TAMILNADU STATE APPELLATE AUTHORITY FOR ADVANCE RULING
(Constituted under Section 99 of Tamilnadu Goods and Services Tax Act 2017)

A.R.Appeal No. 3/2019/AAAR Date: 24.06.2019

BEFORE THE BENCH OF

1. Thiru.M. AJIT KUMAR, MEMBER

2. Dr.T.V.SOMANATHAN, MEMBER

ORDER-in-Appeal No. AAAR/04/2019 (AR)

(Passed by Tamilnadu State Appellate Authority for Advance Ruling under Section 101(1) of the Tamilnadu Goods and Services Tax Act, 2017)

Preamble

1. In terms of Section 102 of the Central Goods & Services Tax Act 2017/Tamilnadu Goods & Services Tax Act 2017("the Act", in Short), this Order may be amended by the Appellate authority so as to rectify any error apparent on the face of the record, if such error is noticed by the Appellate authority on its own accord, or is brought to its notice by the concerned officer, the jurisdictional officer or the applicant within a period of six months from the date of the Order. Provided that no rectification which has the effect of enhancing the tax liability or reducing the amount of admissible input tax credit shall be made, unless the appellant has been given an opportunity of being heard.

2. Under Section 103(1) of the Act, this Advance ruling pronounced by the Appellate Authority under Chapter XVII of the Act shall be binding only

(a). On the applicant who had sought it in respect of any matter referred to in sub-section (2) of Section 97 for advance ruling;

(b). On the concerned officer or the jurisdictional officer in respect of the applicant.

3. Under Section 103 (2) of the Act, this advance ruling shall be binding unless the law, facts or circumstances supporting the said advance ruling have changed.

4. Under Section 104(1) of the Act, where the Appellate Authority finds that advance ruling pronounced by it under sub-section (1) of Section 101 has been obtained by the appellant by fraud or suppression of material facts or misrepresentation of facts, it may, by order, declare such ruling to be void ab-initio and thereupon all the provisions of this Act or the rules made thereunder shall apply to the appellant as if such advance ruling has never been made.

Name and address of the appellant	MRF Limited Old No. 124, New No. 114, Greams Road, Thousand Lights, Chennai- 600 006
GSTIN or User ID	33AAACM4154G1ZU
Advance Ruling Order against which appeal is filed	Order No. 5/AAR/2019
Date of filing appeal	29.03.2019
Represented by	Karthik Sundaram
Jurisdictional Authority-Centre	Chennai North Commissionerate
Jurisdictional Authority -State	The Assistant Commissioner (ST), Egmore Assessment Circle.
Whether payment of fees for filing appeal is discharged. If yes, the amount and challan details	Yes. Payment of Rs. 20000/- made vide challans No.HDFC19033300460413 dated 28.03.2019 & HDFC19043300023328 dated 03.04.2019

At the outset, we would like to make it clear that the provisions of both the Central Goods and Service Tax Act and the Tamil Nadu Goods and Service Tax Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the Central Goods and Service Tax Act would also mean a reference to the same provisions under the Tamil Nadu Goods and Service Tax Act.

The subject appeal is filed under Section 100(1) of the Tamilnadu Goods & Services Tax Act 2017/Central Goods & Services Tax Act 2017 (hereinafter referred to 'the Act') by M/s. MRF Limited (hereinafter referred to as 'MRF' or 'Appellant'). The appellant is registered under GST vide GSTIN 33AAACM4154G1ZU. The appeal is filed against the Order No.5/AAR/2019 dated 22.01.2019 passed by the Tamil Nadu State Authority for Advance ruling on the application for advance ruling filed by the appellant.

2. The Appellant has stated that they intend to enter into an arrangement with M/s. C2F0 INDIA LLP(hereinafter referred as C2F0), a subsidiary of Pollen Inc, having its Indian Office at, 303, 0IA House, 470, Cardinal Gracious Road, Andheri

(East), Mumbai — 400099, Maharashtra, India for setting up an interactive automated data exchange which can be installed for data interaction relating to sale & purchase of goods and services between a buyer (the Appellant) and a supplier (any supplier of goods or input services of the appellant) in compliance to various ethical, accounting and business standards. Both the supplier and recipient of goods or services should register on the platform provided by C2F0. The goods and /or services are delivered and the invoice is booked in ERP and marked as approved to pay. The transactions are explained as follows:

