

GIB/TN/M/S. KALYAN JEWELLERS/30.03.2021/AAAR-52

Appellate Advance Ruling Category : SUPPLY OF SERVICES

State : Tamil Nadu

Order No.: GIB/TN/M/S. KALYAN JEWELLERS/30.03.2021/AAAR-52

Name of Entry :

M/S. KALYAN JEWELLERS INDIA LIMITED

Date : 30-03-2021

Breif Issue :

FACTS OF THE CASE:

In this case the Appellant M/s Kalyan Jewellers India Limited is in the business of manufacturing and trading of Jewellery Products. As a part of sales promotion the Appellant introduced the facility of different types of Pre-Paid Instruments (PPI's) viz., Closed System PPIs, Semi-closed System PPIs, Open System PPIs through its retail outlets, third party PPI issuers and online portals to their Customers and these are generally called "Gift Vouchers/Gift Cards" in trade practice.

ISSUE OF THE CASE:

Whether the issue of own closed PPIs by the 'Applicant' to their customers be treated as supply of goods or supply of service

If yes, is the time of issue of PPI's by the Applicant to their Customers is the time of supply of goods or services warranting tax liability

If yes, what is the applicable rate of tax for such supply of goods or services?"

If yes, whether the issue of PPIs by the Third party PPIs issuers subject to GST at the time of issue in their hands?

Whether the amount received by the Applicant from Third Party PPI issuers subject to GST?

If No, GST collection at the time of sale of goods or services on redemption of PPIs i.e., own and from Third Party will be a sufficient compliance of the provisions of the Act?

The treatment of discount (the difference between Face value and Discounted Value) in the hands of issuer of PPI in case of third party PPIs? Whether the applicant will be liable to pay GST on this difference Value?

Decision of Advance Ruling Authority :**DECISION:**

Vouchers issued by the appellant are of the nature of actionable claims. Actionable claims, though included within the definition of goods under section 2 (52), have been included in schedule III as entry 6 and therefore cannot be treated either as supply of goods or supply of services. It follows that vouchers are not subject to levy of tax under the GST act - that there is an inherent contradiction in this argument, with the provision in sub sections (4) of section 12 and 13, that deal with determining the time of supply for goods and services respectively, both use the term 'voucher', and therefore indicate that voucher relate to both goods and services. If vouchers are to be treated as actionable claims, they are only goods and not services.

When a voucher is issued, though it is just a means of advance payment of consideration for a future supply, subsection (4) of section 12 and 13 determine the time of supply of the of the underlying good(s) or service(s). Voucher per se is neither a goods not a service. It is a means for payment of consideration - there is no need to determine whether voucher is an actionable claim to arrive at a conclusion that it is neither a goods nor a service.

Voucher by GST law is recognized as an instrument of consideration (non-monetary form) for future supply. Regarding classification of voucher, since voucher is only an instrument of consideration and not goods or services, the same is not classifiable separately but only the supply associated with the voucher is classifiable according to the nature of the goods or services supplied in exchange of the voucher earlier issued to the customer.

Thus, the time of supply of the gift vouchers / gift cards by the applicant to the customers shall be the date of issue of such vouchers and the applicable rate of tax is that applicable to that of the goods.

The appeal is filed against the Order No. 52/ARA/2019 dated 25.11.2019.