



INPUT SERVICE DISTRIBUTOR (ISD) UNDER GST LAWS

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1. What is the meaning of Input Service Distributor (ISD).

As per Sec. 2(61) of the CGST Act, 2017, Input Service Distributor (ISD) means an office of the supplier of goods or services or both which receives tax invoices issued under section 31 of the CGST Act, 2017 towards receipt of input services and issues a prescribed document for the purposes of distributing the credit of central tax (CGST), State tax (SGST)/ Union territory tax (UTGST) or integrated tax (IGST) paid on the said services to a supplier of taxable goods or services or both having same PAN as that of the ISD.

A supplier of goods or service or both may have various offices such as head office, registered office, regional office, marketing office, branch, godown / warehouses, sales depot etc., which avail various input services such as security services, communication charges, courier expenses, housekeeping expenses, accounting services etc and pay GST. Such units and premises may obtain registration as an **Input Service Distributor** for availment of credit on such input services and distribution of credit to other units to resolve the challenge of efficient utilization of accumulated credit.

It is important to note that the ISD mechanism is meant only for distributing the credit on common invoices pertaining to input services only and not goods (inputs or capital goods). Since the common expenditure is meant for the business of all units, it is but natural that the credit of input services in respect of such common invoices should be apportioned between all the consuming units. ISD mechanism enables such proportionate distribution of services amongst all the consuming units.

Let's take an example to understand this concept.

Example: The Corporate office of ABC Ltd., is at Bangalore, with its business locations of selling and servicing of goods at Bangalore, Chennai, Mumbai and Kolkata. Software license and maintenance is used at all the locations, but invoice for these services (indicating CGST and SGST) are received at Corporate Office, Bangalore. Since the software is used at all the four locations, the input tax credit of entire services cannot be claimed as ITC at Bangalore. The same has to be distributed to all the four locations. For that reason, the Bangalore Corporate office has to act as ISD to distribute the credit.

If the corporate office of ABC Ltd, an ISD situated in Bangalore receives invoices indicating Rs. 4 lakh of Central tax, Rs.4 lakhs of State tax and Rs.7 lakh of integrated tax, it can distribute central tax, State tax as well as integrated tax of Rs.15 lakh as credit of integrated tax amongst its locations at Bangalore, Chennai, Mumbai and Kolkata through an ISD Invoice containing the amount of credit distributed.

2. Registration:

Section 24 of the CGST Act (read with rule 8 of CGST Rules, 2017), requires an office of the supplier which intends to act as Input Service Distributor (ISD), to separately obtain registration as ISD. In other words, a registration number of an establishment as an ISD is different from the registration number of such establishment u/s 22 of the Act. Rule 54 of the CGST Rules, 2017 deals with the prescribed document to be issued by ISD for the purpose of distribution of credit. Section 20 of the CGST Act (read with Rule 39 of GST Rules), contains provisions relating to manner of distributing the credit by ISD. Section 39(4) of the CGST

Act read with Rule 65 of the CGST Rules, provides for filing of return by ISD, for every calendar month, within 13 days after the end of such month.

An ISD should compulsorily take GST registration by applying in form GST REG 1. Turnover threshold for GST registration is not applicable to an ISD. A person already registered under GST can take ISD registration by filling Form GST REG 29 (to cancelling old registration) and again file Form GST REG-01 (fresh registration) and choose ISD in the field “Reason to obtain registration”

3. Receiving credit in Input Service Distributor (ISD):

ISD is an office of supplier of goods and services. A supplier may have number of establishments located in different States, however, as regards input services, a supplier may insist for obtaining invoices in the name of its one central location, irrespective of which establishment has actually received the services. The purpose could be centralized accounting or centralized payment system.

Example: ABC Ltd may have head office in Mumbai and establishments in Delhi, Chennai and Kolkata. Although certain services are received at Delhi, an invoice may be issued in the name and address of Mumbai Head Office. Let’s say a supplier P in Delhi makes an intra-State supply (CGST+SGST) and supplier Q of Gujarat makes an inter-state supply (IGST) to Delhi establishment, however, invoices are raised in the name of corporate office at Mumbai.

The provisions of section 16 of CGST Act provides that, no registered person shall be entitled to a credit in respect of any supply of goods or services or both to him unless, he is in possession of a tax invoice or debit note issued by a supplier registered under this Act, or such other taxpaying documents as may be prescribed. Therefore, in such case, although the services are received by various establishments (ex: Delhi), it would not be possible for such establishments to claim the credit, as the invoice will be issued in the name of central office of such person (i.e. Maharashtra). The head office also cannot avail the credit as they are not actual recipient of such inward services.

