

GIB/TG/Penna Cement/02.03.2020/AAR-320

Advance Ruling Category : Place of Supply

State : Telangana

Order No.: GIB/TG/Penna Cement/02.03.2020/AAR-320

Name of Entry :

Penna Cement Industries Limited

Date : 02-03-2020

Breif Issue :

Facts & Issue of the Ruling

Applicant “Penna Cement Industries Limited” are manufacturers of cement having two cement plants in Telangana. They occasionally make inter-State sale of cement on ex-factory/works basis from their plants in Telangana. As per Sec. 10(1)(a) of IGST Act, 2017, place of supply shall be where movement of goods terminates; When they make ex-factory sales from their plant, delivery terminates at their factory gate itself and therefore, CGST and SGST should be charged on such type of supplies.

However, Ex-Factory Inter State Sale by applicant from their plant wherein further movement is carried by recipient or transporter up to the billing address state– The delivery in such cases terminates in another that State and therefore they should charge IGST in respect of such supplies.

With the above background, the applicant raised the following query:

i) What tax should be charged on ex-factory inter-State supplies made by them?

Decision of Advance Ruling Authority :

Decision

- In case of ex-factory inter-State sales affected by the applicant, the goods are made available by the supplier to the recipient at the factory gate, but this is not the point where movement terminates since the recipient subsequently assumes the charge for transportation of the goods up to the destination in another state.
- Thus, termination of the movement of goods evidently takes place at the location (in a different state) to which the goods are consigned/destined and such movement is effected by the recipient or by any other person such as transporter authorized by the recipient.
- Applying the inference made in the preceding para to the facts of the case on hand, the place (in the other state) where the goods are destined turns out to be the ‘place of supply’ in terms of

Sec. 10(1)(a) *ibid*.

- Consequently, the 'location of supplier' and the 'place of supply' fall under different states and the supply qualifies as inter-State supply.
- Accordingly, it was held that, the supplier in the stated instance is liable to charge IGST in respect of ex-factory inter-State supplies made by them.