

M/s. Ultratech Cement Limited

Authority for Advance Ruling — Maharashtra

NO.GST-ARA-34/2017-18/B- 56

Dated **27.06.2018**

Q Questions Before the Authority

- Whether the amount paid to authorized dealers towards "rate difference" after effecting the supply of goods by the applicant to aforesaid dealers can be considered for the purpose of arriving at the 'transaction value' in terms of Section 15 of the CGST Act.
- Whether the amount paid to authorized dealers towards "rate difference" after effecting the supply of goods would be allowed under Section 15(1) read with Section 34(1) of the CGST Act or under Section 15(3) read with Section 34(1) ibid.

F Facts

The applicant manufactures and supplies cement and clinker through network dealers on a principal-to-principal basis under tax invoices. Due to market fluctuations, dealers occasionally sell goods below their purchase price, after which the applicant compensates them through post-supply "rate difference" credit notes. Although the dealership agreements mention that discounts may be granted from time to time, there were no predetermined formulas or objective criteria established prior to supply.

H Ruling

Post-supply rate difference inclusion in transaction value under Section 15

Answered in the negative.

Rate difference paid post-supply cannot be deducted to arrive at transaction value.

Allowance of rate difference credit notes under Section 15 read with Section 34(1)

Answered in the negative.

Tax adjustment via credit note is disallowed as conditions of Section 15(3)(b) are not met.

The Authority held that post-supply amounts paid to dealers towards "rate difference" cannot be excluded from the transaction value under Section 15(3)(b) of the CGST Act. Consequently, the applicant cannot reduce its output tax liability by issuing credit notes under Section 34(1) for such discretionary rate differences.

R Reasoning

Under Section 15(3)(b) of the CGST Act, post-supply discounts are excludable from transaction value only if established per an agreement entered into before or at the time of supply, linked to specific invoices, with corresponding ITC reversed by the recipient. The applicant's agreements merely contained open-ended clauses allowing the company to decide discounts from time to time without any fixed criteria or predetermined basis. An open-ended discount granted at the supplier's sole discretion does not satisfy Section 15(3)(b), meaning no tax reduction is permissible under Section 34(1).

P Provisions Relied On

Section 15(1) of the CGST Act, 2017

Section 15(3) of the CGST Act, 2017

Section 15(3)(b) of the CGST Act, 2017

Section 34(1) of the CGST Act, 2017

Section 34(2) of the CGST Act, 2017

! For the Practitioner

This ruling establishes that **discretionary post-supply rate differences** or discounts without explicit, **predetermined objective criteria in prior agreements** cannot reduce the GST transaction value or output liability. To claim GST credit note adjustments under Section 34(1) read with Section 15(3)(b), taxpayers must lay down exact calculation parameters before the supply occurs.

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 -> mah aar 34 2017-18 b-56 27.06.2018 ucl.pdf

Prepared 19-10-2026.

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Pune (HQ)

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

Delhi

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

Ahmedabad

Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp...

Mumbai

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

Gurugram

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

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