Under the scheme of ISD, Rule 36 of the CGST Rules permits such ISD to avail the credit on the basis of invoices issued to it. Further, it also permits, other establishments (having same PAN) of the said supplier, to avail the credit, on the basis of an Input Service Distributor Invoice in accordance with the provisions of sub-rule (1) of rule 54 of CGST Rules.

In the above example, ABC Ltd’s head office at Maharashtra if obtains registration as ISD, it will be allowed to take credit on the basis of invoices issued by P and Q and immediately distribute such credit to Delhi establishment, by issuing ISD invoice to Delhi. Delhi can thereafter be able to claim credit on the basis of ISD invoices issued by head office. Although, concept of ISD allows distribution of credit, such distribution is required to be made in certain manner. The Manner of Distribution of credit through ISD mechanism is explained below.

4. Distribution of input tax credit by Input Service Distributor:

The Head Office would be procuring certain services which would be for common utilization of all units across the country. The bills for such expenses would be raised on the Head Office. But the Head Office itself would not be providing any output supply so as to utilize the credit which gets accumulated on account of such input services. ISD mechanism enables such proportionate distribution of credit of input services amongst all the consuming units.

For the purposes of distributing the input tax credit, an ISD has to issue an ISD invoice, as prescribed in rule 54(1) of the CGST Rules, 2017, clearly indicating in such invoice that it is issued only for distribution of input tax credit.

The input tax credit available for distribution in a month shall be distributed in the same month and details furnished in FORM GSTR-6. Further, an ISD shall separately distribute both the amount of ineligible and eligible input tax credit.

4.1. Procedure of Distribution of Input Tax credit through ISD mechanism – Section 20 of CGST Act and Rule 39 of CGST Rules, 2017 –

- (1) The Input Service Distributor shall distribute the credit of central tax as central tax or integrated tax and integrated tax as integrated tax or central tax, by way of issue of a document containing the amount of input tax credit being distributed in such manner as may be prescribed.
- (2) The Input Service Distributor may distribute the credit subject to the following conditions, namely:—
 - (a) the credit can be distributed to the recipients of credit against a document containing such details as may be prescribed (**ISD invoice, as prescribed in sub rule (1) & 1A of rule 54**)
 - (b) the amount of the credit distributed shall not exceed the amount of credit available for distribution;
 - (c) the credit of tax paid on input services attributable to a recipient of credit shall be distributed only to that recipient;
 - (d) the credit of tax paid on input services attributable to more than one recipient of credit shall be distributed amongst such recipients to whom the input service is attributable and such distribution shall be pro rata on the basis of the turnover in a State or turnover in a Union territory of such recipient, during the relevant period, to the aggregate of the turnover of all such recipients to whom such input service is attributable and which are operational in the current year, during the said relevant period;
 - (e) the credit of tax paid on input services attributable to all recipients of credit shall be distributed amongst such recipients and such distribution shall be pro rata on the basis of the turnover in a State or turnover in a Union territory of such recipient, during the relevant period, to the aggregate of the turnover of all recipients and which are operational in the current year, during the said relevant period.

Explanation.—For the purposes of this section,—

- (a) the “**relevant period**” shall be—
 - (i) if the recipients of credit have turnover in their States or Union territories in the financial year preceding the year during which credit is to be distributed, the said financial year; or
 - (ii) if some or all recipients of the credit do not have any turnover in their States or Union territories in the financial year preceding the year during which the credit is to be distributed, the last quarter for which details of such turnover of all the recipients are available, previous to the month during which credit is to be distributed;
- (b) the expression “**recipient of credit**” means the supplier of goods or services or both having the same Permanent Account Number as that of the Input Service Distributor;
- (c) the term “**turnover**”, in relation to any registered person engaged in the supply of taxable goods as well as goods not taxable under this Act, means the value of turnover, reduced by the amount of any duty or tax levied under entry 84 of List I of the Seventh Schedule to the Constitution and entries 51 and 54 of List II of the said Schedule.

4.2. Manner of distribution of credit by Input Service Distributor Section 20 of the CGST Act, 2017 [Notification No. 3/2018-CT, dated 23.01.2018]

Provisions introduced for issuance of invoice/debit note/credit note by registered taxable person (having same PAN and State code as ISD) to ISD to transfer the credit of common input services. A new sub-rule (1A) has been inserted in rule 54 of CGST Rules. The new sub-rule provides as under:

- (a) A registered person, having the same PAN and State code as an input service distributor (ISD), may issue an invoice/credit note/debit note to transfer the credit of common input services to the ISD, which shall contain the following details:—
- (i) name, address and GSTIN of the registered person having the same PAN and same State code as the ISD;
 - (ii) a consecutive serial number not exceeding 16 characters, in one or multiple series, containing alphabets or numerals or special characters - hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof, unique for a financial year;
 - (iii) date of its issue;
 - (iv) GSTIN of supplier of common service and original invoice number whose credit is sought to be transferred to the ISD;
 - (v) name, address and GSTIN of the ISD;
 - (vi) taxable value, rate and amount of the credit to be transferred; and
 - (vii) signature or digital signature of the registered person or his authorised representative.
- (b) The taxable value in the invoice issued under clause (a) shall be the same as the value of the common services.

