

GIB/KN/Megha/23.03.2020/AAR-335

Advance Ruling Category : Input Tax Credit

State : Karnataka

Order No.: GIB/KN/Megha/23.03.2020/AAR-335

Name of Entry :

Megha Agrotech Private Limited

Date : 23-03-2020

Breif Issue :

Facts & Issue Of The Case :

Megha Agrotech Private Limited is a private limited company and is registered under the Goods and Services Act, 2017. The applicant has sought advance ruling in respect of the following question:-

- a) Whether under section 15(2)(e) of CGST Act, for calculating “value if taxable supply”, the subsidy amount granted to the farmer by Horticulture / Agriculture / Sericulture Department of Government of Karnataka under PMKSY scheme or any other Central / State Government approved schemes but disbursed to the supplier to be treated as “subsidy” in the hands of the supplier and to be excluded while ascertaining the “transaction value”?
- b) Whether the question of inclusion or exclusion of subsidy amount in the value of taxable supply would arise under Section 15(2) of the CGST Act, when such subsidy is not impacting the transaction value, which is price actually paid or payable for the supply of goods by the customer i.e., farmers and when the subsidy is disbursed by Horticulture/Agriculture/Sericulture Department to the supplier on behalf of recipient of the supply (farmers)?
- c) Whether supplier would be entitled to refund of input tax credit accumulation, which may arise if subsidy is not treated as part of taxable value?

It is very clear that the value of supply shall include the subsidies directly linked to the price, excluding subsidies provided by the Government. The financial assistance provided by the Government is to the farmer to enable him to afford the facility and Government is not making payment to the applicant vendor nor the amount receivable by the farmer has any bearing on the price of the supply.

Decision of Advance Ruling Authority :

Decision :

1. The amount of assistance received by the farmer or on account of the farmer from the Government Department has no bearing on the price and hence on the value of supply made by the applicant to the farmer and is not covered under section 15(2)(e) of the CGST Act, 2017.
2. There is no question of excluding the amount of assistance or subsidy received from the transaction value or value of taxable supply.
3. The question of entitlement of refund does not arise.