# M/s Innovative Textiles Ltd., B-8, PH-1, SIDCUL Industrial Area, Sitarganj, Udham Singh Nagar, Uttarakhand (the ruling body refers to it as Innovative Textile Limited)

Authority for Advance Ruling — Uttarakhand

**Ruling No. 20/2018-19, dated 26th March 2019 (Application No. 18; F. No.…** Dated **26.03.2019**

## Q Questions Before the Authority

- Whether the 'Business Transfer Agreement' for transfer of the Sitarganj business as a going concern on a slump sale basis is exempt from GST in terms of serial no. 2 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017.

## F Facts

The applicant, a manufacturer of textile yarns, fabrics and garments registered in Uttarakhand, proposes to sell its Sitarganj textile manufacturing unit, with all assets and liabilities, to M/s S D Polytech (P) Ltd on a slump sale basis as a going concern. The transfer is made under a Business Transfer Agreement, with possession handed over on the appointed date and completion through land registry. The applicant relies on Advance Ruling No. KAR ADRG 06/2018 dated 23.04.2018 in support of its claim.

## H Ruling

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|---|---|---|
| **Transfer of Sitarganj Business as a going concern on slump sale basis under the Business Transfer Agreement** | **Exempt from GST (Chapter 99, rate Nil)** | Exemption applies as on the date of the ruling. Ruling limited to the facts in the application. Based on the transfer being a going concern: business is live, purchaser continues same kind of business, no series of immediately consecutive transfers. |

The authority held that transfer of the Sitarganj Business shall be treated as a going concern and is **exempt from GST as on date** under serial no. 2 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017. The ruling is expressly restricted to the facts placed in the application and does not decide any wider question.

## R Reasoning

The authority reproduced serial no. 2 of Notification No. 12/2017-Central Tax (Rate), which exempts services by way of transfer of a going concern, as a whole or an independent part thereof, under Chapter 99. It read the Business Transfer Agreement against the definition of 'business' in section 2(17) of the Act and against HMRC-style guidelines on going-concern transfers, which require the assets to be sold as part of a business, the purchaser to continue the same business, separate operability where only part is sold, and no series of immediately consecutive transfers. Finding these conditions met on the facts, it concluded that the transfer is covered by the exemption. The applicant's reliance on the earlier Karnataka ruling is noted but the decision rests on the agreement and the notification.


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

## P Provisions Relied On

- Section 97(1) and 97(2)(b) of the CGST/SGST Act, 2017 (admission of advance ruling application on applicability of a notifica…
- Section 100(1) of the Uttarakhand GST Act, 2017 (appeal lies to the Appellate Authority)
- Section 2(17) of the Act (definition of 'business')
- Section 11(1) of the CGST Act, 2017 (power to grant exemption by notification)
- Section 9 of the CGST Act, 2017 (central tax levy)
- Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, serial no. 2 (Chapter 99, services by way of transfer of a going…
- Advance Ruling No. KAR ADRG 06/2018 dated 23.04.2018 (cited by the applicant, not relied on by the authority as binding)

## ! For the Practitioner

A practitioner planning a slump sale of a live unit can cite this ruling for the position that a going-concern transfer under a business transfer agreement falls within serial no. 2 of Notification 12/2017-Central Tax (Rate) and attracts Nil rate. The order sets out the going-concern conditions the authority checked, which helps in structuring a transfer. It does not bind other authorities, is limited to its own facts, and does not address whether a particular asset transfer, part-sale or consecutive transfer would qualify.

### 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 -> uttarakhand_aar_no.20-2018-19-innovative_textile_ltd.pdf

Prepared 01-11-2026.

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