4.3. Procedure for Distribution of Input Tax Credit (ITC) by Input Service Distributor (ISD)

Provisions under Rule 39 of CGST Rule 2017 provides as follows.

(1) An Input Service Distributor shall distribute input tax credit in the manner and subject to the following conditions, namely,-

(a) the input tax credit available for distribution in a month shall be distributed in the same month and the details thereof shall be furnished in **FORM GSTR-6** in accordance with the provisions of Chapter VIII of these rules;

(b) the Input Service Distributor shall, in accordance with the provisions of clause (d), separately distribute the amount of ineligible input tax credit (ineligible under the provisions of sub-section (5) of section 17 or otherwise) and the amount of eligible input tax credit;

(c) the input tax credit on account of central tax, State tax, Union territory tax and integrated tax shall be distributed separately in accordance with the provisions of clause (d);

(d) the input tax credit that is required to be distributed in accordance with the provisions of clause (d) and (e) of sub-section (2) of section 20 to one of the recipients ‘R1’, whether registered or not, from amongst the total of all the recipients to whom input tax credit is attributable, including the recipient(s) who are engaged in making exempt supply, or are otherwise not registered for any reason, shall be the amount, “C1”, to be calculated by applying the following formula –

$$C1 = (t1 \div T) \times C \text{ where,}$$

“C” is the amount of credit to be distributed,

“t1” is the turnover, as referred to in section 20, of person R1 during the relevant period, and

“T” is the aggregate of the turnover, during the relevant period, of all recipients to whom the input service is attributable in accordance with the provisions of section 20;

(e) the input tax credit on account of integrated tax shall be distributed as input tax credit of integrated tax to every recipient;

(f) the input tax credit on account of central tax and State tax or Union territory tax shall-

(i) in respect of a recipient located in the same State or Union territory in which the Input Service Distributor is located, be distributed as input tax credit of central tax and State tax or Union territory tax respectively;

(ii) in respect of a recipient located in a State or Union territory other than that of the Input Service Distributor, be distributed as integrated tax and the amount to be so distributed shall be equal to the aggregate of the amount of input tax credit of central tax and State tax or Union territory tax that qualifies for distribution to such recipient in accordance with clause (d);

(g) the Input Service Distributor shall issue an Input Service Distributor invoice, as prescribed in sub-rule (1) of rule 54, clearly indicating in such invoice that it is issued only for distribution of input tax credit;

(h) the Input Service Distributor shall issue an Input Service Distributor credit note, as prescribed in sub-rule (1) of rule 54, for reduction of credit in case the input tax credit already distributed gets reduced for any reason;

Credit Notes / Debit Notes to be issued by ISD: *Any input tax credit required to be reduced on account of issuance of a credit note to the Input Service Distributor by the supplier shall be apportioned to each recipient in the same ratio in which the input tax credit contained in the original invoice was distributed. This appears to be a very cumbersome provision. For this purpose, the ISD shall also be required to issue an “ISD credit note” to other establishments, in the same month in which the credit note issued to ISD by any supplier is included in GSTR-6 return of the ISD. Where the amount so apportioned is in the negative by virtue of the amount of credit under distribution being less than the amount to be adjusted, such amount is added to the output tax liability of the recipient. Where the amount of input tax credit distributed by an ISD is reduced later on for any other reason for any of the recipients, the same process shall be followed. If any credit is distributed to a wrong establishment, it can be rectified by issuing ISD credit note to the recipient to which it was wrongly issued and issuing an ISD invoice for the said amount to the recipient which is correctly entitled for such credit. Both the documents should be reflected in **GSTR-6** of the ISD in the same month.*

*Any additional amount of input tax credit on account of issuance of a debit note to an ISD by the supplier shall also be distributed to the recipients in the month in which the debit note issued to ISD-office is included in the return in **FORM GSTR-6**. In this case, unlike in the case of credit notes, it is not necessary to distribute the credit to other establishments in the same portion to which credit pertaining to original invoice was distributed.*

