

GIB/TN/SANGHVI MOVERS/21.06.2019/AAR-194

Advance Ruling Category : Input Tax Credit

State : Tamil Nadu

Order No.: GIB/TN/SANGHVI MOVERS/21.06.2019/AAR-194

Name of Entry :
SANGHVI MOVERS LIMITED

Date : 21-06-2019

Breif Issue :

Fact of the Case:

M/s. Sanghvi Movers Ltd is engaged in the business of providing medium-sized heavy-duty cranes on wet-lease basis i.e. Own, Operate and Maintain and provide entire operating crew, such as crane operators, riggers, helpers, technicians, engineers, etc

The applicant entered a Memorandum of understanding (“MoU”) with SML HO for ‘Crane & Trailer Supplies’ to SML TN Depot at TN Chennai, from where the applicant would further sub-lease such cranes to final customers. SML HO agrees to provide cranes, cranes components, parts & trailer on monthly rental basis to SML TN. The ownership rests with SML HO. The payments are however made by the SML TN to SML HO on netting off basis i.e. adjustment of receivable and payable in book of accounts are made and net amount is payable.

Issue Involved:

Whether on facts and circumstances of the case, since Integrated Goods and Services Tax (“IGST”) is payable on inter-state movement of cranes by the supplier (i.e. SML Maharashtra), whether the recipient office of SML (i.e. SML Tamil Nadu) duly registered under GST receiving such cranes for further supply on hire charges would be eligible to avail input tax credit (ITC) of IGST charged?

Decision of Advance Ruling Authority :

Ruling:

As per proviso to Section 16(2), the applicant will not be eligible for full ITC, as they are not paying the full amount to their supplier SML HO, rather net amount is being paid.

Accordingly, the Hon’ble AAR, Tamil Nadu held that, supplies received from SML HO is not eligible for the full ITC. Rather ITC shall not be available to the extent specified in the restrictions as per second proviso Section 16(2) of CGST Act read with Rule 37 of CGST Rules, 2017.

For AAAR Ruling- [GIB/MH/Sanghvi Movers/13.11.2019/AAAR-37](#)