

TAX INFO

Dated: 21.09.2020

Latest update on GST Law: Information regarding ITC of Central GST paid in Haryana not available to Appellant registered in Rajasthan based on the Judgement issued by Rajasthan Appellate Authority for Advance Ruling.

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ITC of Central GST paid in Haryana not available to Appellant registered in Rajasthan

Name of Appellant	In re M/s IMF Cognitive Technology Private Limited
Name of Court	AAAR-Rajasthan
Appeal Number	Order No. RAJ./AAAR/01/2019-20
Date of Judgement	08/05/2019

Facts of the Case:

The Appellant is engaged in development, designing and trading in all types of computer software. They are engaged in export of software as well. The Appellant procures various Goods or Services for the purpose of trading and export both within the State of Rajasthan and outside the State of Rajasthan. In case of procurement of inward supplies from other States, at times, supplier charges Central GST & State GST of the State of supplier. The Appellant is registered in the State of Rajasthan and if they procure Services of short term accommodation (i.e. Hotel) in Haryana, the supplier (i.e. Hotel) charges Central GST & State GST of that State, due to the reason of place of supply being in the State of Supplier.

Question on which Ruling is sought

“Whether the input tax credit of Central Tax paid in Haryana be available to the Applicant who is registered in Rajasthan State?”

Ruling given by AAR:

The Rajasthan AAR observed that in the GST regime, State GST and Central GST charged for the Services provided and availed in a State would be eligible for ITC within that particular State where such services were provided and consumed. As the supplier of services and place of supply both are outside the state of Rajasthan, Input tax credit of Central Tax paid in Haryana is not available to the Applicant/Appellant.

Contention of Appellant:

Contention of the Appellant is that the ITC provisions allow them to claim the credit of the Central GST paid on the input services availed in the State of Haryana.

Observations:

The Appellant is asking for the ITC of only Central tax paid in Haryana. It means that they are sure that ITC of the State GST paid in Haryana is not admissible to them. This is true also because State GST Act of Rajasthan (i.e. RGST Act) allows ITC of only State GST paid in Rajasthan. For a person registered in Rajasthan, Central GST or Central tax is a tax levied under Section 9 ibid on supplies having both location of the supplier and place of supply in Rajasthan. At this point it becomes absolutely clear that ITC of the Central GST or Central tax would be available to a person registered in Rajasthan if the location of the supplier and place of supply of the services are in Rajasthan. In other words, ITC of the Central tax charged from the Appellant in Haryana is not available to them as in this case both the location of the supplier and place of supply of the services are in the State of Haryana.

Ruling:

AAAR uphold the Advance Ruling rendered by the Rajasthan Authority for Advance Ruling, Goods and Services Tax, Jaipur vide their Ruling No. RAJ/AAR/2018-19/30 dated 09.01.2019, in respect of ITC of the Central GST paid in Haryana, which has been held as “not admissible” to the Appellant.

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