(i) any additional amount of input tax credit on account of issuance of a debit note to an Input Service Distributor by the supplier shall be distributed in the manner and subject to the conditions specified in clauses (a) to (f) and the amount attributable to any recipient shall be calculated in the manner provided in clause (d) and such credit shall be distributed in the month in which the debit note is included in the return in **FORM GSTR-6**;

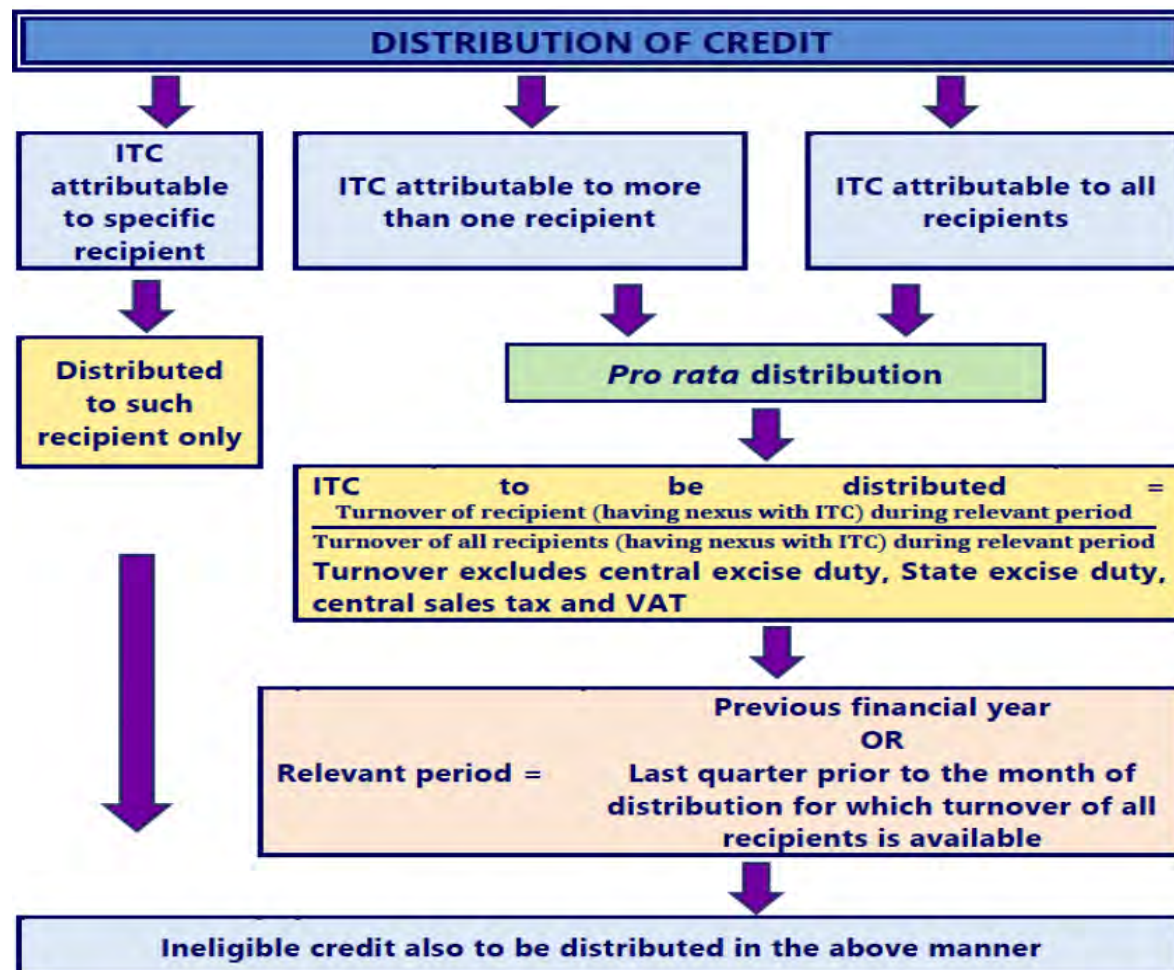
(j) any input tax credit required to be reduced on account of issuance of a credit note to the Input Service Distributor by the supplier shall be apportioned to each recipient in the same ratio in which the input tax credit contained in the original invoice was distributed in terms of clause (d), and the amount so apportioned shall be-

(i) reduced from the amount to be distributed in the month in which the credit note is included in the return in **FORM GSTR-6**; or

(ii) added to the output tax liability of the recipient where the amount so apportioned is in the negative by virtue of the amount of credit under distribution being less than the amount to be adjusted.

(2) If the amount of input tax credit distributed by an Input Service Distributor is reduced later on for any other reason for any of the recipients, including that it was distributed to a wrong recipient by the Input Service Distributor, the process specified in clause (j) of sub-rule (1) shall apply, mutatis mutandis, for reduction of credit.

