

GIB/KR/Kwality Mobikes/24.09.2019/AAR-318

Advance Ruling Category : Discount

State : Karnataka

Order No.: GIB/KR/Kwality Mobikes/24.09.2019/AAR-318

Name of Entry :
Kwality Mobikes Pvt Ltd

Date : 24-09-2019

Breif Issue :

Facts & Issue Of The Case :

The applicant is a private limited Company registered under the Goods and Service Tax act, 2017 having a business of supplying motor vehicles .The applicant has sought the advance ruling on the following questions:

- Whether the volume discount received on purchases is liable for GST? If yes, under which HSN/SAC ?
- Whether the volume discount received on retail (on sales) is liable for GST? If yes, under which HSN/SAC ?
- Whether the company has to issue taxable invoice to this effect ?

Applicant is taking credit of the input tax charged in the invoice. The Applicant when makes more purchases is eligible for the volume discount on purchases and a credit note is issued by the authorised supplier and no adjustment of price is made in respect of the goods already sold nor any adjustment of GST is made in the credit note. The Applicant is also not claiming any reduction in input tax credit already claimed by him as it does not affect the price of the goods sold. Applicant when sells more than his target is eligible for the incentive which is provided by the authorised supplier in the form of a credit note.

Decision of Advance Ruling Authority :

Decision :

- The volume discount received on purchases in the form of credit note without any adjustment of GST is not liable for GST.
- The volume discount received on retail (on sales) in the form of credit note without any adjustment of GST is not liable for GST.
- Since the amount received in the form of credit note is actually a discount and not a supply by the applicant to the authorised supplier, the applicant need not issue tax

invoice for this transaction.