
 सत्यमेव जयते	RAJASTHAN AUTHORITY FOR ADVANCE RULING GOODS AND SERVICES TAX NCR BUILDING, STATUE CIRCLE, C-SCHEME JAIPUR – 302005 (RAJASTHAN)	
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ADVANCE RULING NO.RAJ/AAR/2018-19/25



Nitin Wapa Joint Commissioner	:	Member(Central Tax)
Hemant Jain Joint Commissioner	:	Member(State Tax)
Name and address of the applicant	:	M/s Sanjog Steels Pvt. Ltd., Phase-II, Bagru Industrial Area, Bagru, Jaipur, Rajasthan-303007
GSTIN of the applicant	:	08AAJCS7778K1ZF
Clause(s) of Section 97(2) of CGST / SGST Act, 2017, under which the question(s) raised	:	c. Determination of time and value of supply of goods or services or both;
Date of Personal Hearing	:	10.09.2018
Present for the applicant	:	Shri Pankaj Ghiya , Advocate (Authorised representative)
Date of Ruling	:	02.11.2018

Note: Under Section 100 of the CGST/RGST Act 2017, an appeal against this ruling lies before the Appellate Authority for Advance Ruling constituted under section 99 of CGST/RGST Act 2017, within a period of 30 days from the date of service of this order.

The Issue raised by M/s Sanjog Steels Pvt. Ltd. {hereinafter the applicant} is fit to pronounce advance ruling as it falls under ambit of the Section 97(2) (b), (e) it is given as under:

- c. Determination of time and value of supply of goods or services or both;

Further, the applicant being a registered person, GSTIN is 08AAJCS7778K1ZF, as per the declaration given by him in Form ARA-01, the issue raised by the applicant is neither pending for proceedings nor proceedings were passed by any authority. Based on the above observations, the application is '**admitted**' to pronounce advance ruling.

1. **SUBMISSION OF THE APPLICANT:**

- a. The applicant is engaged in the manufacturing of TMT Steel Bars (HSN 7214) at E- 170-173, Phase-II, Bagru Industrial Area, Bagru, Jaipur, Rajasthan -303007. The Applicant is manufacturing TMT Steel Bars in its own brand name namely "Sanjog Sona TMT" 85 "Jindal TMT" (under license from Jindal Rolling Mills Ltd.) and is supplying it directly to the Customers which are registered. Apart from it the Applicant is also manufacturing TMT Steel Bars under the brand name of "RathiPowertech" and for the sale of the said goods, the sale procedure due to business reasons are as follows:-

- b. The Applicant has entered into an Agreement with M/s. Rathi Steel Enterprises, Block A, 24/1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi- 110044 (hereinafter referred as "M/s RSE") and M/s. Rathi Powertech Global Pvt. Ltd., Block A, 24/1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi-110044 (hereinafter referred as "M/s RPG") for use of their Trademark. The Applicant will brand the TMT Steel bars manufactured by it as Rathi Powertech as per the use of Trademark Agreements entered by it with M/s RSE and M/s RPG. It is stated that all are registered persons



under the relevant GST laws and will be paying the applicable GST on Royalty, Commission etc. as per provisions of law.

- c. The business conditions require that the sale of the said manufactured products by the Applicant would be in the following manner-



The Applicant would be selling the manufactured goods under the Brand name Rathi Powertech to M/s. RSE. M/s. RSE would be selling the said goods after adding its margin of about Rs. 50 per metric tonne to M/s. Goyal Alloys Pvt. Ltd., E- 231, Phase-II, Bagru Industrial Area, Bagru, Jaipur, Rajasthan-303007 (hereinafter referred to as “M/s Goyal”). M/s. Goyal will be selling the said products to various customers (hereinafter referred to as “M/s X”) as per the demand of market. The manufactured goods would be directly dispatched from the Applicant to M/s X and the E-Way Bill would be prepared on a “Bill to Ship to” model as per the provisions of Section 10(l)(b) of the IGST Act, 2017.

