M/s. Bharat Heavy Electricals Ltd, Ranipur, Hardwar, Uttarakhand

Authority for Advance Ruling — Uttarakhand

Ruling No. 09/2019-20, dated 08.01.2020 (Application No. 05/2019-20). Th… Dated **08.01.2020**

Q Questions Before the Authority

- In a case where goods are supplied within India and billing is to be done in foreign currency, which exchange rate should be applied: the rate prescribed for export of goods or the rate prescribed for import of goods?
- Any other clarification regarding the application of the rate to convert foreign currency into Indian rupees for payment of GST.

F Facts

The applicant entered into an agreement dated 09.02.2019 with the Chief Engineer, Projects-II, Tangedco, Chennai, for engineering, procurement and construction of a 2 x 660 MW coal-based thermal power project at Udangudi. The contract price is stated in Rupees, USD and Euro. Certain supplies under the contract are made within India, but the customer is billed in foreign currency. The applicant stated that the foreign currency price normally covers the imported content of the materials, which it pays to its foreign suppliers in foreign currency and recovers from the customer in foreign currency.

H Ruling

Q(a): Which exchange rate applies to goods supplied within India but billed in foreign currency: export or import rate?	****Import rate** (rate of exchange for imported goods notified by the Board under section 14 of the Customs Act, 1962)**	The answer rests on the finding that the foreign currency price covers the imported content of the materials used in the project.
Q(b): Any other clarification on the rate for converting foreign currency into rupees for payment of GST.	**No separate clarification given. The order's single direction on the import rate is treated as covering both questions.**	The order does not address rate determination for other categories of foreign-currency billing.

The authority ruled that the value of goods supplied within India and billed in foreign currency is to be determined under Rule 34 of the CGST Rules, 2017. It held that **the rate of exchange for imported goods, as notified by the Board under section 14 of the Customs Act, 1962, applies to the present case** . The reason given is that the foreign currency price in the contract is intended to cover the imported content of the material used.

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

R Reasoning

The authority treated transaction value under section 15(1) of the CGST Act as the starting point for valuation. Because the value could not be determined under section 15 in this situation, it turned to Chapter IV of the CGST Rules, where Rule 34 governs the exchange rate for taxable goods. On the applicant's explanation that the foreign currency price covers imported content, the authority concluded that the import rate was the appropriate rate. The reasoning does not separately discuss the applicant's reply on the Foreign Exchange Management Act, which the authority had asked the applicant to explain.

P Provisions Relied On

- Section 15(1), 15(2), 15(4) and 15(5) of the CGST Act, 2017
- Section 20 of the IGST Act, 2017 (applying the value of supply provisions to IGST)
- Section 12 and Section 13 of the CGST Act, 2017 (referred to in Rule 34)
- Section 97(1) and 97(2)(c) of the CGST/SGST Act, 2017
- Section 99 and Section 100(1) of the Uttarakhand GST Act, 2017 (appeal reference in the Note)
- Rule 27, Rule 28, Rule 30, Rule 31 and Rule 34 of the CGST Rules, 2017
- Section 14 of the Customs Act, 1962 (Board notification of exchange rates)

! For the Practitioner

A contractor billing domestic supplies in foreign currency under a project contract can use this ruling to support applying the import exchange rate, where the foreign currency price is shown to cover imported content. The ruling settles that point only for the applicant's facts. It does not decide the rate for services, cases where the foreign price does not cover imported goods, or the FEMA question the authority raised. Its wording on the time of supply and the rate date is limited to a reference to section 12 and 13 in Rule 34.

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 -> uk_aar_09_2019-20_08.01.2020.pdf

Prepared 16-11-2026.

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