

GIB/KN/ANIL KUMAR/04.05.2020/AAR-246**Advance Ruling Category :** Taxability**State :** Karnataka**Order No.:** GIB/KN/ANIL KUMAR/04.05.2020/AAR-246**Name of Entry :**

Anil Kumar Agrawal

Date : 04-05-2020**Breif Issue :****Facts & Issue of the Ruling**

Mr Anil Kumar filed application for Advance ruling *Out of the following sources of Income/ Revenue which all revenue income shall be considered for Aggregate Turnover for registration?*

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|---|---|
| a) Partner's salary as partner from my partnership firm, | k) Interest on Post office deposits |
| b) Salary as director from Private Limited company | l) Interest income on National Savings certificate (NSCs) |
| c) Interest income on partners fixed capital credited to partner's capital account | m) Interest income credited on PF account |
| d) Interest income on partners variable capital credited to partner's capital account | n) Accumulated Interest (along with principal) received on closure of PF account. |
| e) Interest received on loan given, | o) Interest income on PPF |
| f) Interest received on advance given | p) Interest income on National Pension Scheme (NPS) |
| g) Interest accumulated along with deposit/ fixed deposit | q) Receipt of maturity proceeds of life insurance policies |
| h) Interest income received on deposit/ fixed deposit | r) Dividend on shares |
| i) Interest received on Debentures | s) Rent on Commercial Property |
| j) Interest accumulated on debentures | t) Residential Rent |
| | u) Capital gain/loss on sale of shares |

Decision of Advance Ruling Authority :**Decision****Interest income received from different sources**

extending the deposits/loans/advances by the applicant is nothing but exempted service and the actual amounts of deposits/loans/advances become the value of the service.

Partner's salary, received as partner, from applicant's partnership firm:

If the applicant is a working partner and is getting salary, then the said salary is neither supply of goods nor supply of service in terms of clause 1 of Schedule III of CGST Act 2017. Further, in case if the applicant is in receipt of the amount towards his share of profit from the said partnership firm, then also the said income is not under the purview of GST as the *share of profit* is nothing but application of money and hence the said salary is not required to be included in the aggregate turnover for

registration under the provisions of GST Act.

Salary received as Director from a Private Limited Company:

Following AAR can be referred in context of decision made in the advance ruling authority, Karnataka in case of "Clay Craft India Pvt. Ltd, AAR-Rajasthan" [GIB/RJ/CLAY CRAFT/20.02.2020/AAR-239](#) , "Alcon Consulting Engineers(India) Pvt. Ltd., AAR-Karnataka"- [GIB/KR/ALCON CONSULTING/25.09.2019/AAR-313](#) and "Shree Sawai Manoharlal Rathi, AAR-Gujarat"- [GIB/GJ/SHREE SAWAI/19.04.2020/AAR-326](#) as remuneration received by the applicant as Executive Director is not includable in the aggregate turnover, as it is the value of the services supplied by the applicant being an employee. Further

if the applicant receives the remuneration as a Non-Executive Director, such remuneration is liable to tax under reverse charge mechanism under section 9(3) of the CGST Act 2017, in the hands of the company, under entry no. 6 of **Notification No. 13/2017-Central Tax (Rate) dated 28.06.2017**

Rental income on Commercial Property :

The transaction of rental/lease of commercial property amounts to supply.