

M/s. AFS Group

Authority for Advance Ruling — Tamil Nadu

Advance Ruling No. 5/ARA/2026

Dated **12.01.2026**

Q Questions Before the Authority

- Whether the applicant is eligible to claim refund under Section 54(3)(ii) of the CGST Act, 2017 for the accumulated Input Tax Credit arising due to inverted Duty Structure in respect of manufacture and outward supply of 100% Cotton Yarn (HSN 5205), where input goods and input services attract higher rate of GST compared to output supplies?

F Facts

The applicant is a consultant acting on behalf of clients who are manufacturers and suppliers of 100% Cotton Yarn. The applicant sought an advance ruling regarding the eligibility of these clients to claim a refund of accumulated Input Tax Credit under Section 54(3)(ii) of the CGST Act, 2017, due to an inverted duty structure. During the personal hearing, the applicant admitted that the issue of refund for their clients is already the subject of pending proceedings.

H Ruling

Eligibility to claim refund under Section 54(3)(ii) of the CGST Act, 2017

Application rejected

The question did not relate to the applicant's own supply and the matter is already pending in other proceedings

The Authority rejected the application for an advance ruling. It held that the question raised does not pertain to the supply of goods or services undertaken or proposed to be undertaken by the applicant themselves. Furthermore, the Authority noted that the matter is already subject to pending proceedings, rendering it inadmissible under the provisions of the Act.

R Reasoning

The Authority relied on Section 95(a) of the CGST Act, 2017, which defines an advance ruling as a decision on matters specified in Section 97(2) in relation to the supply of goods or services being undertaken or proposed to be undertaken by the applicant. It found that the applicant, being a consultant, was not the supplier in the transaction. Additionally, the Authority invoked the proviso to Section 98(2), which mandates that the Authority shall not admit an application where the question raised is already pending or decided in any proceedings in the case of an applicant.

P Provisions Relied On

Section 54(3)(ii) of the CGST Act, 2017

Section 95(a) of the CGST Act, 2017

Section 97(2) of the CGST Act, 2017

Section 98(2) of the CGST Act, 2017

! For the Practitioner

This ruling serves as a **procedural reminder** that an advance ruling cannot be sought by a consultant on behalf of clients, nor can it be used to bypass or obtain a parallel decision on matters that are **already pending in other proceedings**. It reinforces the requirement that the applicant must be the party undertaking the supply in question. It does not provide any substantive guidance on the merits of inverted duty structure refunds.

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 -> 5-afs_group_aar_order.pdf

Prepared 12-10-2026.

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