

**GIB/KN/Randox Laboratories/30.09.2019/AAR-261**

**Advance Ruling Category :** Time of Supply

**State :** Karnataka

**Order No.:** GIB/KN/Randox Laboratories/30.09.2019/AAR-261

**Name of Entry :**

Randox Laboratories India Pvt. Ltd.

**Date :** 30-09-2019

**Breif Issue :**

**Facts & Issue Of The Case :**

The applicant is a Private Limited Company and is registered under the Goods and Services Act, 2017. The applicant states that he is in the business of trading of medical diagnostic reagents and diagnostic equipment. The applicant imports equipment, reagents and spares from their group company.

The applicant has sought advance ruling in respect of the following questions:

- a. Whether the applicant is liable to pay GST on the machines given to the customers under RRC (Reagent Rental placement Contracts) models / PRC (part Reagent Rental placement Contract) models ?
- b. Whether the supply of reagents along with the machine rental and services in a RRC/PRC contract is a separate supply or a mixed supply or composite supply? If considered as composite supply, what is principal supply?
- c. What is the rate of tax for the service of machine under RRC/PRC models?
- d. What is the value on which GST has to be paid in case of RRC / PRC model and what is the time of supply?
- e. whether the applicant is eligible for the input tax credit on the purchase of machinery for use in RRC / PRC contracts?

**Decision of Advance Ruling Authority :**

**Decision :**

The applicant is liable to pay GST on the machines / equipments given to the customers under the PRC Model but is not liable to pay GST on the machines / equipments given to the customers under the RRC model.

The rate of tax for the supply of rental service of equipments is 9% CGST and 9% KGST.

The time of supply of such supply is the date determined as per sub sec(2) of section 13 of the CGST Act. Time of supply are in case of RRC Model:

- i. For the supply of reagents - at the time of supply of reagents on the transaction value
- ii. For the supply of services in the nature of ,”an act agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act” for which a consideration is received - at the time of supply of such services on the transaction value.

In case of PRC Model :

- a. For the supply of rental services in equipments - at the time of supply of the equipments on the amount of non-refundable payment received or invoiced.
  - b. for the supply of reagents - at the time of supply of reagents on the transaction value
  - c. for the supply of services in the nature of “an act agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act,” for which a consideration is received - at the time of supply of such services on the transaction value.
- In accordance with Section 16 the applicant is eligible for the input tax credit on the purchase of equipment for use in RRC / PRC contracts.