

GIB/TN/KALYAN/25.11.2019/AAR-225

Advance Ruling Category : Taxability

State : Tamil Nadu

Order No.: GIB/TN/KALYAN/25.11.2019/AAR-225

Name of Entry :
Kalyan Jewelers India Ltd

Date : 25-10-2020

Breif Issue :

Issue & Fact of the Case:

KJIL is a Manufacturer and Trader in Gold and other Jewellery items through their retail outlets and also online portal. KJIL, as part of sales promotion, introduced the facility of issuing different types of Pre-Paid Instruments (herein after referred as PPI's) to their customers through their retail outlets as well as engaging third party online portal. These PPIs are generally called as "Gift Vouchers / Gift Cards" in the trade Practice.

The Applicant has sought Advance Ruling on the following questions :-

1. Whether the issue of Own Closed PPIs by the 'Applicant' to customers be treated as supply of goods or supply of services as defined under the provisions of the CGST/ SGST Act 2017 and rules, notifications there on. If yes, is the time of issue of Own Closed PPIs by the 'Applicant' to customers is the time of supply of goods or services warranting tax liability.
2. If yes, what is rate of taxes applicable for such supply of goods or services as the case may be.
3. If yes, whether the issue of PPIs by Third Party PPI Issuers subject to GST at the time of issue in their Hands.
4. Whether the amount received by the 'Applicant' from Third party PPI issuers subject to GST.
5. 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 CGST Act.
6. What is 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.

As per the applicant PPI's are actionable claims or equivalent to money and issuing PPI'S

are not supply of goods or services under the CGST Act and hence is not taxable.

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

- The PPI's so issued by the applicant are 'vouchers' and are supply of goods under CGST Act, 2017.
- The vouchers issued by the applicant to the customers will have the time of supply as the date on which vouchers have been issued and if the vouchers are redeemable against any goods bought, the time of supply is the date on which vouchers are redeemable.
- As per Sl. No. 132 of schedule II of the Notification No. 1/2017-C.T (Rate) dated 28.06.2017 , the applicable rate on paper based gift vouchers is 6% CGST and 6% SGST. As per Sl. No. 382 of schedule III of the Notification No. 1/2017-C.T (Rate) dated 28.06.2017 , the applicable rate on paper based gift vouchers is 9% CGST and 9% SGST.