Specsmakers Opticians Private Limited (appellant), GSTIN 33AAPCS6371Q1ZH

Appellate Authority for Advance Ruling — Tamil Nadu

ORDER-in-Appeal No. AAAR/09/2019 (AR), dated 13.11.2019 (A.R. Appea… Dated **13.11.2019**

Q Questions Before the Authority

- What value should the appellant adopt for supplies of spectacle frames, sun glass lenses, contact lenses, reading lenses and complete spectacles to its distinct-person branches located outside Tamil Nadu?

F Facts

The appellant, headquartered in Tamil Nadu, deals in spectacle frames, sun glass lenses, contact lenses and reading lenses, which it buys locally and imports. It transfers these goods to its branches in other States, which then supply them to customers, and those branches are eligible for full input tax credit on the transfers. The original authority held that the open market value under Rule 28(a) applies, with the 90 per cent option under the first proviso available, and the appellant appealed against that holding.

H Ruling

Value for supplies to out-of-State distinct-person branches (frames, lenses, sun glasses, contact lenses, reading glasses, complete spectacles)	**The appellant may adopt the value under the Second Proviso to Rule 28, i.e. the invoice value is deemed the open market value**	Applies where the recipient distinct person is eligible for full input tax credit. The ruling does not fix any rate or HSN.

The Appellate Authority set aside the original ruling. It held that the appellant may adopt the value under the **Second Proviso to Rule 28** of the CGST/TNGST Rules, under which the value declared in the invoice is deemed to be the open market value where the recipient is eligible for full input tax credit. The two provisos are independent of each other and are not to be applied sequentially.

R Reasoning

The Authority read Rule 28 by its plain language and found no provision requiring the provisos to be applied in sequence. The first proviso applies only to goods supplied 'as such' and gives the supplier an option of 90 per cent of the recipient's price to unrelated customers. The second proviso applies whenever the recipient is eligible for full input tax credit and deems the invoice value to be the open market value, without any such restriction. Because the second proviso stands independently, the appellant may use it. The Authority also noted that the rules are not to be applied seriatim and that the taxing provision must be read by its natural meaning.

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

P Provisions Relied On

Section 15 of the CGST/TNGST Act, 2017 (value of supply), as referred to in the order

Section 25(4) and 25(5) of the CGST/TNGST Act, 2017 (supplies between distinct persons), as quoted in Rule 28

Rule 28 of the CGST/TNGST Rules, 2017, including its first and second provisos

Rule 28(a), (b) and (c) and the Explanation to Chapter IV (open market value and like kind and quality), as quoted in the order

Rules 30 and 31 (residual valuation methods), referred to in Rule 28(c)

Section 100(1) of the TNGST/CGST Act, 2017 (appeal to the Appellate Authority)

! For the Practitioner

This order helps Tamil Nadu businesses that transfer goods to distinct-person branches in other States where the branches can take full input tax credit. It establishes that the Second Proviso to Rule 28 can be used independently of the first proviso. It does not decide the valuation where the recipient cannot take full credit, nor does it address the Rule 28 position for supplies made through an agent. The order is binding only on the applicant and the concerned authorities, and it is not a precedent for other taxpayers.

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 -> aaar-09-2019.pdf

Prepared 14-11-2026.

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