

M/s Siemens Ltd

Appellate Authority for Advance Ruling — West Bengal

Appeal Case No. 11/WBAAAR/APPEAL/2019 dated 17.09.2019; Order dat...

Q Questions Before the Authority

- Whether GST shall be charged on the gross amount of the invoice raised under GST regime or net amount of invoice after adjustment of lump-sum amount outstanding as on 30.06.2017.

F Facts

The appellant entered into a contract with Kolkata Metro Rail Corporation Limited (KMRCL) for design, supply, and installation services before the inception of GST. They received a mobilization advance in 2011, a portion of which remained unadjusted as of 01.07.2017. The appellant sought a ruling on whether GST applies to the gross invoice amount or the net amount after adjusting the pre-GST outstanding advance.

H Ruling

Taxability of unadjusted mobilization advance	The entire unadjusted amount of Rs. 13,80,74,549/- is taxable on 01.07.2017.	The amount is treated as an advance paid on 01.07.2017.
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The Appellate Authority upheld the original ruling, determining that the unadjusted mobilization advance as of 01.07.2017 is taxable under the GST regime. It concluded that the entire unadjusted amount must be treated as if it were credited on 01.07.2017, thereby attracting GST on that date.

R Reasoning

The authority reasoned that upon the introduction of GST, the erstwhile Finance Act, 1994 ceased to exist, and the transaction must be governed by the GST Act. It held that the unadjusted advance does not qualify as a deposit under the proviso to section 2(31) of the GST Act because it was not applied as consideration for a supply prior to the GST regime. Consequently, the time of supply is determined by section 13(2) of the GST Act, making the outstanding balance taxable immediately upon the transition to GST.

P Provisions Relied On

Section 100(1) of the West Bengal Goods and Services Tax Act, 2017

Section 97 of the West Bengal Goods and Services Tax Act, 2017

Section 2(31) of the GST Act

Section 13(2) of the GST Act



For the Practitioner

This ruling clarifies that **unadjusted mobilization advances** received in the pre-GST era are subject to GST upon the transition to the new regime. It serves as a warning that such balances will be treated as taxable advances on the appointed day, effectively **denying the benefit of pre-GST tax treatment** for unadjusted amounts. Practitioners should note that the authority strictly interpreted the definition of 'deposit' to exclude these advances.

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 -> [wb_aaar_11_2019_17.09.2019.pdf](#)

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