

GIB/KN/JSW STEEL/21.09.2019/AAR-24

Advance Ruling Category : REVERSE CHARGE MECHANISM

State : Karnataka

Order No.: GIB/KN/JSW STEEL/21.09.2019/AAR-24

Name of Entry :
JSW STEEL LIMITED

Date : 21-09-2019

Breif Issue :

Issue & Fact of the Case:

“Whether the Applicant is liable to discharge GST under reverse charge, for the contribution made towards NMET and DMF, in light of Sl. No. 5 of the Notification No. 13/2017- Central Tax (Rate) dated 28.06.2017”?

The Government has provided the land on lease to the applicant to carry out the mining activity and in turn the applicant pays royalty along with the amounts paid to the District Mineral Foundation of the district and to the National Mineral Exploration Trust as specified by the Government. Applicant made these payments under the statutory requirements of the Mines and Minerals (Development and Regulation) Act, 1957

On perusal of the sections related to DMF and NMET, it is seen that both these payments are payable by a lessee in addition to the royalty and both the calculations are made on the basis of royalty – the value of the taxable supply of service not only includes the amount of royalty paid to the Government but it also includes the amount paid to the District Mineral Foundation of the district and to the National Mineral Exploration Trust as these payments are made under the statutory requirements of the Mines and Minerals (Development and Regulation) Act, 1957 which is taxable under GST.

Taxes on the payment of royalty – payment made to District Mineral Foundation of the district and to the National Mineral Exploration Trust under “reverse charge” – HELD THAT:- Section 9(3) of the GST Act, 2017 says, the Government may, on the recommendations of the Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

Decision of Advance Ruling Authority :

Decision:

Since the Government (Central/state) has provided the land to the applicant on lease to carry out the mining activity', the Government(Central/state) becomes the supplier of the service and the applicant (business entity) is the recipient of the service. Therefore, as per the Notification No. 13/2017- Central Tax (Rate) dated 28.06.2017 applicant is liable pay GST on the payment made to the District Mineral Foundation of the district and payment made to the National Mineral Exploration Trust on reverse charge basis.