(3) Subject to sub-rule (2), the Input Service Distributor shall, on the basis of the Input Service Distributor credit note specified in clause (h) of sub-rule (1), issue an Input Service Distributor invoice to the recipient entitled to such credit and include the Input Service Distributor credit note and the Input Service Distributor invoice in the return in **FORM GSTR-6** for the month in which such credit note and invoice was issued



4.4. Distribution of CGST and SGST or UTGST by Input Service Distributor:

As per sub-section (1) of Section 20, the Input Service Distributor shall distribute the credit of:

- a) **Central Tax:** As Central Tax or Integrated Tax and
- b) **Integrate Tax:** As Integrated tax or Central tax

By way of issue of a document containing the amount of input tax credit being distributed in such manner as may be prescribed. As per sub-rule (1) of Rule 39, there will be two situations:

A. ISD & recipient of credit is in same state:

When the ISD and the recipient of credit are in the same state then the Input tax credit shall be distributed as Central tax and State tax or Union territory tax respectively.

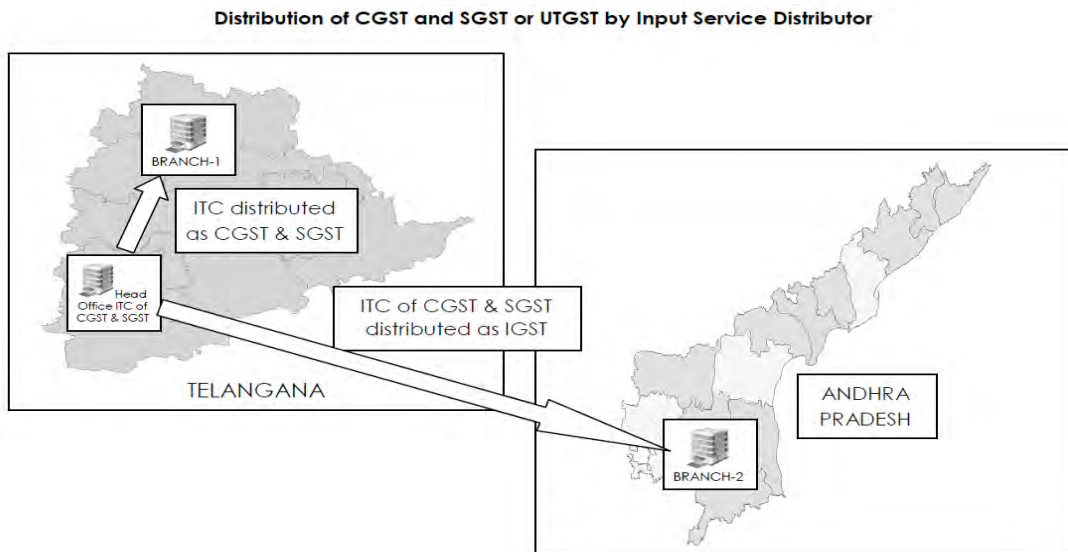
B. ISD and Recipient of credit are in different state:

When ISD and the recipient of credit are in different state then the input tax credit shall be distributed as IGST and the amount to be so distributed shall be equal to the aggregate of the amount of ***input tax credit of Central Tax and State tax or Union Territory Tax*** that qualifies for distribution to such recipient in accordance with clause (d).

