

CMS Info Systems Limited

Authority for Advance Ruling — Maharashtra

GST-ARA-08/2017/B-11 Mumbai, dt. 19.03.2018

Dated **19.03.2018**

Q Questions Before the Authority

- Whether supply of such motor vehicles as scrap after its usage can be treated as 'supply' in the course or furtherance of business and whether such transaction would attract GST? If yes, please provide the rate of GST and/or Compensation Cess.
- If the answer to Question 1 is in affirmative, whether Input tax Credit is available to CMS Info Systems Ltd. ('CMS' or 'the applicant') on purchase of motor vehicles i.e. cash carry vans which are purchased, used for cash management business and supplied post usage as scrap?

F Facts

The applicant is engaged in cash management services, which involves transporting cash and bullion using specialized vehicles known as cash carry vans. These vehicles are purchased and used for business operations, and upon reaching the end of their useful life, they are disposed of as scrap. The applicant sought clarity on whether this disposal constitutes a taxable supply and whether they are eligible to claim Input Tax Credit (ITC) on the initial purchase of these vehicles.

H Ruling

Disposal of scrap vehicles	Taxable supply	Attracts GST as per applicable rates for scrap
ITC on purchase of cash vans	Split decision	Member Borhade allowed ITC; Member Kumar denied ITC

The Authority held that the disposal of motor vehicles as scrap constitutes a taxable supply under the GST Act. Regarding the availability of ITC on the purchase of these vehicles, the two members of the Authority differed in their opinion, leading to a split verdict.

R Reasoning

The Authority determined that the disposal of business assets for consideration qualifies as a supply under Section 7 of the CGST Act. Regarding ITC, the decision turned on the interpretation of Section 17(5) of the CGST Act, which restricts credit on motor vehicles. One member reasoned that the vehicles are used for the transportation of goods (bullion/cash), thus falling under an exception, while the other member concluded that money is excluded from the definition of goods, thereby disqualifying the activity from the exception.

P Provisions Relied On

Section 7 of the CGST Act

Section 17(5) of the CGST Act

Section 2(52) of the CGST Act

Section 2(17) of the CGST Act

Schedule I of the CGST Act

Schedule II of the CGST Act

! For the Practitioner

This ruling confirms that the sale of old business assets as scrap is a taxable supply. However, it provides no definitive guidance on the availability of ITC for cash management companies purchasing cash vans, as the Authority reached a split decision. Practitioners should note that the eligibility for ITC in this specific context remains **legally unsettled** and subject to further appellate review.

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 -> [maharashtra gst-ara-08 2017 dt 19.3.18 cmsisl.pdf](#)

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Pune (HQ)

RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Delhi

3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Ahmedabad

Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp...

Mumbai

104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Gurugram

Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram...

Talk to us: **+91 94594 56700** | sales@patronaccounting.com | patronaccounting.com