- Based on the defined schedule, C2F0 outbound program will extract approved open invoices (remaining unpaid) and Supplier (vendor) data from SAP and transfer the data to C2F0 cloud on AWS (Amazon Web Services).
- Data is first loaded to client SFTP (Secured File Transfer Protocol) staging area. Automated process picks up data from Secure Transfer of invoices Platform (SFTP) to C2F0 AWS S3 cloud.
- Successfully discounted invoice data is sent back to client SFTP staging area.
- The supplier can place discount offer either as APR (Annual Percentage Rate) or flat discount on the C2F0 platform 24x7.
- C2F0 platform alerts Supplier Relationship Manager (SRM) on key trigger points such as supplier activity on the portal to engage with suppliers at the opportune moment.
- Client Finance team provide guidance on desired APR, minimum APR and cash pool. C2F0 algorithms will use these settings to take a decision on which invoices are awarded for early payment by client.
- By accepting C2FO's Terms and Conditions, the Supplier will be agreeable to offer certain discount in return for an early payment of an Invoice from the recipient of goods or services (i.e., the appellant).

On the online platform C2FO, where post sale, post supply and post issue of invoice depending on the early payment schedule offered by the supplier, the buyer (appellant) can accept discount and make payment. Then a commercial credit note would be issued. The payment would be made one time for each invoice at the discounted price along with the GST paid by the Supplier on the undiscounted value. They state that they do not fall under Section 15(3) (a) or (b) of CGST Act, 2017, hence the value of supply should be full undiscounted value. In the light of

the above, they wanted to know whether, when GST is paid on full value by supplier and credit note does not include GST, they can take full ITC on undiscounted value.

3. The Original Authorities has ruled as follows:

"As per the Provisions of Section 16 of the CGST Act 2017/TNGST Act 2017, the applicant can avail input tax credit only to the extent of the invoice value raised by the suppliers less the discounts as per C2FO software which is paid by him to the suppliers."

4. Aggrieved by the above decision, the Appellant has filed the present appeal. The grounds of appeal are as follows:

- AAR has while interpreting the contents of Section 15 has held that since the discounts are given after the invoices are raised and supply of goods is made, Section 15(3) is not applicable and hence the value of supply in such transactions is the full undiscounted value mentioned in the invoice. The value to be adopted for payment of tax is not in dispute in the present case. The issue taken up with the AAR related to the eligibility to the ITC as a result of such discounts.
- The Impugned Ruling proceeds on a wholly erroneous interpretation of Section 16 of the CGST Act /TNGST Act and ignores the following fundamental aspects:
  - Under the CGST/TNGST Act, there exists a difference between commercial price agreed between parties and the value of taxable supply for the purpose of GST;
  - In the transaction under consideration, the full commercial price is paid by them to the supplier;
  - The plain language of the proviso to Section 16 of the CGST Act /TNGST Act only requires that 'the amount towards the value of supply along with tax payable thereon be paid within 180 days'. This only means that the (i) full commercial price should be paid to the supplier, and that (ii) the GST should be paid on the value of supply as determined under the CGST ACT /SGST ACT. This is clear as the expression used is 'amount towards the value of supply'. Also what is required to be paid commercially, under the provisions of the

contract between parties as well as the GST Act is only the agreed commercial price and not the value of taxable supply which can be different from the commercial price agreed upon by parties;

- In the transaction under consideration, full commercial price is being paid by them to the supplier and GST reimbursed on the value of supply for the purposes of GST. That being the case, the provisions of Section 16 of the CGST/TNGST Act have no applicability, as there is no failure on their part to pay the commercial price to the supplier
- The interpretation adopted by the AAR is wholly erroneous as it seeks to categorize persons who have paid the full commercial price to the supplier and persons who have not paid the full commercial price to the supplier together and deny Input tax credit in both cases, which is both against the letter as well as the spirit of Section 16

- The impugned AAR ruling is wholly contrary to the position set out in clarification of CBEC vide Circular No. 122/3/2010-S.T. dated 30.04.2010 in the context of Rule 4(7) of the CENVAT Credit Rules 2004, wherein it is clarified that 'In the cases where the receiver of service reduces the amount mentioned in the invoice/bill/challan and makes discounted payment, then it should be taken as final payment towards the provision of service.'
- In the case under consideration, there is no non-payment of GST on the correct taxable value and also no non-payment of the commercially agreed upon price by them to the supplier. Therefore, in the said fact pattern, the impugned AAR ruling which seeks to deny ITC proportionately is wholly contrary to the provisions of Section 16 of the CGST Act as well as the scheme of the CGST Act.
- The impugned AAR ruling misinterprets the expression 'the amount towards the value of supply along with tax payable thereon' as appearing in the second proviso to Section 16 of the Act. The proviso only requires the amount contractually/commercially agreed upon by the recipient to be paid to the supplier. The tax alone has to be paid on the valuation as per the CGST Act/TNGST. The legislative intention is to merely ensure that suppliers especially those in MSME sector are paid the commercially agreed price on time, and, deny GST credit if this is not done

