M/s K M Trans Logistics Private Limited; D-80, Chandpole, Anaj Mandi, Jaipur, Rajasthan, 302001

Authority for Advance Ruling — Rajasthan

RAJ/AAR/2019-20/19 dated 29.08.2019 (F. No. AAR/KMT/2019-20/140-143,… Dated **29.08.2019**

Q Questions Before the Authority

- Whether transportation by own vehicles on the basis of invoice(s) and e-way bill, without the applicant transporter issuing an LR/GR, is covered under exempt supply or non-GST supply.
- Whether Rule 42 of the CGST Rules, 2017 applies where there are both GST and non-GST supplies and there is common consumption of inputs and input services.

F Facts

The applicant is a Jaipur-based service provider that carries motor vehicles from manufacturers' factories to authorised dealers in various Indian cities, using its own vehicles under agreements with various parties. It contends that because it does not issue an LR/GR, the service is non-GST supply and attracts no GST. Its vehicles and input services are used commonly for both GST and non-GST supplies.

H Ruling

Own-vehicle transport on invoice and e-way bill without LR/GR: exempt or non-GST supply?	****No.** The applicant is a registered GTA service provider and is not exempt from GST.**	The authority reasoned that an e-way bill requires a transport document number (goods receipt number), so a GTA must issue a transport document, and the no-LR/GR contention was rejected.
Does Rule 42 apply where there are GST and non-GST supplies with common use of inputs and input services?	****Yes.** Credit is restricted to the input tax attributable to taxable supplies under Section 17(2) read with Rule 42.**	The ruling applies to goods or services used partly for taxable and partly for exempt supplies (Section 2(47) includes non-taxable supplies). The order does not compute any apportionment ratio.

The authority held that the applicant is a registered GTA service provider under GST, is not exempt from paying GST, and is liable to GST under Notification No. 11/2017-Central Tax (Rate) and Notification No. 13/2017-Central Tax (Rate), both dated 28.06.2017 (as amended). Where goods or services are used partly for taxable supplies and partly for exempt supplies, the credit is restricted to the input tax attributable to the taxable supplies, as per Section 17(2) read with Rule 42.

R Reasoning

The authority treated the applicant's activity as a goods transport agency service, since the GTA definition in Notification No. 11/2017-Central Tax (Rate) turns on issuing a consignment note. It rejected the claim that a

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transport service without LR/GR is non-GST, observing from the e-way bill form (Rule 138) that a transport document number is mandatory and that goods cannot be moved without one. On the second question, it relied on the definition of exempt supply in Section 2(47), which includes non-taxable supply, and on Section 17(2) for apportionment of credit on mixed use. The jurisdictional officer's comments on exempt categories of freight and on Notification No. 12/2017-Central Tax (Rate), entry 18, were recorded but not adopted in the findings.

P Provisions Relied On

- Section 97(2)(b) and (d) of the CGST/SGST Act, 2017 (admissibility of the questions)
- Section 2(47) of the CGST Act, 2017 (definition of exempt supply)
- Section 17(2) of the CGST Act, 2017 (apportionment of credit)
- Rule 42 of the CGST Rules, 2017 (credit on inputs and input services used for taxable and exempt supplies)
- Rule 138 of the CGST Rules, 2017 (e-way bill form, referred to in the order)
- Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017 (as amended) (definition of goods transport agency)
- Notification No. 13/2017-Central Tax (Rate) dated 28.06.2017 (as amended)
- Notification No. 12/2018-Central Tax dated 07.03.2018 (e-way bill applicability, referred to in the order)
- Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, entry 18 (cited only in the jurisdictional officer's comments)

! For the Practitioner

This order is useful for GTA operators who believe that carrying goods without issuing a consignment note takes the service outside GST, because the authority rejects that position where an e-way bill is needed. It also confirms that mixed taxable and exempt use of common inputs and input services is governed by Section 17(2) and Rule 42. The order does not decide which goods categories are exempt from freight tax, does not quantify any Rule 42 apportionment, and binds only the applicant.

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 -> rajasthan_aar_19_2019_k_m_trans_logistics_pvt_ltd.pdf

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