

M/s SANGAL PAPERS LTD.

Appellate Authority for Advance Ruling — Uttar Pradesh

Appeal Order No. 14/AAAR/10/03/2021 dated 10.03.2021

Q Questions Before the Authority

- When GST has been paid on the freight in the case of indigenous supplies, whether the supplier is required to pay again GST on the freight under RCM.
- When the GST has been paid on the ocean freight in the case of imports on the CIF value and the value of the ocean freight is included in the value of the imported goods, whether any further GST liability is there under RCM.

F Facts

The appellant is a manufacturer of paper that imports waste paper and also procures indigenous supplies. They sought a ruling on whether they are liable to pay GST under the Reverse Charge Mechanism (RCM) on freight charges for indigenous supplies where GST has already been paid, and on ocean freight for imports where the freight is already included in the CIF value of the goods.

H Ruling

GST on freight for indigenous supplies under RCM	The appellant is liable to pay GST under RCM.	The ruling of the Advance Ruling Authority was found to be just and proper.
GST on ocean freight for imports under RCM	No order passed.	The matter is pending consideration before the Hon'ble Supreme Court in SLP (C) Nos. 16012/2020 and 15995/2020.

The Appellate Authority upheld the original ruling regarding indigenous supplies, confirming the liability to pay GST under RCM. Regarding ocean freight on imports, the Authority declined to pass an order, noting that the matter is currently pending consideration before the Hon'ble Supreme Court.

R Reasoning

The Authority relied on Notification No. 13/2017-Central Tax (Rate) to conclude that the appellant is liable to pay GST under RCM for indigenous freight services. Regarding ocean freight, the Authority observed that the issue is subject to ongoing litigation in the Supreme Court, making it inappropriate to pass an order. The Authority also noted that the double taxation argument is a revenue-neutral exercise and outside its purview.

P Provisions Relied On

Section 100 of the CGST Act, 2017

Section 5(3) of the IGST Act, 2017

Notification No. 13/2017-Central Tax (Rate) dated 28.06.2017

Notification No. 10/2017-Integrated Tax (Rate) dated 28.06.2017

! For the Practitioner

This ruling confirms that **RCM liability on indigenous freight** remains applicable despite the appellant's arguments regarding double taxation. Practitioners should note that the Authority **refused to rule on ocean freight** for imports, citing the pendency of the issue before the Supreme Court. It does not provide a final resolution for importers challenging the RCM levy on ocean freight.

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 -> up_aaar 14 2020-21 10.03.2021 sp.pdf

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