

M/s. Karthik & Co.

Appellate Authority for Advance Ruling — Tamil Nadu

AAAR/05/2026 (AR) Dated: 24.04.2026

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Q Questions Before the Authority

- whether the Tax invoice raised by them for the non-monetary benefits/perquisites is valid under GST Act
- whether the value on which TDS deducted under Section 194R of Income Tax Act should be considered as supply
- if the same is considered as supply, whether it is being construed as supply through any Notification or under any Section of GST Act

F Facts

The appellant is a partnership firm engaged in the wholesale and retail sale of paints and hardware. They receive non-monetary benefits such as gifts and tour packages from manufacturers upon achieving sales targets, which are subject to TDS under Section 194R of the Income Tax Act. The appellant initially sought an advance ruling on whether these benefits constitute a supply of services under the GST Act.

H Ruling

The Appellate Authority did not provide a ruling on the merits of the questions presented. Instead, it remanded the case back to the original Advance Ruling Authority for a fresh decision. This was necessitated because the appellant provided facts in the appeal that were significantly different and divergent from those originally submitted to the lower authority.

R Reasoning

The Appellate Authority observed that the appellant had initially claimed to be a franchisee of the paint manufacturers with no prior agreement regarding non-monetary benefits. However, in the appeal, the appellant asserted they operate on a principal-to-principal basis and that there are prior agreements in the form of Scheme Documents. Because the factual foundation of the case had fundamentally changed, the Appellate Authority determined it could not pass an order on the original ruling. The matter was remanded to the original authority to ensure the principles of natural justice are followed.

P Provisions Relied On

Section 101(1) of the Tamil Nadu Goods and Services Tax Act, 2017

Section 102 of the Central Goods and Services Tax Act, 2017

Section 194R of the Income Tax Act



For the Practitioner

This order serves as a procedural reminder that an appellate authority will not entertain a case where the **factual matrix has been altered** from the original application. Practitioners must ensure that all relevant agreements and business models are accurately disclosed at the initial stage of an Advance Ruling application. It does not provide any substantive guidance on the taxability of non-monetary benefits or perquisites under GST.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> [karthik_co_aaar_order.pdf](#)

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