification is not applicable.The Applicant is engaged in supplying food, laundry service. housekeeping service, etc. which are not naturally bundled with the lodging service. Therefore, not a composite supply.			


Order of Advance Ruling Authority

State/UT	Name of Applicant	Question(s) on which Advance Ruling Sought	Order No. & Date	AR
Maharashtra	Cliantha Research Ltd.	The applicant would like to seek a ruling on whether the “Clantha Research” services provided by them to entities located outside India is liable to CGST and SGST or IGST or is it eligible to be treated as an export of service under section 2(6) of the IGST Act,2017?/	GST-ARA-119/2018-19/B- 50-dated 04.05.2019	
Order	The applicant receives goods in India and the testing process is also carried out in India. The said goods are physically made available to them by their sponsors and therefore the place of supply of services is in India as per Section 13(3)(a) of the IGST Act. Since the place of supply is in taxable territory it is clear that the provisions of Section 2(6) of the IGST Act are not fulfilled in this case and therefore their supply cannot be considered as Export of services as per the GST Law. The Services are liable to CGST and SGST as the location of ‘Supplier of Service’ and the ‘Place of Supply’ is in the same state, in terms of Section 13(a) of the IGST Act.			


Order of Advance Ruling Authority

State/UT	Name of Applicant	Question(s) on which Advance Ruling Sought	Order No. & Date	AR
Maharashtra	Golden Tobacco Ltd.	<p>The applicant is seller of cigarettes , and intends to offer extra quantity of cigarettes (Quantity discount) in addition to normal quantity against same consideration , as a taxable supply to its distributors from their Depot.</p> <ol style="list-style-type: none"> 1. In the above transaction, whether the extra packs of cigarettes would again be liable to GST? 2. If yes, the taxable value which can be attributed to such extra pack of cigarettes for levy of GST? 3. Whether extra packs of cigarettes would be considered as exempt supplies or Free samples and hence need to reverse the ITC? 	GST/ARA/121/2018-19/B-52-dated 04.05.2019	
Order	<p>As per the circular 92/11/2019-GST Dated 07.03.2019 has clarified that extra packs can be treated as supplying two goods for the price of one.</p> <ol style="list-style-type: none"> 1. No, the extra packs are not liable to GST. 2. No, as answer to above question is negative. 3. The extra packs of cigarettes will not be considered as exempt supplies or free samples and hence the provision of Section 17(2) read with rule 42 of CGST Rules, 2017 or clause (h) of the section 17(5) of the CGST Act, 2017 will not be applicable. 			


Order of Advance Ruling Authority

State/UT	Name of Applicant	Question(s) on which Advance Ruling Sought	Order No. & Date	AR
West Bengal	Senco Gold Ltd.	The Applicant is engaged in the manufacturing and retailing of jewellery and articles made of gold etc. Apart from his own retail stores, the Applicant also maintains a network of franchisee-operated stores. He grants such a franchisee the right and license to operate a showroom and to use, in connection therewith, certain Proprietary Marks and System in accordance with a Franchise Agreement. The Applicant raises tax invoices on the Franchisee for the supply of jewellery and also for Franchise Support Services in terms of the Agreement periodically. On its part, the Franchisee also raises tax invoices on the Applicant for the supply of old gold, silver etc., received from the customers. The Applicant intends to settle the mutual debts through book adjustments. Whether the input tax credit is admissible when he settles through book adjustment the debt created on inward supplies from the Franchisee.	Order No. 2/WB AAR/2019-20 dated 08-05-2019	
Order	The Applicant can pay the consideration for inward supplies by way of setting off book debt. The GST Act and rules made thereunder does not restrict the recipient from claiming the input tax credit when consideration is paid through book adjustment, subject to the conditions and restrictions as maybe prescribed and in the manner specified in Sections 16 and 49 of the GST Act.			

Order of Advance Ruling Authority

State/UT	Name of Applicant	Question(s) on which Advance Ruling Sought	Order No. & Date	AR
Rajasthan	Rambagh Palace Hotels (P.) Ltd.	<ol style="list-style-type: none">Whether GST paid on building materials, Labour supply, electrical fittings, sanitary fittings, labour supply, supply of Goods and services shall be available for input tax credit [ITC].Whether GST paid on wood, board, mica, tapestry, paint, polish and other consumables meant for repair of existing furniture and fixtures, service of labour, composite supply of Goods, purchase of new ready to use furniture shall be available for input tax credit [ITC].	RAJ/A AR/2019- 20/05 30-04- 2019	
Order	<ol style="list-style-type: none">ITC will not be available for GST paid on building materials, Labour supply, electrical fittings, sanitary fittings, labour supply, supply of Goods and services to the extent of capitalization.ITC will be available for GST paid on wood, board, mica, tapestry, paint, polish and other consumables meant for repair of existing furniture and fixtures, service of labour, composite supply of Goods, purchase of new ready to use furniture in accordance with Section 16 of CGST/SGST Act, 2017.			

Order of Advance Ruling Authority

State/UT	Name of Applicant	Question(s) on which Advance Ruling Sought	Order No. & Date	AR
Rajasthan	Rambagh Palace Hotels (P.) Ltd.	<ol style="list-style-type: none">Whether GST paid on building materials, Labour supply, electrical fittings, sanitary fittings, labour supply, supply of Goods and services shall be available for input tax credit [ITC].Whether GST paid on wood, board, mica, tapestry, paint, polish and other consumables meant for repair of existing furniture and fixtures, service of labour, composite supply of Goods, purchase of new ready to use furniture shall be available for input tax credit [ITC].	RAJ/A AR/2019- 20/05 30-04- 2019	
Order	<ol style="list-style-type: none">ITC will not be available for GST paid on building materials, Labour supply, electrical fittings, sanitary fittings, labour supply, supply of Goods and services to the extent of capitalization.ITC will be available for GST paid on wood, board, mica, tapestry, paint, polish and other consumables meant for repair of existing furniture and fixtures, service of labour, composite supply of Goods, purchase of new ready to use furniture in accordance with Section 16 of CGST/SGST Act, 2017.			

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