- The interpretation taken in the impugned AAR ruling that Input tax credit will be denied in the hands on the recipient even if full commercial price is paid within 180 days and GST is paid on the value determined under GST law including on the discount component not permitted as a deduction from value under Section 15 of the CGST Act, tantamount to reading in additional condition into the Proviso, which is impermissible in law. It is well settled law that no additional provisions can be read into a statutory provision when there exists none.
- The price to be paid for supply of goods/services is a matter of commercial arrangement between parties. Section 9 of the Sale of Goods Act, 1930 makes it clear that the price in a contract of sale of goods is to be fixed or agreed between parties. Therefore, when there is no dispute between parties that the price for the supply of goods/services has been paid in full, and, GST as appropriate has also been paid on the value of goods in terms of Section 15 of the CGST/TNGST Act, then the second proviso to Section 16 of the CGST Act/TNGST Act has no applicability.
- A careful perusal of Section 16(1) indicates that the registered person shall be entitled to take credit of input tax charges on any supply of goods or services which are used in the course or furtherance of his business provided he is in possession of a tax invoice or debit note, he has received the goods or services, the tax charged has been actually paid to the Government and he has furnished the return under Section 39. None of the conditions/requirements are defaulted in the present case. Hence, when the fundamental requirements are satisfied, denial of the just input tax credit on the narrow interpretation of the proviso to Section 16 is not maintainable and deserves to be set aside
- Proviso to Section 16 has to be read in harmony with the main provision of Section 16 which stipulates the conditions for entitlement of ITC. The proviso cannot be read to defeat the main purpose of Section 16 which makes the recipient eligible for credit
- Proviso is applicable to a case where a recipient fails to pay to the supplier the amount towards the value of supply along with tax payable thereon. In their submissions, the intention of the Proviso is to exercise control of genuine supplies which are not backed by payment by the recipient within

the generally accepted terms of payment period from the date of invoice(i.e., maximum of 180 days). This Proviso is inserted in the Law to ensure that the Purchases accounted by recipient are genuine.

- The Proviso read with Rule 37 of the CGST Rules, 2017 apply to cases of failure to pay the value and tax to the supplier and not cases where value paid to the supplier is reduced as a result of mutual settlement between the Supplier and the Recipient. The reduced payment in the case on hand is not as a result of failure on the part of recipient to pay value and tax to the supplier. Hence, when there is no failure on their part to pay the value, this proviso cannot be invoked to deny the credit. In all these cases the payment made after deduction of the discount should be treated as payment in full and in compliance to the requirements of section 16(1) proviso and the recipient should be held as eligible to take full Input Tax Credit.
- A reading of the Proviso also indicates that the requirement is to pay to the supplier of goods or services, the amount towards the value of supply along with tax payable thereon within 180 days. The proviso does not specify that entire value of supply has to be paid. The words 'amount towards the value of supply' implies only the amount as agreed between the supplier and the recipient which need not be the entire value of supply. As per the mutual agreement, if such value of supply is reduced, like in the present case, such payment fulfils the requirement, "amount towards the value of supply". Hence, the payment in the present case has to be construed as in full compliance to the Proviso to Section 16. Accordingly the proportionate input tax credit cannot be denied.

For the reasons stated in the Statement of Facts, the post-purchase discount extended by the supplier is not an allowable deduction under Section 15(3) since the requirements of the said provisions are not satisfied. Hence, GST is payable by the Supplier on the entire price of the goods. Once the entire price is treated as transaction value for the purpose of Section 15, such value should be treated as being paid even for the purpose of section 16(1) Proviso 2. This is for the reason that the term 'the value of supply' in Proviso 2 to Section 16 has to be read in harmony with the same term mentioned in Section 15. Therefore the payment made by the company has to be construed as proper payment in compliance with

Section 16(2) of the Act though there is an actual lower payment by them to the Supplier of the goods.

The appellant has prayed to set aside the impugned advance ruling passed by the Authority for Advance Ruling.

