M/s. CHENNAI PORT TRUST

Authority for Advance Ruling — Tamil Nadu

Order No. 45 /AAR/2019 Dated **26.09.2019**

Q Questions Before the Authority

- Whether, on the facts and circumstances given, when the time of supply can be considered to occur with respect to providing continuous supply of services in the nature of renting immovable properties in each of four situations: (i) the licensee does not react to periodic reminder letters and does not pay the monthly licence fee; (ii) the licensee disputes the amount of licence fee by reply letters and does not pay the periodic fee; (iii) the licensee disputes the reminders by initiating arbitration or court proceedings and does not pay; and (iv) the licensee disputes the reminders by initiating legal proceedings but pays under protest adhoc amounts that form part of the periodic fee under an expired licence agreement.

F Facts

The applicant is a major port under the Major Port Trusts Act, 1963, and leases land and buildings to port users for open storage, covered storage, transit and pipeline use, usually for periods of 11 months to 30 years. Licence fees are payable monthly or annually, and the applicant issues periodic rent claim advices. In several cases licensees have stopped paying, disputed the amounts, or litigated, and some continue in occupation after the licence has expired.

H Ruling

Time of supply for continuous supply of renting services where the licence is in force and the licensee does not pay or pays only partly (all four scenarios)	****Invoice or Rent Claim Advice issued before the due date:** time of supply is the date of issue of invoice or Rent Claim Advice under Section 13(2)(a). **Invoice issued after the due date:** time of supply is the end of the recurrent period specified in the agreement under Section 13(2)(b).**	Stated to apply to all four scenarios. Where payment is not received for any reason, including legal disputes, the time of supply is the date of invoice or the date of provision of service as applicable. The ruling is expressed for licences in force and does not in terms address expired licences.

Where the licence for renting immovable property is in force but the licensee pays nothing or only part of the periodic fee, the time of supply is determined under Section 13(2)(a) if the rent invoice or Rent Claim Advice is issued before the contractual due date of payment. If the invoice is issued after that due date, the time of supply is determined under Section 13(2)(b), being the end of the recurrent period in the agreement after which the fee is payable. Non-payment or legal disputes do not displace these rules.

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

R Reasoning

The Authority held that renting of immovable property is a supply of services under Section 7(1)(d) read with Schedule II, paragraph 5(a), and that such supply is a continuous supply under Section 2(33) because the lease runs for more than three months with periodic payment obligations. Under Section 31(5), the invoice for continuous supply must be issued on or before the contractual due date of payment where that date is ascertainable from the contract. The Authority then applied the Section 13(2)(a) and (b) fallbacks, which operate regardless of whether payment is received. It treated the licensee's non-payment or dispute as irrelevant to the time of supply, so that the applicant's periodic invoices or rent claim advices fix the liability to tax. The applicant's contention that time of supply could not be determined in dispute cases was not accepted in the form advanced.

P Provisions Relied On

- Section 7(1)(d) and Schedule II, paragraph 5(a) (renting of immovable property as supply of services)
- Section 2(33) (continuous supply of services)
- Section 13(1), 13(2)(a), 13(2)(b) and 13(2)(c) (time of supply of services)
- Section 31(2) and Section 31(5)(a), (b) and (c) (invoicing for continuous supply)
- Rule 46 of the CGST/TNGST Rules (contents of tax invoice)
- Rule 47 of the CGST/TNGST Rules (thirty-day limit for issuing invoice)
- Section 97(2) (scope of advance ruling)

! For the Practitioner

Port authorities, landlords and other lessors with licensees in arrears can rely on this order to fix the time of supply by reference to their invoice or rent claim date, or to the end of the recurrent period. It confirms that tax liability is not deferred by a licensee's refusal to pay or by pending litigation. The order does not decide input tax credit or valuation, which were other issues in the application. Its express answer is confined to licences in force, so it does not settle the position for holdover occupation after expiry, which the applicant also raised.

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 -> tn_aar_45_2019_cpt_26.09.2019.pdf

Prepared 10-11-2026.

About Patron Accounting LLP

Patron Accounting LLP is a CA and CS-led accounting and compliance firm working with businesses across India since 2019 — bookkeeping, GST, income tax, payroll, company and LLP compliance, audit and the certificates banks and regulators ask for.

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

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

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

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

Ahmedabad
Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp…

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

Patron Accounting LLP