

**GIB/TN/SPECSMAKERS/24.06.2019/AAR-244**

**Advance Ruling Category :** Value of Supply

**State :** Tamil Nadu

**Order No.:** GIB/TN/SPECSMAKERS/24.06.2019/AAR-244

**Name of Entry :**

Specsmakers Opticians Private Limited

**Date :** 24-06-2019

**Breif Issue :**

**Fact & Issue of the Case:**

Which value should be adopted in respect of transfer of branches located outside India?

Determination of time and value of supply of goods?

Specsmakers Opticians Private Limited is registered under the applicable provisions of GGST 2017 and TNGST 2017, having office in Tamil Nadu, Chennai and branches also outside located in Chennai. The applicant stated that the goods are transferred as such to their branches in other states who further sell to their customers. According to Section 25 of CGST act ,the applicant need to have separate registrations as applicant and his branches are distinct person. As per rule 28(a) the value shall be the 'open market value' of such supply.

As per section 15(1) (the value of goods or services or both be the transaction value ,which the price actually paid or payable for the said supply where the supplier and the recipient of supply are not related and the price is sole consideration for the supply). The applicant states that he may include any value while invoicing to the receipt as the recipient is eligible for full input tax credit as per proviso to Rule 28 . The applicant may use the value higher than the open market value to pass on input tax credit to his branch office or he may use a much lower value than his cost price, it will lead to accumulation of ITC .

**Decision of Advance Ruling Authority :**

**Decision:**

The Value in respect of goods i.e, lenses, frames, sunglasses etc. shall be the open market value of such supplies as per Rule 28(a).

The applicant has an option to adopt 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 ,as per the proviso to Rule 28 and Explanation (a) and (b) read with Section 15 of CGST/ TNGST

Act, 2017.

If the recipient is eligible for full input tax credit, such a value shall be deemed to be the open market value.