M/s. Kardex India Storage Solution Private Limited, Bangalore (GSTIN 29AADCK5377L1ZW)

Authority for Advance Ruling — Karnataka

Advance Ruling No. KAR ADRG 13/2020 dated 18th March 2020 Dated **18.03.2020**

Q Questions Before the Authority

- Whether the applicant can take credit of IGST paid on import of goods?
- Whether the applicant can issue a tax invoice with IGST to the customer?
- Whether the applicant needs to obtain registration in the state where the port of clearance is located?

F Facts

The applicant imports storage and vertical storage machines from Germany and supplies them to industrial customers across India. Its only permanent establishment is in Karnataka, where it is registered, and goods are currently shipped from the import port to its Bengaluru premises before being sent on to customers. To cut logistics costs, it proposes to import through the port nearest each customer and dispatch goods directly from that port, while raising the invoice from its registered Bengaluru place of business.

H Ruling

Q1: Credit of IGST paid on import of goods	****Eligible to claim credit** of IGST paid on import**	Under section 20 of the IGST Act 2017 read with section 16 of the CGST Act 2017, because the goods are used in the course or furtherance of business.
Q2: Issuing tax invoice with IGST to customer	****Yes**, a tax invoice with IGST may be issued**	Under section 20 of the IGST Act read with section 31 of the CGST Act, for an inter-State transaction under section 7(1) of the IGST Act, where goods are dispatched directly from the port of import and invoicing is done from the registered place of business.
Q3: Registration in state where port of clearance is located	****No** separate registration needed**	Applies only if the applicant is not making any supply from the State in which the port is located.

The applicant may take credit of IGST paid on import under section 20 of the IGST Act read with section 16 of the CGST Act. It may issue an IGST tax invoice to the customer for an inter-State direct dispatch from the port, provided invoicing is done from the registered place of business. It need not register in the port-of-clearance state if it makes no supply from that State.

R Reasoning

The authority held that under section 11(a) of the IGST Act the place of supply for an import is the location of the importer, which for this applicant is Karnataka, so the goods are treated as deemed supplied to its Karnataka

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

place of business and then supplied onward. Imported goods are an inter-State supply under section 7(2) of the IGST Act, and a direct dispatch to a customer in another State is an inter-State supply under section 7(1), while a dispatch to a Karnataka customer is intra-State under section 8(1). Since the goods are used in the applicant's business, the IGST paid on import is creditable under section 20 of the IGST Act read with section 16(1) of the CGST Act. On registration, the authority noted that no provision of the CGST, SGST or IGST Act requires a second registration at the port state where the applicant has no establishment and makes no supply.

P Provisions Relied On

- Section 97 of the CGST Act 2017 and corresponding KGST Act 2017 provision
- Rule 104 of the CGST Rules 2017 and KGST Rules 2017
- Section 3 of the Customs Tariff Act 1975
- Section 12 of the Customs Act 1962
- Section 5(1) of the IGST Act 2017 (including proviso)
- Section 7(1) and 7(2) of the IGST Act 2017
- Section 8(1) of the IGST Act 2017
- Section 10 of the IGST Act 2017
- Section 11(a) of the IGST Act 2017
- Section 20 of the IGST Act 2017
- Section 16(1) of the CGST Act 2017
- Section 31 of the CGST Act 2017

! For the Practitioner

This ruling helps importers with a single GST registration in one State who want to clear goods at a distant port and dispatch them directly to customers, because it confirms IGST credit, inter-State invoicing from the home registration, and no port-state registration where there is no local supply. The applicant relied on two Maharashtra rulings (Aarel Import Export and Sonkamal Enterprises), which the authority noted but did not expressly adopt. The order does not decide customs valuation or bill of entry issues, nor the position where the importer has a establishment or makes supplies at the port state. It binds only the applicant, so a practitioner should check the full order's reasoning before relying on it for other clients.

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 -> kar_aar_13_2020_18.03.2020_kisspl.pdf

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