

GIB/KN/TATA COFFEE/27.09.2019/AAR-243

Advance Ruling Category : Time of Supply

State : Karnataka

Order No.: GIB/KN/TATA COFFEE/27.09.2019/AAR-243

Name of Entry :

Tata Coffee Limited

Date : 27-09-2019

Breif Issue :

Fact & Issue of the case:

Whether the legally prescribed activity of depositing the timber/wood with the Government Timber Depot for disposal as per provision of Section 104 of the Karnataka Forest act will constitute a supply and therefore subject to the payment of GST for keeping the goods at the custody of the auctioneer i.e, Government Timber Depot?

On what value GST is chargeable in the invoice, if applicable?

What Is the time of supply of timber ,if the transaction is supply in the hands of applicant?

Should GST paid by the applicant on supervision charges collected by the Government Timber Depot under Reverse Charge as per sl.no 5 of Notification 13/2017 ?

The applicant is engaged in the business of Tea/Coffee/Pepper Plantation as a part of Tata Group of Companies. The entity to which the applicant tends to deposit the timbers (Government Timber Depot) is a Registered entity under GST Act. There are two types of Transactions like- sale of timber by Karnataka Timber depot On the Behalf of applicant and provision of service of the supervision of timber till the time of sale. As per clause (5) of section 2 of CGST Act ,2017 the depot is considered as an agent.

The value of supply of goods between the principal and his agent shall be the open market value of the goods being supplied as determined under rule 30 and 31 in that order. The time of supply of the goods shall be the earlier of the date of issue of invoice by the supplier to the last date o which he is required to issue the invoice under section 31 and the date on which supplier receives the payment. This supply of services of supervision is a supply between two principals and GST needs to be paid on the transaction.

Notification No.13/2017-CT(rate) ,shifts the liability to pay tax on the recipient of the service instead of the supplier by a reverse charge mechanism. According to entry 5 of the notification the applicant is

liable to pay tax on the receipt of supervision services.

Decision of Advance Ruling Authority :

Decision:

The transaction would amount to 'supply' as per the meaning assigned under GST Act, GST is chargeable on the value of supply.

The time of supply is the time of removal of timber/ woods by the applicant for supply to the depot.

There are two supplies involved in the chain of the transactions , and both are the independent supplies and hence the tax need to be discharged from both stages.

The Government Timber Depot are not Government Department, then the transaction would not be covered under notification No.13/2017-CT(rate), and such reverse charge mechanism shall not be applicable and the Government Timber Depot shall collect GST and issue invoice to the applicant.