M/s K. K. Polymers (Prop. Adventage Agency Pvt. Ltd.), 201-202, 2nd Floor, Girnar Colony, Gandhi Path, Vaishali Nagar, Jaipur-302021 (GSTIN 08AABCA2414Q2ZL)

Authority for Advance Ruling — Rajasthan

ADVANCE RULING NO. RAJ/AAR/2018-19/20, date of ruling 13.10.2018 (… Dated **13.10.2018**

Q Questions Before the Authority

- The amount passed on to the customer by the DCA on account of early payment before the credit period allowed by the principal: does any supply arise in this transaction, and who are the supplier and receiver?
- If yes, what is the classification of such supply and its HSN/SAC code and applicable GST rate?
- If the transaction is a supply, is it exempt from GST under CGST Notification No. 12/2017-Central Tax (Rate) dated 28 June 2017 (as amended) or the corresponding Rajasthan GST notification, or any other notification or rule?
- If GST is charged by the customer on the invoice for such transaction, can the dealer/DCA take credit of the ITC of that GST, given its outward supplies of commission agent service (taxed at 18%) and loan and advance finance (interest income exempt under the same notification)?

F Facts

The applicant is a Del Credere Agent that takes orders from customers and places them with the principal, Reliance Industries Ltd. (RIL), under a del credere agency agreement dated 13.10.2017. RIL supplies goods directly to customers and the customers pay RIL, while the DCA guarantees collection and earns commission. Under RIL's pricing policy dated 15.06.2018, an additional bonus of Rs. 80/MT/day is available on payment made within 10 days of supply, and where the DCA pays RIL early on the customer's behalf, the DCA passes this bonus on to the customer. The applicant stated that there is no separate DCA-customer agreement for supplies from RIL.

H Ruling

Q1: Whether the early-payment bonus passed on by the DCA to the customer is a supply, and who is supplier and receiver	**Not a supply. The additional bonus passed on by the DCA to the customer is not in the nature of a supply under the GST Act, 2017.**	The findings treat it as a pure agent's pass-through of RIL's discount on a single supply by RIL to the customer. Any amount the DCA retains on early payment is, per the findings, a business support service supplied to RIL, but the operative ruling does not expressly decide this.
Q2: Classification, HSN/SAC and GST rate of such supply	**Not applicable**	Not answered, because the reply to Q1 is negative.

Q3: Exemption under CGST Notification No. 12/2017-CT(Rate) or corresponding Rajasthan notification	**Not applicable**	Not answered, because the reply to Q1 is negative.
Q4: Whether the DCA can take ITC of GST charged by the customer on such transaction	**No. The DCA is not entitled to take ITC of the amount passed on by the customer.**	The ruling rests on the transaction not being a supply by the customer, so no invoice can be raised or issued by the customer. The authority did not separately analyse the applicant's commission and finance outward supplies.

The authority held that the additional bonus passed on by the DCA to the customer is **not a supply** under the GST Act, 2017. Because the transaction is not a supply, the customer cannot issue an invoice for it, and the DCA is not entitled to take ITC of any amount passed on by the customer. The authority did not answer questions 2 and 3, treating them as not applicable.

R Reasoning

The authority found that the DCA and RIL have a single supply from RIL to the customer, and the early-payment bonus relates to that supply, so passing it on is in the nature of a pure agent's pass-through rather than a new supply. It relied on the concept in Section 15(3) of the CGST Act, which excludes from the value of supply discounts given after supply that are linked to relevant invoices and reversed by the recipient. Because the customer makes no supply to the DCA, the customer cannot issue an invoice, and the DCA cannot claim ITC on the amount passed on. The authority noted that the Gujarat Authority for Advance Ruling had taken a similar view.

P Provisions Relied On

- Section 97(2)(a), (b), (d), (e) and (g) of the CGST/SGST Act, 2017 (scope of questions admitted)
- Section 15(3) of the CGST Act, 2017 (quoted in the order: value of supply excludes certain discounts)
- Section 99 and Section 100 of the CGST/RGST Act, 2017 (appeal before the Appellate Authority within 30 days)
- CGST Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 (referred to in questions 3 and 4 only; not applied in the…

! For the Practitioner

A DCA or commission agent facing a similar early-payment bonus pass-through can rely on this ruling for the position that the pass-through is not a supply and that no ITC follows from a customer-side invoice that does not exist. The ruling is only an advance ruling binding on the applicant and does not bind other authorities. It does not decide the tax treatment of any retained portion of the bonus, which the findings describe as a business support service supplied to the principal, nor the classification or exemption questions, which were not answered.

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 -> raj.20.2018-19_advantage_agency.pdf

Prepared 25-10-2026.

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