PERSONAL HEARING:

5. The Appellant was granted personal hearing as required under law before this Appellate Authority on 30th May 2019. The Authorized representative of the Appellant Shri. S.Karthik, Advocate and S/ Shri. Nagaraja- GM-IDT, S.K.Patnaik, GM-Taxation and Subhajit Das, DGM- Taxation of the Appellant Company appeared for hearing. They handed out a compilation of Statutory Provisions , Circulars and Case Laws. The learned representatives reiterated the written submissions submitted along with the Appeal Application filed by them.

DISCUSSION:

6. We have carefully considered the various submissions made by the Appellant and the applicable statutory provisions. The issue before us for determination is whether, the appellant ie M/s MRF, the buyer of the goods and/or services, can avail the ITC of the full GST charged on the undiscounted supply invoice or a proportionate reversal of the same is required to be done by them in case of a post purchase discount given by the supplier to them through the C2FO platform.

7. From the submissions we find that the appellant intends to enter into an arrangement with C2FO for setting up an interactive automated data exchange which can be installed for data interaction relating to sale & purchase of goods and services between a 'buyer (appellant) and a 'supplier' (any supplier of goods or input services of the appellant). By entering into the platform, the supplier will be agreeable to offer certain discount in return for an early payment of an invoice. The quantum of discount offered is not known at the time of supply of goods/ services and therefore a "cash discount not agreed before or at the time of supply". It is the contention of the appellant that the taxable value for the purpose of payment of GST will be the value as per purchase contract without considering such discount so offered and the supplier is liable to pay tax on the value before discount. We find that the Appellant is in agreement with this end of the transaction relating to what

constitutes the value on which GST is to be paid. It is further seen that the discount offered through the transactions on the said platform is settled through commercial credit notes only. The point of contention is that the appellant claims to be eligible for the entire undiscounted GST paid by the Supplier while the original Authority has ruled that the Appellant will be eligible only to the credit proportionate to the amount of value paid by them (i.e. the discounted price), even though the Appellant has stated to pay the entire GST raised in the Invoice (i.e., tax on the undiscounted price). The Appellant has relied on Circulars issued by CBIC in the regime of Central Excise and Service Tax and decisions of Judicial Fora and have claimed that in as much as there is a post-invoice reduction in price, they are still eligible for the credit of entire Tax paid by the Supplier.

8. The statutory provisions of section 16 of the Act relied upon by the AAR in support of their decision is reproduced below:

Section 16 of CGST Act

> ***16.*** *(1) Every registered person shall, subject to such conditions and restrictions as may be prescribed and in the manner specified in section 49, be entitled to take credit of input tax charged on any supply of goods or services or both to him which are used or intended to be used in the course or furtherance of his business and the said amount shall be credited to the electronic credit ledger of such person.*
>
> *(2) Notwithstanding anything contained in this section, no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless,—*
>
> *(a) he is in possession of a tax invoice or debit note issued by a supplier registered under this Act, or such other tax paying documents as may be prescribed;*
>
> *(b) he has received the goods or services or both.*
>
> *Explanation.—For the purposes of this clause, it shall be deemed that the registered person has received the goods where the goods are delivered by the supplier to a recipient or any other person on the direction of such registered person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to goods or otherwise;*
>
> *(c) subject to the provisions of section 41, the tax charged in respect of such supply has been actually paid to the Government, either in cash or through utilization of input tax credit admissible in respect of the said supply; and*
>
> *(d) he has furnished the return under section 39:*
>
> *Provided that where the goods against an invoice are received in lots or instalments, the registered person shall be entitled to take credit upon receipt of the last lot or instalment:*

Provided further that where a recipient fails to pay to the supplier of goods or services or both, other than the supplies on which tax is payable on reverse charge basis, the amount towards the value of supply along with tax payable thereon within a period of one hundred and eighty days from the date of issue of invoice by the supplier, an amount equal to the input tax credit availed by the recipient shall be added to his output tax liability, along with interest thereon, in such manner as may be prescribed: (emphasis supplied)

Provided also that the recipient shall be entitled to avail of the credit of input tax on payment made by him of the amount towards the value of supply of goods or services or both along with tax payable thereon.