- d. It is stated that the Applicant is an associate company of M/s. Goyal. It is further submitted that the transactions are with value addition and the last transaction is with unrelated party and complying with the provisions of Section 15(1) of the CGST Act, 2017.

2. **QUESTIONS ON WHICH THE ADVANCE RULING IS SOUGHT**

1. Whether the supply from M/s. SSPL to M/s. X on a “Bill to Ship to” mode as per provisions of Section 10(l) (b) of IGST Act, 2017 is permissible?
2. Whether as per the press note dated 23.04.2018 issued in relation to the transactions of supply u/s. 10(l)(b) of the IGST Act, 2017 the use of E-way bill in the aforesaid facts in the column of “ship to” of ultimate customer M/s. X is permissible ?
3. Whether in the aforesaid facts the provisions of Section 15 of the CGST Act, 2017 read with Rule 28 of CGST Rules, 2017 and in particular the second proviso to Rule 28 would apply for the value of supply for the

transactions between M/s. SSPL and M/s. RSE and thereafter M/s. RSE and M/s. Goyal as all are registered persons and the transactions are business to business transactions with availability of full Input Tax Credit?

4. Whether the transactions between M/s. Goyal and the ultimate customer M/s. X would be covered by the provisions of Section 15 for the value of taxable supply as they are not related persons?

3. **PERSONAL HEARING (PH):-**

In the matter personal hearing was given to the applicant, Shri Pankaj Ghiya, Advocate, (Authorised representative) of applicant appeared for personal hearing on 10.09.2018. During the PH they reiterated the submissions already made in the application for advance ruling and requested that the case may be decided at the earliest.

4. **THE JURISDICTIONAL OFFICER'S COMMENTS:-**

1. Whether the supply from M/s. SSPL to M/s. X on a "Bill to Ship to" mode as per provisions of Section 10(l) (b) of IGST Act, 2017 is permissible?

Answer:

Yes, it has been mentioned in Section 10(l)(b) that where the goods are delivered by the supplier to a recipient or any other person on the direction of a third person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to the goods or otherwise, it shall be deemed that the said third person has received the goods and the place of supply of such goods shall be the principal place of business of such person.

2. Whether as per the press note dated 23.04.2018 issued in relation to the transactions of supply u/s. 10(l)(b) of the IGST Act, 2017 the use of E-way bill in the aforesaid facts in the column of "ship to" of ultimate customer M/s. X is permissible ?



Answer:

Yes, E way bill to be generated by M/s SSPL showing "X" as shipped to and M/s RSE as "Bill to".

3. Whether in the aforesaid facts the provisions of Section 15 of the CGST Act, 2017 read with Rule 28 of CGST Rules, 2017 and in particular the second proviso to Rule 28 would apply for the value of supply for the transactions between M/s. SSPL and M/s. RSE and thereafter M/s. RSE and M/s. Goyal as all are registered persons and the transactions are business to business transactions with availability of full Input Tax Credit?

Answer:

Yes, Provision as contained in Section 15 of CGST Act, 2017 read with Rule 28 of CGST Rules, 2017 will apply in the stated facts of the case.

4. Whether the transactions between M/s. Goyal and the ultimate customer M/s X would be covered by the provisions of Section 15 for the value of taxable supply as they are not related persons?

Answer:

Transactions between M/s Goyal and M/s X (the ultimate customer) would be covered by the provisions of Section 15 as both are unrelated persons.

