

GIB/KN/NASH INDUSTRIES/25.10.2018/AAR-283

Advance Ruling Category : Supply

State : Karnataka

Order No.: GIB/KN/NASH INDUSTRIES/25.10.2018/AAR-283

Name of Entry :

Nash Industries (I) Pvt. Ltd.

Date : 25-10-2018

Breif Issue :

Issues And Fact Of The Case:

Whether the amortized cost of the tool to be added to arrive at the value of the goods supplied for the purpose of GST under Section 15 of the CGST Act read with rule 27 of CGST Rules?

The applicant states that he is in the business of manufacturing Sheet Metal Pressed Components and caters to various industries, ATM, printers etc, and is having multi-locational facilities in and around Bangalore. The tools could be either manufactured by the applicant himself or they could get it manufactured by someone else or the recipient could supply them free of cost

He stated that it appears that the valuation provisions under the CGST Law is the same as that provided in the erstwhile Central Excise Law. In this regard, he referred to the decision of the Hon'ble High Court in the case of **TATA Johnson Controls Automotive Ltd v/s State of Maharashtra 2017 (7) GST GSTL 271 (BOM). GSTAMP Automotive India Pvt Ltd v/s Commissioner of Central Excise reported in 2017 GSTL 337 (Tri) & Lear Automotive India Pvt Ltd v/s Commissioner reported in 2014 ELT 65 (Tri)** He has also enclosed the working for the computation of GST.

The transaction of the applicant is verified and found that there are two supplies involved in the entire activity. First the applicant, once he gets the order for specialized components, manufactures the tools specifically. Later the recipient gives the tool free of cost to the applicant and the applicant uses the same for the manufacture of the components. Section 7(1) of CGST Act 2017 stipulates that 'Supply' shall be made for a consideration. Therefore, consideration is an essential element in supply.

Further, Section 15(2) of the CGST Act provides for the inclusion of several other related / relevant amounts in the value of taxable supply. Then it should consider Section 15(2)(b) of CGST Act 2017 to be relevant to the facts of this case and analyze the same

Decision of Advance Ruling Authority :

Decision:

The amortized cost of tools which are re-supplied back to the applicant free of cost shall be added to the value of the components while calculating the value of the components supplied as per the Section 15 of the CGST / SGST / IGST Act 2017.