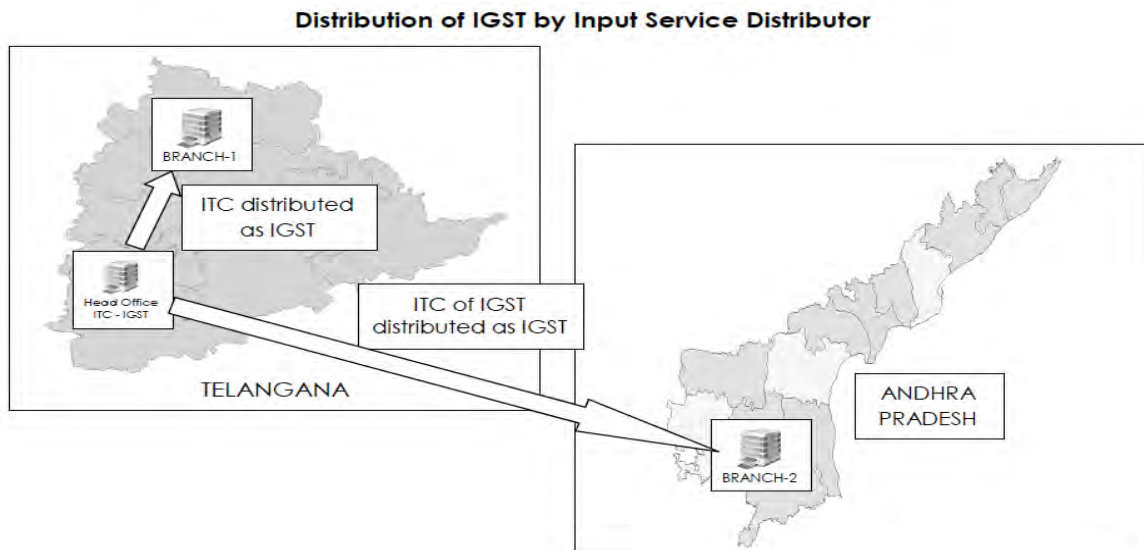
Credit Distribution

IGST	CGST	SGST
As	CGST (Same state)	SGST (Same state)
IGST	IGST (Separate state)	IGST (Separate state)

4.5. Distribution of CGST and SGST or UTGST by Input Service Distributor

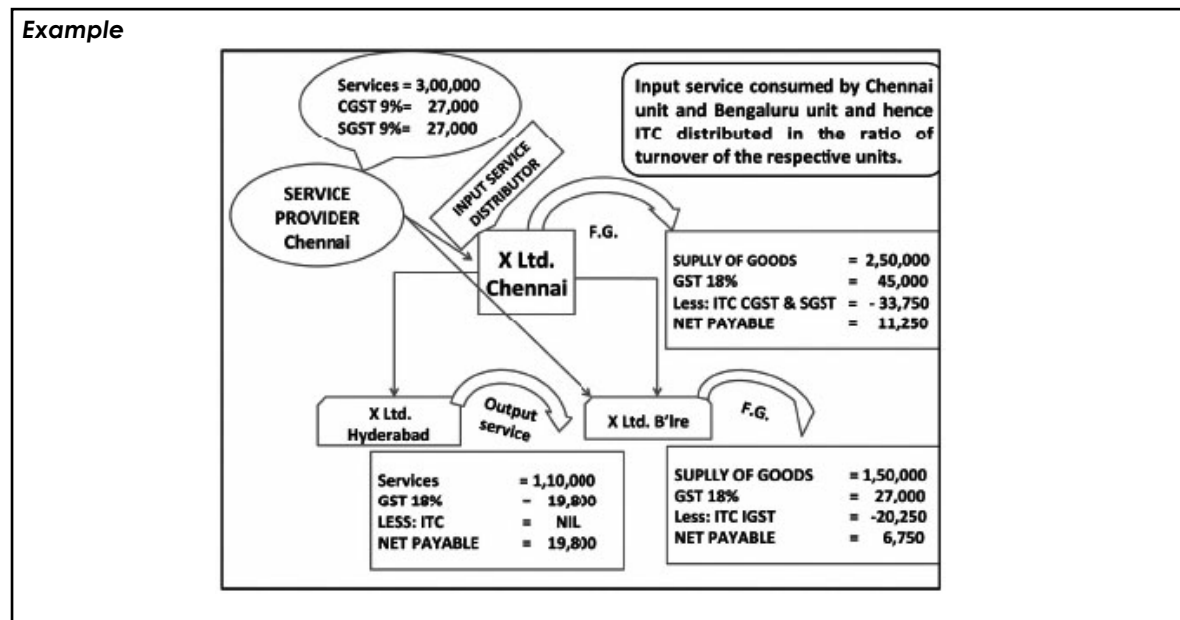


4.6. Distribution of IGST by Input Service Distributor



4.7. Manner of distribution of credit –

4.7.1. Examples



4.7.2. Input credit which is to be distributed to any recipient, whether registered or not, including the recipient who is making exempted supply shall be calculated in the following manner:

$$C_1 = (t_1 \div T) \times C$$

C – Amount of input credit to be distributed

t₁ – Turnover of a particular recipient to whom the credit to be distributed

T – Aggregate turnover of all recipients, eligible to receive the ITC

C₁ – ITC amount is to be distributed to a particular recipient

Example	Answer
Total ITC to be distributed (C) – Rs.50,000/- Turnover of Chennai Branch (t ₁) – Rs.5,00,000/- Total turnover of all branches (T) – Rs.20,00,000/-	Rs.12500/- = (Rs.500000 ÷ Rs.2000000) x Rs.50000 ITC to be distributed to Chennai branch is Rs.12,500/- (C ₁)

4.7.3. Example: XYZ Limited has its Corporate Office in Mumbai and three manufacturing facilities in Jharkhand, Maharashtra and West Bengal. Its Corporate Office is registered as an Input Service Distributor. Turnover of the three units in its states for the last financial year and current year (Q-1 and Q-2) are as follows.

