M/s. Kalyan Jewellers India Limited

Authority for Advance Ruling — Tamil Nadu

ORDER No. 52 /ARA /2019 Dated 25.11.2019 (Tamil Nadu Authority for A… Dated **25.11.2019**

Q Questions Before the Authority

- Whether the issue of own closed PPIs (gift vouchers/gift cards) by the applicant to customers is to be treated as a supply of goods or a supply of services under the CGST/SGST Act, 2017.
- If so, whether the time of issue of such PPIs by the applicant to customers is the time of supply of goods or services attracting tax liability.
- If so, what is the applicable rate of tax for such supply of goods or services.
- Whether the issue of PPIs by third party PPI issuers is subject to GST at the time of issue in their hands.
- Whether the amount received by the applicant from third party PPI issuers is subject to GST.
- If not, whether GST collected at the time of sale of goods or services on redemption of own and third party PPIs is sufficient compliance with the Act.
- What is the treatment of the discount (difference between face value and discounted value) in the hands of the issuer of third party PPIs, and whether the applicant is liable to GST on that difference.

F Facts

The applicant, a manufacturer and trader of gold and diamond jewellery, sells pre-paid instruments called gift vouchers or gift cards at its retail outlets and online, as a sales promotion. Own closed PPIs are sold for face value and redeemable at any of the applicant's outlets against jewellery purchases. The applicant also has an arrangement with Qwikcilver Solutions Pvt Ltd, Bangalore, under which the Kerala unit's gift cards are distributed through a third party portal, with the applicant's Kerala unit treated as the issuer.

H Ruling

Q1: Whether own closed PPIs are supply of goods or services	**Vouchers, and a supply of goods under the CGST/TNGST Act, 2017**	The authority held that the PPIs are not actionable claims or money, so Schedule III entry 6 does not apply.
Q2: Time of supply of own closed PPIs	**Date of issue if the voucher is specific to particular goods; otherwise the date of redemption**	Under section 12(4) of the CGST Act. Where the voucher is redeemable against any jewellery bought, the time of supply is redemption.

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

Q3: Applicable rate of tax	**Paper vouchers under CTH 4911: 6% CGST and 6% SGST (Sl. No. 132, Schedule II). Gift cards under CTH 8523: 9% CGST and 9% SGST (Sl. No. 382, Schedule III)**	Under Notification No. 1/2017-C.T.(Rate) and the corresponding Tamil Nadu notification, G.O. (Ms) No. 62 dated 29.06.2017, as amended.
Q4 to Q7: Third party PPI issuance, receipts, redemption compliance, and discount treatment	**Not answered**	The authority held that it lacks jurisdiction over Kalyan Jewellers Kerala and Qwikcilver, which are distinct entities based in Bangalore and Kerala.

The authority held that the own closed PPIs are vouchers within section 2(118) of the CGST Act and are a supply of goods, not an actionable claim outside the scope of GST. The time of supply is the date of issue where the voucher is specific to particular goods, and otherwise the date of redemption. Paper vouchers fall under CTH 4911 at 6% CGST and 6% SGST, and gift cards fall under CTH 8523 at 9% CGST and 9% SGST. The questions on third party PPIs were not answered because the authority lacked jurisdiction over Kalyan Jewellers Kerala and Qwikcilver, which are based outside Tamil Nadu.

R Reasoning

The authority read section 2(52) and section 7 of the CGST Act with Schedule III entry 6, which excludes actionable claims other than lottery, betting and gambling. It held that the PPIs are not actionable claims under section 2(1) read with section 3 of the Transfer of Property Act, 1882, because the instrument is itself the means of payment and does not give a debt or beneficial interest. It relied on the definition of voucher in section 2(118) and on the GST Council minutes that led to its insertion, and treated the gift cards as movable property and therefore goods. The time of supply turned on section 12(4), and the rates on the tariff classification under the Customs Tariff, read with the HSN explanatory notes to Chapters 49 and 85.23.

P Provisions Relied On

- Section 2(52) CGST Act (definition of goods)
- Section 2(1) CGST Act (actionable claim), read with section 3 of the Transfer of Property Act, 1882
- Section 2(118) CGST Act (voucher)
- Section 7(1) and 7(2) CGST Act (supply; Schedule III)
- Schedule III, entry 6, CGST Act (actionable claims other than lottery, betting and gambling)
- Section 12(4) CGST Act (time of supply of vouchers)
- Payment and Settlement Systems Act, 2007 (definition of payment instrument)
- RBI Master Direction DPSS CO.PD.No 1164/02.14.006/2017-18 dated 11.10.2017 (closed, semi-closed and open PPIs)
- Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017, Sl. No. 132 (Schedule II) and Sl. No. 382 (Schedule III)
- G.O. (Ms) No. 62 dated 29.06.2017 (Tamil Nadu corresponding notification)

Customs Tariff Act, 1975, Chapter 49 (CTH 4911) and Chapter 85 (CTH 8523), with HSN explanatory notes

General Clauses Act (cited in the order as 1977) for the definitions of movable and immovable property

! For the Practitioner

This order is useful for any jewellery or retail business that sells its own gift vouchers, because it treats them as goods and sets the time of supply and GST rates for paper and card vouchers. The **ruling is confined to own closed PPIs** , and the **third party PPI questions (Q4 to Q7) were not answered** for want of jurisdiction. It does not settle the GST treatment of third party issuance, the commission or discount on such cards, or the position of a non-Tamil Nadu issuer. A practitioner should read the full order before relying on it for any multi-state or third-party arrangement.

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-52-ara-2019.pdf

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