

GIB/KN/Dolphine Die/20.05.2020/AAR-319

Advance Ruling Category : Input Tax Credit

State : Karnataka

Order No.: GIB/KN/Dolphine Die/20.05.2020/AAR-319

Name of Entry :

Dolphine Die Caste (P)Ltd

Date : 20-05-2020

Breif Issue :

Facts & Issue Of The Case :

The applicant is a manufacturer and exporter of Aluminium and Zinc die Castings. The applicant first manufactures the steel Die as per requirement and specifications given by foreign customer. After the completion of the export order or completion of the life of the die, the applicant either exports the dies to the overseas customer or scrap the die at the applicant's end as per the instructions of the customer.

The advance ruling has been sought on the following issues:

1. Whether the applicant raise the tax invoice addressed to the foreign buyer and delivery to applicant works by paying output GST and claiming back by the applicant as input GST?
2. Whether the applicant raise self-invoice by paying the output GST and claiming back by the applicant as input GST?
3. Whether the applicant raise the tax invoice addressed to the foreign buyer and paying the output GST under reverse charge mechanism?
4. Applicant seeks the procedure to be followed under GST act for discharging GST liability.

Applicant also submitted that he places an order for manufacture and supply of aluminium casting and pressure die casting component of aluminium to Thailand supplier (foreign supplier). Thailand supplier first manufactures the die as per the requirement and specification given by the applicant and after seeking the approval for dies, the Thailand supplier manufactures and supplies the Aluminium casting and pressure die casting component of aluminium to the Applicant.

Decision of Advance Ruling Authority :

Decision :

In the case where applicant manufactures die and invoiced to the recipient , without involving any movement of the goods, the applicant has to raise the tax invoice addressed to the foreign buyer and

hence this is an intra-state supply so he has to collect CGST and SGST and discharge the liability. As the applicant is not the recipient, he is not eligible to claim said payment as input tax credit on the invoice raised by him.

As per the instruction of the overseas customer, the if the said steel die is scrapped at applicant's end without moving out of the country, while supplying the die scrap to the third party, the applicant has to issue intra/interstate tax invoice as depending upon the nature of transaction and collect and pay the applicable tax as per the provisions of the GST Acts.

In case of manufacture of Die by the Thailand supplier, if applicant physically imports the Die to a place in India then applicant has to pay the IGST on reverse charge mechanism and claim the IGST tax paid as input tax credit. If the steel die is scrapped at the location of the overseas supplier without die coming to India, then such transaction is occurring outside the taxable territory, i.e India and hence not under the purview of GST Acts.