

M/s. CEAT Limited

Authority for Advance Ruling — Maharashtra

GST-ARA-41/2019-20/B-37, Mumbai, dated 17/03/2020

Q Questions Before the Authority

- Whether dealer is required to reverse input tax credit proportionate to the reduction in the value of supply?
- Whether the applicant can issue commercial credit note to its dealers for post sale discounts without charging GST?

F Facts

The applicant is engaged in the manufacture and sale of tyres, tubes, and flaps to various dealers and distributors. They offer post-sale discounts to these dealers, which are passed on via credit notes. The applicant sought a ruling on whether dealers must reverse input tax credit due to these discounts and whether the applicant can issue commercial credit notes without GST.

H Ruling

Reversal of ITC by dealer

Application rejected as non-maintainable

The authority held the question does not pertain to the applicant's own supply

Issuance of commercial credit note

Application rejected as non-maintainable

The authority held the question is outside the scope of Section 97(2)

The Authority for Advance Ruling rejected the application as non-maintainable. It held that the questions raised do not pertain to matters on which an advance ruling can be sought under the GST Act. Consequently, the authority declined to provide a ruling on the merits of the questions.

R Reasoning

The Authority observed that under Section 95 of the CGST Act, an advance ruling must relate to the supply of goods or services undertaken or proposed by the applicant. Regarding the first question, it noted that the applicant cannot seek a ruling on behalf of its dealers. Regarding the second question, it determined that the issue of whether a commercial credit note can be issued without GST does not fall under the specific matters listed in Section 97(2) of the CGST Act. Therefore, the application was **rejected as non-maintainable**.

P Provisions Relied On

Section 95 of the CGST Act

Section 97(2) of the CGST Act

Section 98 of the CGST Act



For the Practitioner

This order serves as a procedural reminder that the AAR will not entertain questions that do not strictly fall within the scope of Section 97(2) or that concern the tax obligations of third parties rather than the applicant. It does not provide a substantive ruling on the validity of issuing commercial credit notes for post-sale discounts. Practitioners should ensure that questions submitted to the AAR are directly related to the applicant's own tax liabilities and fall within the statutory categories.

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 -> mah_aar_41_2019-20_b-37_17.03.2020_ceatl.pdf

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