

**GIB/GJ/Gujarat State/27.06.2019/AAR-327**

**Advance Ruling Category :** Taxability

**State :** Gujarat

**Order No.:** GIB/GJ/Gujarat State/27.06.2019/AAR-327

**Name of Entry :**

Gujarat State Financial Services Ltd

**Date :** 27-06-2019

**Breif Issue :**

**Facts & Issue Of The Case :**

The Applicant M/s. Gujarat State Financial Services Ltd (GSFS) is a wholly owned subsidiary of Government of Gujarat has 100% holding and is registered with RBI as a Non-Banking Finance Company. Advance Ruling has been sought on the following issues:

1. The Applicant is providing financial assistance in the form of loan to various Government of Gujarat entities, whether all such Gujarat State owned entities and GSFS become related persons in GST?
2. The Applicant is not charging any processing fees/ any other charges, for providing to Government of Gujarat State owned entities, and interest being charged as full consideration, then whether GST will be chargeable on, notional processing fees/ notional any other charges, provided by way of loans to Gujarat state owned entities?

The applicant submitted that they are receiving interest as consideration from various Government of Gujarat entities to whom financial assistance is provided. As a policy of the company, it is not charging any processing fees or any other charges for providing financial assistance to any clients i.e. from any Government entities. The applicant concluded by mentioning that considering facts of the case, relevant provisions of the law, according to applicant since he is not charging processing fees or any other charges to any client and interest being charged as a full consideration against financial assistance given by GSFS, GST shall not be chargeable on notional processing fees or any other notional charges on services of loans provided by him to its client.

**Decision of Advance Ruling Authority :**

**Decision :**

The relationship between Gujarat State Financial Services Ltd. and Government or Government entities is that of related person as defined under Section 15 of Central Goods and Services Tax Act 2017 and Gujarat Goods and Services Tax Act 2017.

As there is no other consideration except interest, the Services by way of extending deposits, loans or advances provided by M/s. Gujarat State Financial Services Ltd (GSTIN 24AAACG5581B1Z0) is covered under sub entry (a) of entry 27 of Notification No. 12/2017-Central Tax (Rate) under CGST Act 2017 and corresponding State notification No. 12/2017- State Tax (Rate) under GGST Act 2017.