Unit	Financial Year-2019-20	Q-1 F.Y.2020-21	Q-2.F.Y 2020-21
Jharkhand	Rs.400 crs.	Rs.60 crs.	Rs.80 crs.
Maharashtra	Rs.NIL	Rs.50 crs.	Rs.25 crs.
West Bengal	Rs. 500 crs.	Rs.75 crs.	Rs. 75 crs.

ISD has obtained certain common services for all its units on which IGST of Rs.40 lakhs was paid. ISD wanted to distribute the credit in the month of July, 2020 (Financial Year 2020-21). The credit will be distributed as under:-

Jharkhand = Rs.40 lakhs ×(Rs.60 crs / (Rs.60 crs+ Rs.50 crs.+ Rs75 crs) = Rs.12.97 Lakhs

West Bengal= Rs. 40 Lakhs ×(Rs.50 crs / (Rs.60crs + 50 crs +75 crs) = Rs.10.81 lakhs

Maharashtra= Rs. 40 Lakhs×(Rs.75 crs / (Rs.60 crs+Rs.50crs+Rs.75 crs)= Rs.16.22. lakhs.

4.7.4.Example

M/s XYZ Ltd, having its head Office at Mumbai, is registered as ISD. It has three units in different states namely ‘Mumbai’, ‘Chennai’ and ‘Delhi’ which are operational in the current year. M/s XYZ Ltd furnishes the following information for the month of December 2019. You are required to distribute the below input tax credit.

(i) CGST and SGST paid on services used only for Mumbai Unit: Rs.3,00,000/-

(ii) IGST, CGST & SGST paid on services used for all units: Rs.12,00,000/-

Total Turnover of the units for the Financial Year 2018-19 are as follows: -

Unit	Turnover in Rs.
Turnover of Mumbai unit	5,00,00,000
Turnover of Chennai	3,00,00,000
Turnover of Delhi	2,00,00,000
Total turnover	10,00,00,000

Answer: Statement showing distribution of input tax credit:

Particulars	Credit distributed to all the units in Rs.			
	Total credit available	Mumbai	Chennai	Delhi
CGST & SGST paid on services used only for Mumbai Unit.	3,00,000	3,00,000	0	0
IGST, CGST & SGST paid on services used in all units Distribution on pro-rata basis to all the units which are operational in the current year	12,00,000	6,00,000	3,60,000	2,40,000
Total	15,00,000	9,00,000	3,60,000	2,40,000

5.Manner of recovery of credit distributed in excess under GST Law,2017:

5.1. As per sec.21 of the CGST Act, 2017, Where the Input Service Distributor distributes the credit in contravention of the provisions contained in section 20 resulting in excess distribution of credit to one or more recipients of credit, the excess credit so distributed shall be recovered from such recipients along with interest, and the provisions of section 73 or section 74 as the case may be, shall, mutatis mutandis, apply for determination of amount to be recovered. Circular No.71/45/2018 GST dated.26.10.2018 has clarified that ISD would also be liable to general penalty under section 122(1)(ix). The relevant clarification is produced below.

Sl. No	Issue	Clarification
3	Representations have been received regarding the manner of recovery of excess credit distributed by an Input Service Distributor (ISD) in contravention of the provisions contained in section 20 of the CGST Act.	<p>According to Section 21 of the CGST Act where the ISD distributes the credit in contravention of the provisions contained in section 20 of the CGST Act resulting in excess distribution of credit to one or more recipients of credit, the excess credit so distributed shall be recovered from such recipients along with interest and penalty if any.</p> <p>The recipient unit(s) who have received excess credit from ISD may deposit the said excess amount voluntarily along with interest if any by using FORM GST DRC-03.</p> <p>If the said recipient unit(s) does not come forward voluntarily, necessary proceedings may be initiated against the said unit(s) under the provisions of section 73 or 74 of the CGST Act as the case may be. FORM GST DRC-07 can be used by the tax authorities in such cases.</p> <p>It is further clarified that the ISD would also be liable to a general penalty under the provisions contained in section 122(1)(ix) of the CGST Act.</p>

5.2, Example:

If ABC limited company has one unit in Rajasthan and other unit in West Bengal and as per the provisions contained in Section 21, Rs.1 Lakh was to be distributed to the unit in Rajasthan and Rs.2 Lakhs to unit in West Bengal. However, due to some calculation error credit of Rs.1.2 Lakh was issued to Rajasthan unit and Rs.1.8 lakh to the unit in West Bengal. Thus, excess credit of Rs.20,000/- issued to the unit in Rajasthan shall be recovered from the unit in Rajasthan and show cause notice shall be issued by the jurisdictional officer of Rajasthan.

