

GIB/RJ/Shambhu Traders/15.02.2019/AAR-324

Advance Ruling Category : Classification

State : Rajasthan

Order No.: GIB/RJ/Shambhu Traders/15.02.2019/AAR-324

Name of Entry :

Shambhu Traders Private Limited

Date : 15-02-2019

Breif Issue :

Issue And Facts of The Case -

Shambhu Traders Private Limited (the applicant) is engaged in the business of selling used lead acid batteries to various manufacturers. The applicant is operating under Margin Scheme notified under Rule 32(5) of the CGST Rules, 2017. The applicant purchases used lead batteries from unregistered suppliers in small quantity (50 to 100 kg approximately). These unregistered suppliers may be located in the same State or a different State. The applicant subsequently sells them to various manufacturers and charges GST on the difference between the sale price and purchase price of lead acid batteries in accordance with Rule 32(5) of the CGST Rules.

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

1. Whether the used lead acid batteries qualify as “second hand goods” and thus covered under the Margin Scheme notified under Rule 32(5) of the CGST Rules, 2017.
2. Tax on outward supply under the Margin Scheme would be qualified under which of the following heading in GSTR-3B in following cases:-
 - a. When selling within the State?
 - b. When selling outside the State?
3. When the applicant is operating under the Margin Scheme by selling the used lead acid batteries to manufacturers whether the goods when sold outside the state or when sold within the state of Rajasthan qualifies under the Margin Scheme.

1. To qualify as second hand goods as per Rule 32(5) of the CGST Rules, 2017, goods need to be-
 - a. Used goods as such or goods after minor processing that does not change the nature of goods
 - b. No ITC has been availed on such goods

Used lead acid batteries are used goods and no processing is done. Further, no ITC has been

availed on such goods.

2. In terms of Rule 2 of the IGST Rules, 2017, the CGST Rules, 2017, for carrying out the provisions specified in section 20 of the IGST Act, 2017 shall, so far as may be, apply in relation to integrated tax as they apply in case of central tax. Section 20 of the IGST prescribe that the provisions of the CGST Act shall mutatis mutandis apply to various subjects which have been provided under section 20.

Decision of Advance Ruling Authority :

Decision:-

1. The used lead batteries qualify to be second hand goods. The applicant is entitled to operate under Margin Scheme in respect of used lead acid batteries.
2. The query raised by the applicant is not specified in section 97(2) of the CGST Act/ RGST Act, 2017, therefore no advance ruling is given.
3. The Rule 32(5) of the CGST Rules, 2017 which provides for Margin Scheme in case of intra-state supplies shall also be applicable in case of inter-state supplies of used lead acid batteries while operating under the Margin Scheme.