The contention surrounding the appeal at hand is the second proviso to Sub-section 2 of Section 16 above. The plain reading of the proviso provides that if a person fails to pay to the supplier of goods, the amount towards the value of supply along with the tax payable within a period of 180 days from date of invoice, then the ITC taken by him shall be added to the output tax liability. The appellant interprets the words, 'amount towards the value of supply' to be the commercial price, which is mutually agreed upon between the supplier and the buyer (appellant) and claims that the said proviso does not have any application to the case at hand. Further, they have stated that the legislative intention is to merely ensure that suppliers especially those in the MSME sector are paid the commercially agreed price on time, for which reliance is placed on the discussions and decisions of the 29th GST Council meeting as relevant to Section 16 of the CGST Act.

9. We find that Hon'ble Supreme Court in the case of Commissioner of Customs (Import), Mumbai v. Dilip Kumar & Company [2018 (361) E.L.T. 577 (S.C.)], has spelt out in detail as to how to Interpret the Statute, wherein in Para 26 has stated as under:

> *.....In the later decision, a Bench of seven-Judges, after citing the above passage from Justice G.P. Singh's treatise, summed up the following principles applicable to the interpretation of a taxing statute :*
>
> > *"(i) In interpreting a taxing statute, equitable considerations are entirely out of place. A taxing statute cannot be interpreted on any presumption or assumption. A taxing statute has to be interpreted in the light of what is clearly expressed : it cannot imply anything which is not expressed : it cannot import provisions in the statute so as to supply any deficiency : (ii) Before taxing any person, it must be shown that he falls within the ambit of the charging section by clear words used in the section; and (iii) If the words are ambiguous and open to two interpretations, the benefit of interpretation is*

given to the subject and there is nothing unjust in a taxpayer escaping if the letter of the law fails to catch him on account of Legislature's failure to express itself clearly".

Taking guidance from the Principles set out above, it would be fruitful to examine the provisions of sections 9, 15 and 16 to understand the legal issues clearly expressed and whether there is any ambiguity. Section 16 having being reproduced earlier, relevant portions of sections 9 and 15 of the Act are reproduced below.

Section 9 of CGST Act

9. *(1) Subject to the provisions of sub-section (2), there shall be levied a tax called the central goods and services tax on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, on the value determined under section 15 and at such rates, not exceeding twenty per cent., as may be notified by the Government on the recommendations of the Council and collected in such manner as may be prescribed and shall be paid by the taxable person.*

Section 15 of CGST Act states

(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) .....

(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.

Section 9 makes it clear that GST shall be levied on the value as determined under Section 15 of the Act. Section 15(1) states that the value of supply of goods or

services or both shall be the transaction value, which is the price actually paid or payable for the said supply to unrelated recipients. Section 15(3) is critical in determining the value of goods where discounts are involved. As per the sub-section the value of the supply shall not include any discount which is given, 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 in case the discount is given after the supply has been effected, if 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 further the 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. It is observed that none of these conditions are satisfied in the matter under reference as per averments made by them, since the proposed discount would not be recorded in the invoice issued in respect of such supply and in case of the discount given after the supply has been effected, it is not established in terms of an agreement entered into at or before the time of such supply nor is the input tax credit as is attributable to the discount proposed to be reversed by the appellant who is the recipient of the supply. Hence the value would continue to be the value as determined under section 15(1), on which GST has been charged. There appears to be no ambiguity in law when applied to the scheme as mentioned in their application for advance ruling. A conjoint reading of Sections 15 and 16 leads to the conclusion that a registered person is entitled to take full credit of the input tax charged on the supply of goods or services or both. The provisions of the second proviso to section 16(2) would come into play only where the buyer/recipient fails to pay the supplier of goods the amount towards the value of the supply. This is not the situation here. The buyer has discharged the GST charged on the undiscounted transaction value at the time of supply. In the circumstances, if the GST charged and paid is not reversed/ refunded in whole or part subsequently in any manner or circumstances, the credit availed on the same need not be reversed.

10. Discussions in the GST Council meeting, though not controlling legal interpretations of the Act, are nevertheless entitled to some weight as it has persuasive value. We find from the minuted discussion of the 5th GST Council meeting, which discussed the Act and approved the same for presenting to the Parliament, it is stated that the provision of Section 16(2) is an anti-evasion

measure introduced in the law. Further discussions in the 29th GST Council meeting also establishes the intention of the provision as an anti-evasion measure and a provision to facilitate the prompt payment to suppliers, especially from MSME Sector. The said provision does not appear to find any application in the situations like the one at hand wherein, the appellant is in receipt of goods/services and has declared that the commercially agreed price along with GST charged as recorded in the tax invoice is paid in full to the supplier.

