

**GIB/GJ/ARISTO BULLION/27.01.2021/AAR-447**

**Advance Ruling Category :** Input Tax Credit

**State :** Gujarat

**Order No.:** GIB/GJ/ARISTO BULLION/27.01.2021/AAR-447

**Name of Entry :**

M/S. ARISTO BULLION PVT LTD

**Date :** 27-01-2021

**Breif Issue :**

**FACT OF THE CASE**

In the above case the applicant M/s. Aristo Bullion pvt.ltd. engage in supply of Gold (including Gold Plated with Platinum) unwrought or in semi-manufactured forms or in powder form, based metal clad with silver, not further worked than semi-manufactured, coin etc; that it involves some manufacturing process also and in the said activities various inputs viz. Gold dore, silver dore are required; that the said inputs will be procured domestically on payment of GST at appropriate rate; that sometimes the applicant may import raw materials/inputs from overseas market and will be discharging applicable duty and tax including IGST; that the input tax credit has to be availed in terms of Section 16 of the **CGST Act, 2017** and Rules made thereunder; that they will also avail input tax credit of GST paid on the goods procured domestically as well as from overseas market and the applicant will have to discharge GST on their outward supplies at applicable rate; that the said taxes will be discharged through Electronic Credit Ledger as well as through Electronic Cash Ledger in the case if balance available in Electronic Credit Ledger is not adequate.

**ISSUE OF THE CASE**

Can the applicant use Input Tax Credit Balance available in the Electronic Credit Ledger legitimately earned on the inputs/raw-materials/inward supplies (meant for outward supply of Bullions) towards the GST liability on 'Castor Oil Seed' which were procured from Agriculturists and subsequently meant for onward supply?

**Decision of Advance Ruling Authority :**

**DECISION**

For the applicant, to be eligible to take input tax credit on any supply of goods or services, the same has to be used or should be intended to be used in the course or furtherance of his

business i.e. the nexus/connection between the inputs and the final products manufactured from these inputs is required to be proved - For example, inputs such as dores of gold, silver etc. procured by the applicant are used in the manufacture of their final product i.e. Gold(including Gold Plated with Platinum) unwrought or in semi-manufactured forms or in powder form, based metal clad with silver, not further worked than semi-manufactured, coin etc.

However, for the applicant, to be eligible to avail the input tax credit for the payment of the GST leviable on the Castor oil seeds which they intend to supply domestically or to export it, the applicant has to first prove the nexus or connection between the inputs and the castor oil seeds which he intends to supply, in the terms of sub-section(1) of Section 16 of the CGST Act, 2017 i.e. he has to prove as to how the gold dores or silver dores are used or intended to be used in the course or furtherance of his business of supply of Castor oil seeds.

In this regard, firstly, the applicant has not submitted any document/literature etc. in respect of how they wish or intend to carry out the business of supply of castor oil seeds. Secondly, they have not provided/submitted any proof in respect of the input-final product nexus/connection in respect of the inputs i.e. gold and silver dores etc. vis-a-vis Castor oil seeds nor provided any such document/literature in respect of how the inputs i.e. gold dores or silver dores are used or intended to be used in the course or furtherance of their business of supply of Castor oil seeds - Even otherwise, on a plain comparison of the provisions of Section 16(1) of the CGST Act, 2017 with the issue in hand, it can very easily be derived that there is no nexus/connection whatsoever, of the inputs i.e. gold dores or silver dores with the business of supply of Castor oil seeds by the applicant. It can therefore, be seen that the even the basic conditions envisaged in the provisions of Section 16(1) have not been fulfilled in the instant case, it can be undoubtedly concluded that the inputs are not used or intended to be used in the course or furtherance of the business of supply of Castor oil seeds.

Therefore, the applicant cannot use the Input Tax Credit Balance available in the Electronic Credit Ledger legitimately earned on the inputs/raw-materials/inward supplies(meant for outward supply of Bullions) towards the GST liability on 'Castor Oil Seed' which were procured from Agriculturists and subsequently meant for onward supply.