

GIB/MP/Narsingh Transport/18.02.2019/AAR-182

Advance Ruling Category : Input Tax Credit

State : Madhya Pradesh

Order No.: GIB/MP/Narsingh Transport/18.02.2019/AAR-182

Name of Entry :
Narsingh Transport

Date : 18-02-2019

Breif Issue :

Facts & Issue of the case

The Applicant is registered with the Department having GSTIN 23AAHFN3084A1ZQ for providing "Goods Transport Agency Service" it is availing option to pay tax @12% and availing ITC facility on vehicle and their spares used for providing GTA service as well as on inward services namely insurance of vehicles and repair and maintenance of vehicles. The applicant has recently purchased cars and has provided them to various companies on lease rent under a Lease Agreement entered between them on monthly basis for their use in furtherance of their business. The applicant while purchasing the cars for their business purpose i.e. for providing to other companies on a monthly lease rent under a lease agreement has paid GST as applicable.

The following questions have been posted before the Authority by the Applicant: - 1. The applicant desire the advance ruling on the subject that whether the GST paid on these cars provided to their different customers on lease rent will be available to it as INPUT TAX CREDIT(ITC) in terms of Section 17(5) of Central Goods and Service Tax Act, 2017.

The concerned officer of SGST gave following view on the issue - The applicant is entitled to avail ITC on vehicles which are further supplied to customers on lease rent, subject to condition applicable as per section 17(5) of CGST Act, 2017, Madhya Pradesh Goods and Services Tax Act, 2017 and notification number 11/2017 central tax (Rate) dated 28 June, 2017, State notification No. F-A-3-32-2017-1- V (41) dated 29 June, 2017 read with amendments. Such vehicle must be registered for Commercial use and Permit holder as per section 66 under Motor Vehicle Act, 1988.

Decision of Advance Ruling Authority :

Decision

(Under section 98 of Central Goods and Services Tax Act, 2017 and the Madhya Pradesh Goods and Services Tax Act, 2017)

The Applicant is entitled to avail ITC on cars (passenger vehicles) which are further supplied to customers on lease rent, subject to condition applicable in such supply of services as per notification

number 11/2017-Central Tax(Rate) Dated 28.06.17 as amended from time to time and corresponding notifications issued under MPGST Act. The provision of rule 42 shall also be applicable if required so.

At the termination of lease agreement/contract, if the vehicle is not further leased to same or other customer, the applicant shall be liable to reverse the ITC so availed as per law.

Such vehicles should abide by the norms and regulations of The Motor Vehicle Act. in accordance to be registered for commercial use with the Transport authority and not put to own use by the Applicant.

This ruling is valid subject to the provisions under section 103(2) until and unless declared void under Section 104(1) of the GST Act.