M/s Amalgamations Valeo Clutch Private Limited, 89, SIPCOT Industrial Park, Oragadam, Vaippur A Block Village, Sriperumbadur Taluk, Kancheepuram District, Tamil Nadu-602105

Authority for Advance Ruling — Tamil Nadu

ORDER No.5/AAR/2018 DATED 30.08.2018 (the date is handwritten and p… Dated **30.08.2018**

Q Questions Before the Authority

- Whether amortization of the value of free tools, dies or moulds received from the customer is to be included in the valuation of the goods supplied.
- If GST is applicable on the amortized value, what is the procedure for calculating the GST and reflecting it in the GST invoice format.
- How the transactions are to be declared in GSTR-1, GSTR-3 and GSTR-3B.

F Facts

The applicant manufactures automobile parts, mainly for Original Equipment Manufacturers who supply the design and specifications. The OEM recipients routinely supply tools, dies and/or moulds free of cost, which the applicant uses in producing the finished parts. Under the earlier Central Excise valuation rules, the cost of such free tools was amortised over the tool's life and added to the value of the goods, but the GST law has no equivalent provision.

H Ruling

The authority did not decide the questions on their merits. It dismissed the application as **withdrawn** , because the applicant asked for withdrawal after CBIC Circular No. 47/21/2018-GST dated 08.06.2018 was issued. The applicant said the circular clarified the amortisation question and whether free use of OEM-owned moulds and dies attracts GST in the recipient's hands.

R Reasoning

The applicant's letter dated 09.08.2018 referred to the personal hearing of 07.08.2018 and said the amortisation issue had been clarified by CBIC Circular No. 47/21/2018-GST dated 08.06.2018. It then requested that the application be treated as withdrawn. The authority accepted that request and dismissed the application without answering any of the three questions. The order therefore gives no ruling on whether amortised tool or die costs form part of the taxable value.

P Provisions Relied On

Section 98 of the CGST Act, 2017 (and the corresponding TNGST provision), under which the advance ruling proceedings w…

Section 100(1) of the CGST / TNGST Act, 2017 (appeal period of 30 days, referred to in the order's note)

Rule 104(1) of the CGST Rules, 2017 and the TNGST Rules (application fee of Rs.5,000)

CBIC Circular No. 47/21/2018-GST dated 08.06.2018 (relied on by the applicant as clarifying amortisation and free moulds an…

Rule 6, Explanation 1, Central Excise Valuation Rules, 2000 (referred to as the earlier regime, not applied)

! For the Practitioner

This order does not settle the amortisation question, so it cannot be cited as authority for either treatment of free tools, dies or moulds. A practitioner advising on this issue should look to CBIC Circular No. 47/21/2018-GST, which the applicant relied on, and read it directly. The order does help to show that the applicant withdrew its application in reliance on that circular, so it is not a contested ruling. The order does not address GSTR-1, GSTR-3 or GSTR-3B reporting, or invoice format.

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 -> tn.5 aar 2018-avcpl.pdf

Prepared 23-10-2026.

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