

GIB/KR/Polycab/02.03.2019/AAR-412

Advance Ruling Category : Input Tax Credit

State : Kerala

Order No.: GIB/KR/Polycab/02.03.2019/AAR-412

Name of Entry :
Polycab Wires Pvt. Ltd

Date : 02-03-2019

Breif Issue :

Facts & Issue Of The Case:

The applicant is a dealer in electrical goods, cables of all kinds including winding wires, pipes etc. They had supplied electrical items to Kerala State Electricity Board through their distributors spread across the State in connection with reinstating connectivity in the flood ridden areas as part of the “mission reconnect”. The applicant sought advance ruling on the following issues:

- i) Determination of GST liability with respect to goods provided free of cost by the Distributors of Poly Cab Wires Private Limited to KSEB for reinstating connectivity in flood ridden areas; and ‘admissibility of input tax credit in relation to such goods.
- ii) Applicability of Sec.17(5) of CGST Act, 2018 on CSR expenses.

In order to operationalize the commitment of the applicant to provide goods at free of cost to Kerala State Electricity Board for flood renovation work, the applicant instructed its distributors to provide the goods. The distributors billed the goods to Kerala State Electricity Board and paid GST to Government. In the invoice so issued, the distributor had valued the goods for the purpose of tax and value was shown as discount. In this supply, since the consideration is not wholly in money, Rule 27 of the CGST/KSGST Rules would apply for valuation. After the goods are supplied to Kerala State Electricity Board, distributor would raise claim to the applicant who will reimburse the value to the distributor.

Decision of Advance Ruling Authority :

Decision :

The distributor would be entitled for input tax credit on the goods supplied to Kerala State Electricity Board on instructions from the applicant.

The applicant distributed electrical items like, switches, fan, cables etc. to flood affected people under CSR expenses on free basis without collecting any money. For these transactions input tax credit will not be available as per Sec.17(5)(h) of the KSGST and CGST Act.