

**GIB/KR/Santosh/16.09.2019/AAR-411**

**Advance Ruling Category :** Others

**State :** Delhi

**Order No.:** GIB/KR/Santosh/16.09.2019/AAR-411

**Name of Entry :**

M/s. Santosh Distributor

**Date :** 16-09-2020

**Breif Issue :**

**Facts & Issue Of The Case :**

Applicant is authorized distributor of M/s Castrol India Ltd. Castrol India managing entire marketing activities of their products. Billing is done by the applicant using M/s Castrol India Billing Software. Invoice issued by the applicant based on various rate scheme prefixed by M/s Castrol India. Invoice is generated after deducting discount as per pre fixed scheme. Such Discounts are being reimbursed by M/s Castrol India by financial credit notes. Distributor bound to supply products as per the Invoice Value. It was held that additional discount reimbursed by the suppliers of goods to the distributor is liable to be added to the consideration payable by the customer to the distributor to arrive at the value of supply u/s 15 of CGST Act, 2017. The supplier of goods / principal company issuing the commercial credit note is not eligible to reduce his original tax liability and hence the recipient / applicant will not be liable to reverse the ITC attributable to the commercial credit notes received by him from the supplier.

**Decision of Advance Ruling Authority :**

**Decision :**

The Applicant is liable to pay GST at the applicable rate on the amount received as reimbursement of discount / rebate from the principal company.