

M/s. Paranthaman Engineering Works

Authority for Advance Ruling — Tamil Nadu

Advance Ruling No. 4/ARA/2026

Dated **12.01.2026**

Q Questions Before the Authority

- Value on which GST applicability on sale of used car by them, whether on full sale value or on profit?

F Facts

The applicant is a proprietary concern that purchased a new car for personal use and capitalized it in their business books. They did not claim Input Tax Credit on the purchase and have not claimed depreciation for the financial year 2025-26. The applicant now intends to sell the vehicle as a used car and sought a ruling on whether GST is payable on the full sale value or only on the profit margin.

H Ruling

GST valuation on sale of used car

Tax is liable to be paid on the **entire sale value**

Not applicable on profit/margin

The Authority ruled that the applicant is liable to pay GST on the full sale value of the used car. It determined that the concessional valuation method under Notification No. 8/2018-Central Tax (Rate) is not applicable to the applicant.

R Reasoning

The Authority reasoned that the applicant is not a person engaged in the business of buying and selling second-hand goods. Consequently, the valuation mechanism provided under Rule 32 of the CGST Rules, 2017, read with Notification No. 8/2018-Central Tax (Rate), is not available to them. The transaction constitutes an outward supply of goods in the course of business, making it subject to GST under Section 9 of the CGST Act, 2017. Therefore, the transaction must be assessed based on the transaction value as per Section 15(1) of the CGST Act, 2017.

P Provisions Relied On

Section 9 of the CGST Act, 2017

Section 15(1) of the CGST Act, 2017

Section 17(5)(a) of the CGST Act, 2017

Rule 32 of the CGST Rules, 2017

Notification No. 8/2018-Central Tax (Rate) dated 25.01.2018



For the Practitioner

This ruling clarifies that businesses selling a vehicle used for their own purposes cannot avail the **margin-based valuation scheme** reserved for dealers in second-hand goods. Practitioners should note that even if no ITC was claimed, the absence of a 'second-hand goods' business model triggers tax liability on the full consideration. It confirms that such one-off sales by a business entity are treated as standard taxable supplies.

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 -> [4-paranthaman_engineering_aar_order_compressed.pdf](#)

Prepared 12-10-2026.

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