6. Filing of Returns under GST Law, 2017:

As per section 34 (4) of the CGST Act, 2017, states that every taxable person registered as an Input Service Distributor shall, forever calendar month or part thereof, furnish, in such form and in such manner as may be prescribed, a return, electronically, within thirteen days after the end of such month.

As per Rule 65 of the GST Rules, 2017 states that every input service distributor shall, on the basis of details contained in FORM GSTR-6A, and where required, after adding, correcting or deleting the details, furnish electronically the return in FORM GSTR-6, containing the details of tax invoices on which credit has been received and those issued under section 20, through the common portal either directly or from a Facilitation Centre notified by the Commissioner.

As per Rule 60(5) of the GST Rules, 2017 states that the details of invoices furnished by an Input Service Distributor in his return in FORM GSTR-6 under rule 65 shall be made available to the recipient of credit in Part B of Form GSTR-2A electronically through the Common Portal and the said recipient may include the same in FORM GSTR-2.

7. How to distribute ITC of RCM:

Input Service Distributor is not a supplier of service, but is only a distributor of service. Instructions appended to Form GSTR-6 provides that, ISD cannot make any payment under RCM and that if it has to make payment under RCM, it will be required to obtain a regular registration. GSTR-6 also does not provide for showing any particulars for reflecting details of inward supplies on which payment is made under RCM. It therefore,

appears that, merely obtaining registration as ISD in a State would not make the assessee “registered person” under that State for the purposes of payment of GST under section 9(3) or 9(4) of the CGST/SGST Act or as the case may be section 5(3) or 5(4) of the IGST Act. Therefore in such case, an assessee shall neither be entitled to any ITC nor shall be liable to pay any tax under RCM in respect of any local supplies (CGST+SGST) in that State.

As regards IGST, the assessee shall be first required to issue invoice u/s 31(3)(f) from any of its registered office to its ISD Office and pay tax under RCM from such registered office. On the basis of such invoice, ISD shall avail the ITC and distribute the ITC to the concerned unit/s.

Example: ABC India has three supplying units namely at Delhi, Chennai and Kolkata, and head office at Maharashtra. ABC India received an intra-state service from a dealer in Tamil Nadu. In this case, in the absence of any registration in Tamil Nadu (TN), ABC may not be entitled to ITC of CGST+TNSGST. Consequently a view can be taken that there is no need for any RCM payment on any RCM services by ABC India in TN.

However, if a dealer from Tamil Nadu makes an inter-state supply of service (which is liable for reverse charge), such supply will attract IGST. ABC-India, in such case shall be required to issue invoice for such service from any of its registered units namely, Delhi, Chennai and Kolkata and pay IGST under reverse charge. Suppose invoice is raised from Chennai office, then in such invoice “ABC-Chennai” will be shown as ‘person liable to pay tax’ and ABC-ISD will be regarded as “receiver” of such service. ABC-ISD will take ITC on the basis of such invoice and then distribute the same to the concerned units or all units as per provisions of Section 20.

8. ADVANCE RULINGS UNDER GST LAWS

In re Cummins India Limited (GST AAR Maharashtra)

Appeal Number: No. GST-ARA-66/2018-19/B-162

Date of Judgement/Order: 19/12/2018

Courts : AAR Maharashtra (235) Advance Rulings (1247)

Question:- *Whether engine manufactured and supplied solely and principally for use in railways/locomotives are classifiable under HSN Heading 8408 or under HSN Heading 8607 of the Customs Tariff (which has been borrowed for classification purposes under GST regime) as a part used solely or principally for Railways or Tramway Locomotives or Rolling Stock?*

Answer:- In view of the discussions made above the **engine manufactured and supplied solely and principally for use in railways/locomotives are classifiable under HSN Heading 8408**

Question: - *Whether availment of input tax credit of tax on common input supplies on behalf of other unit/units registered as distinct person and further allocation of the cost incurred for same to such other units qualifies as supply and attracts levy of GST?*

Answer: - Yes.

Question: – *If GST is leviable, whether assessable value can be determined by arriving at nominal value?*

Answer: - In the subject case assessable value can be determined by following the provisions of Rule 30 of the CGST Rules, 2017

Question: - *Once GST is levied and ITC thereof is availed by recipient unit, whether the Applicant is required to register itself as an Input Service Distributor for distribution of ITC on common input supplies?*

Answer: - Yes as per the provisions of Section 24 of the CGST Act, 2017, the applicant is required to get registered as an ISD.