5. FINDINGS , ANALYSIS AND CONCLUSION:

1. The Applicant is engaged in the manufacturing of TMT Steel Bars (HSN 7214) in its own brand name namely "Sanjog Sona TMT" 85 "Jindal TMT" (under license from Jindal Rolling Mills Ltd.) and is supplying it directly to the Customers which are registered. Apart from it the Applicant is also manufacturing TMT Steel Bars under the brand name of "RathiPowertech" and for the sale of the said goods, the sale procedure due to business reasons are as follows:-



a. The Applicant has entered into an Agreement with M/s RSE and M/s RPG for use of their Trademark. The Applicant will brand the TMT Steel bars manufactured by it as Rathi Powertech as per the use of Trademark Agreements entered by it with M/s RSE and M/s RPG.

b. The business conditions require that the sale of the said manufactured products by the Applicant would be in the following manner-

The Applicant would be selling the manufactured goods under the Brand name Rathi Powertech to M/s RSE. M/s RSE would be selling the said goods after adding its margin of about Rs. 50 per metric tonne to M/s Goyal. M/s Goyal will be selling the said products to various customers (hereinafter referred to as "M/s X") as per the demand of market. The manufactured goods would be directly dispatched from the Applicant to M/s X and the E-Way Bill would be prepared on a "Bill to Ship to" model as per the provisions of Section 10(l)(b) of the IGST Act, 2017. It is stated that the Applicant is an associate company of M/s. Goyal. It is further submitted that the transactions are with value addition and the last transaction is with unrelated party and complying with the provisions of Section 15(1) of the CGST Act, 2017.



c. The applicant wishes to despatch the goods directly to the customer. The issue is with regard to invoicing, where it is inquired whether "Bill to - Ship to" method can be followed. Section 10 (l) (b) of the Integrated Goods & Services Tax Act, 2018 contemplates such situation and is reproduced as under:

"10. (1) The place of supply of goods, other than supply of goods imported into, or exported from India, shall be as under,—

(b) where the goods are delivered by the supplier to a recipient or any other person on the direction of a third person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to the goods or otherwise, it shall be deemed that the said third person has received the goods and the place of supply of such goods shall be the principal place of business of such person;

It is observed from the submissions made by the applicant, that the cycle of supply of goods from the applicant to the final customer, involves four persons. i.e. the applicant, M/s RSE/RPG, M/s Goyal and the M/s X.

We are therefore of the opinion that Section 10(1)(b) of IGST Act, 2017 does nowhere limit the transaction to only three parties/persons. The said section only contemplates about role of 'third party' and declaration of 'principal place of business'. Therefore, the supply from M/s. SSPL to M/s. X on a "Bill to Ship to" mode as per provisions of Section 10(1) (b) of IGST Act, 2017 is permissible.

2. The Press Note of ministry of Finance on "Issues regarding Bill to Ship to for e-way bill under CGST rules 2017" dated 23.04.2018 clearly emphasise that only a single e-way bill is to be issued either from the supplier of goods or by third party.

In the instant case, the applicant can issue an e-way bill in which the 'bill to' will be mentioned in the name of M/s RSE/RPG whereas 'ship to' would be in the name of final customer i.e. M/s X.

3. The applicant has asked whether in the aforesaid facts the provisions of Section 15 of the CGST Act, 2017 read with Rule 28 of CGST Rules, 2017 and in particular the second proviso to Rule 28 would apply for the value of supply for the transactions between M/s. SSPL and M/s. RSE and thereafter M/s. RSE and M/s. Goyal as all are registered persons and the transactions are business to business transactions with availability of full Input Tax Credit.

Section 15 of the CGST Act, 2017 is as under:

15. (1) The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply. (2) The value of supply shall include—
(a) any taxes, duties, cesses, fees and charges levied under any law

for the time being in force other than this Act, the State Goods and Services Tax Act, the Union Territory Goods and Services Tax Act and the Goods and Services Tax (Compensation to States) Act, if charged separately by the supplier; (b) any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods or services or both; (c) incidental expenses, including commission and packing, charged by the supplier to the recipient of a supply and any amount charged for anything done by the supplier in respect of the supply of goods or services or both at the time of, or before delivery of goods or supply of services; (d) interest or late fee or penalty for delayed payment of any consideration for any supply; and (e) subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments. Explanation.—For the purposes of this sub-section, the amount of subsidy shall be included in the value of supply of the supplier who receives the subsidy. (3) The value of the supply shall not include any discount which is given— (a) before or at the time of the supply if such discount has been duly recorded in the invoice issued in respect of such supply; and (b) after the supply has been effected, if— (i) such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and (ii) input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply.