11. We have also examined CBIC's circulars referred to by the appellant. Circular No. 122/3/2010 dated 30.04.2010 issued by CBEC in the context of Rule 4(7) of the CENVAT Credit Rules 2004 in respect of Services, states as follows:

> *(b) In the cases where the receiver of service reduces the amount mentioned in the invoice/bill/challan and makes discounted payment, then it should be taken as final payment towards the provision of service. The mere fact that finally settled amount is less than the amount shown in the invoice does not alter the fact that service charges have been paid and thus the service receiver is entitled to take credit provided he has also paid the amount of service tax, (whether proportionately reduced or the original amount) to the service provider. The invoice would in fact stand amended to that extent. The credit taken would be equivalent to the amount that is paid as service tax. However, in case of subsequent refund or extra payment of service tax, the credit would also be altered accordingly.*

and Circular No.877/15/2008-Cx dated 17th November 2008, regarding reversal of CENVAT Credit in case of trade discount, is as under:

> *Representations have been received from trade and industry seeking clarification on the issue whether proportionate credit should be reversed in cases where a manufacturer avails credit of the amount of duty paid by supplier as reflected in the excise invoice, but subsequently the supplier allows some trade discount or reduces the price, without reducing the duty paid by him.*
>
> *2. The issue has been examined. Since, the discount in such cases are given in respect of the value of inputs and not in respect of the duty paid by the supplier, the effect of reduction of value of inputs may be that the duty required to be paid on the inputs was less than what has been actually paid by the inputs manufacturer. However, the fact remains that the inputs manufacturer had paid the higher duty. Rule 3 of Cenvat Credit Rules, 2004 allows credit of duty "paid" by the inputs manufacturer and not duty "payable" by the said manufacturer. There are many judgements of Hon'ble Tribunal in this regard which have confirmed this view.*
>
> *3. In view of above, it is clarified that in such cases, the entire amount of duty paid by the manufacturer, as shown in the invoice would be available as credit irrespective of the fact that subsequent to clearance of the goods, the price is reduced by way of discount or otherwise. However, if the duty paid is also reduced, along with the reduction in price, the reduced excise duty would only be available as credit. It may however be confirmed that the supplier, who has paid duty, has not filed/claimed the refund on account of reduction in price.*

may however be confirmed that the supplier, who has paid duty, has not filed/claimed the refund on account of reduction in price.

Though the circulars issued in the context of another Act are also not binding, they too have persuasive value. Like in the case of rule 3 of Cenvat Credit Rules, 2004 which refers to credit of duty "paid" by the inputs manufacturer and not duty "payable", section 16 of the Act refers to the credit of input tax 'charged' and not "chargeable". The circulars thus supports the view that taxes paid and not subsequently reduced would be fully available as credit to the recipient.

12. In view of the above discussions, we set aside the ruling of the Original Advance Ruling Authority and rule as under

RULING

Considering the facts and circumstances of the appeal, the appellant M/s MRF Ltd can avail the Input Tax Credit of the full GST charged on the undiscounted supply invoice of goods/ services by their suppliers. A proportionate reversal of the credit is not required to be done by them in case of a post purchase discount given by the supplier to them through the C2FO platform, in the circumstances mentioned by them and discussed above. This is subject to their fulfilling the other conditions stipulated by law and that the GST paid by them for the said goods/ service is not reversed or reimbursed/ re-credited etc to them in any manner by the supplier or on his behalf, after the credit has been availed by M/s MRF. The ruling is limited to cases where a post purchase discount is extended by the supplier of the goods or services to the appellant on account of their registering in the interactive automated data exchange arrangement setup by C2FO India LLP, which is the subject matter of this Advance Ruling.

(T.V.SOMANATHAN)
Commissioner of Commercial Tax
Tamilnadu /Member AAAR

(M. AJIT KUMAR)
Pr.Chief Commissioner of GST & Excise
Chennai Zone/Member AAAR

To

M/s. MRF Ltd, /By SPAD/

Old No.124/ New No.114, Greams Road,
Thousand Lights, Chennai-600006
Copy to

1. Additional Chief Secretary/Commissioner of Commercial Taxes, II Floor, Ezhilagam, Chepauk, Chennai-5.

2. The Principal Chief Commissioner of GST & Central Excise, 26/1, Mahatma Gandhi Road, Nungambakkam, Chennai-600034.

3. The Advance ruling Authority
4. The Commissioner of GST & C.Ex., Chennai North Commissionerate,

5. The Assistant Commissioner (ST)

6. Master File/ Spare-2.