sub-section (1), the same shall be determined in such manner as may be prescribed. (5) Notwithstanding anything contained in sub-section (1) or sub-section (4), the value of such supplies as may be notified by the Government on the recommendations of the Council shall be determined in such manner as may be prescribed. Explanation.—For the purposes of this Act,— (a) persons shall be deemed to be “related persons” if— (i) such persons are officers or directors of one another’s businesses; (ii) such persons are legally recognised partners in business; (iii) such persons are employer and employee; (iv) any person





directly or indirectly owns, controls or holds twenty-five per cent. or more of the outstanding voting stock or shares of both of them; (v) one of them directly or indirectly controls the other; (vi) both of them are directly or indirectly controlled by a third person; (vii) together they directly or indirectly control a third person; or (viii) they are members of the same family; (b) the term "person" also includes legal persons; (c) persons who are associated in the business of one another in that one is the sole agent or sole distributor or sole concessionaire, howsoever described, of the other, shall be deemed to be related.

Further, the Rule 28 of CGST Rules, 2017 is as follows:-


28. Value of supply of goods or services or both between distinct or related persons, other than through an agent.-The value of the supply of goods or services or both between distinct persons as specified in sub-section (4) and (5) of section 25 or where the supplier and recipient are related, other than where the supply is made through an agent, shall- (a) be the open market value of such supply; (b) if the open market value is not available, be the value of supply of goods or services of like kind and quality; (c) if the value is not determinable under clause (a) or (b), be the value as determined by the application of rule 30 or rule 31, in that order: Provided that where the goods are intended for further supply as such by the recipient, the value shall, at the option of the supplier, be an amount equivalent to ninety percent of the price charged for the supply of goods of like kind and quality by the recipient to his customer not being a related person: Provided further that where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the open market value of the goods or services.

We find that the TMT Steel Bars manufactured by the applicant is similar in quality of what is made by M/s RSE/RPG, (trademark contract is emphasising on it) and therefore, the value of supply of goods can be ascertained or established in accordance with Section 15 of CGST Act read with second proviso of Rule 28 of CGST Rules, 2017 with eligibility to full Input Tax Credit..


4. We agree with the submissions made by the applicant that relationship between M/s Goyal and M/s X is not Related party relationship in accordance with sub-section (4) and (5) of section 25 of CGST Act, 2017. Thus, the transactions between M/s. Goyal and the ultimate customer i.e. M/s. X would be covered by the provisions of Section 15 of CGST Act, 2017.
6. In view of the foregoing, we rule as under:-

RULING

1. The supply from M/s. SSPL to M/s. X on a "Bill to Ship to" mode as per provisions of Section 10(l) (b) of IGST Act, 2017 is permissible.
2. The applicant can issue an e-way bill in which the 'bill to' will be mentioned in the name of M/s RSE/RPG whereas 'ship to' would be in the name of final customer i.e. M/s X.
3. In the aforesaid facts the provisions of Section 15 of the CGST Act, 2017 read with Rule 28 of CGST Rules, 2017 and in particular the second proviso to Rule 28 would apply for the value of supply for the transactions between M/s. SSPL and M/s. RSE with availability of full Input Tax Credit.
4. The transactions between M/s Goyal and M/s X (the ultimate customer) would be covered under the provisions of Section 15 as both are unrelated persons. (as declared in submissions by the applicant).


NITIN WAPA
Member
(Central Tax)




HEMANT JAIN
Member
(State Tax)

SPEED-POST

M/s Sanjog Steels Pvt. Ltd.,
Phase-II, Bagru Industrial Area,
Bagru, Jaipur, Rajasthan - 303007.

F.No. IV (4)25/AAR/RAJ/2018-19/

Dated:-

Copy to:-

Dy./Asstt. Commissioner, CGST Division-F, Sector No. 10, Vidyadhar Nagar
CGST Commissionerate Jaipur.



me
Superintendent

