



BEFORE THE AUTHORITY FOR ADVANCE RULING - ANDHRA PRADESH

Goods and Service Tax

D.No.12-468-4, Adjacent to NH-16 Service Road, Kunchanapalli, Guntur-522501

Present

1. Sri. K.Ravi Sankar, Commissioner of State Tax (Member)
2. Sri.B. Lakshmi Narayana, IRS, Additional Commissioner of Central Tax (Member)

AAR No.04/AP/GST/2025 dated: 08.07.2025

1	Name and address of the applicant	M/s Sri Lakshmi Ganesh Cement and Iron General Stores
2	GSTIN	37AYIPP4702A1ZP
3	Date of filing of Form GST ARA-01	09-04-2025
4	Personal Hearing	23-04-2025
5	Represented by	Dhana Sai K, Chartered Accountant
6	Jurisdictional Authority – State	Nidadavolu Circle - Rajamahendravaram Division
7	Clause(s) of section 97(2) of CGST/SGST Act, 2017 under which the question(s) raised	b) Applicability of a notification issued under the provisions of the act; c) Determination of time and value of supply of goods or services or both, e) Determination of the liability to pay tax on any goods or services or both

ORDER

(Under sub-section (4) of Section 98 of Central Goods and Services Tax Act, 2017 and sub-section (4) of Section 98 of Andhra Pradesh Goods and Services Tax Act, 2017)

1. M/s Sri Lakshmi Ganesh Cement and Iron General Stores, D.No.5-66/2, Sree Sitha Rama Complex, Ground Floor, Narsapuram Nidadavole Street, Chagallu, E.G.Dist., (GSTIN No. 37AYIPP4702A1ZP) (hereinafter referred to as applicant) has filed an application in FORM GST ARA-01 under Section

97(1) of the Central Goods & Services Tax Act, 2017 and AP Goods & Services Tax Act, 2017 (hereinafter referred to CGST Act and APGST Act respectively).

2. At the outset we would like to make it clear that the provisions of CGST Act, 2017 and APGST Act, 2017 are in parimateria and have the same provisions in like matter and differ from each other only on a few specific provisions. Therefore, unless a mention is particularly made to such dissimilar provisions, a reference to the CGST Act, 2017 would also mean reference to the corresponding similar provisions in the APGST Act, 2017.
3. It is observed that the queries raised by the applicant fall within the ambit of Section 97 of the GST ACT. The Applicant enclosed copies of challans as proof of payment of Rs. 5,000/- for SGST and Rs. 5,000/- for CGST towards the fee for Advance Ruling. The Applicant has declared that the questions raised in the application have neither been decided by nor are pending before any authority under any provisions of the GST Act.

4. Brief Facts of the case:

M/s Sri Lakshmi Ganesh Cement and Iron General Stores (the Applicant/the Company), is carrying on two business verticals, namely; (1) Trading of Cement and Iron and (2) Transportation of goods by Road.

(1) Trading of Cement and Iron: The applicant stated that;

- (a) He make sale of cement and iron both to wholesale and retail customers being registered or unregistered persons and
- (b) also make sales to M/s Sri Lakshmi Ganesh Steels bearing GSTIN 37DUSPK7295A1Z3 for which his wife is the proprietrix. **Copy of her aadhar card is attached herewith as evidence.**

2. Transportation of goods by the road : The applicant stated that;

- a. He owns a tempo van and provides transportation services to mostly unregistered persons being farmers or individuals and also

- b. The goods which are transported by the applicant are at the risk of consignor and he is not responsible for any damage during the course of transportation. Therefore, he did not issue any document as acknowledgement for receipt of goods except a bill.

5. Questions raised before the authority:

The applicant sought advance ruling on the following:

- I. What is the value of supply U/s 15 of GST Act, 2017 in case of a supply of cement, iron or both to an unrelated person for which price is the sole consideration?
- II. What is the value of supply U/s. 15 of GST Act, 2017 in case of a supply of cement, iron or both to M/s. Sri Lakshmi Ganesh Steels, a related person who is eligible to claim input tax credit on the said supply?
- III. Whether the registered person is liable to pay tax on the services of transportation of goods by the road to an unregistered person or not? If yes, at what rate of tax?
- IV. Whether serial no. 18 of Notification No. 12/2017-CENTRAL TAX (RATE) dated 28-06- 2017 or Serial no. 21A of Notification no. 32/2017 – Central Tax (Rate) dated 13-10-2017 issued under section 11 of CGST Act, 2017 applicable to the registered person or not in case of services provided to unregistered persons?

On Verification of basic information of the applicant, it is observed that the applicant is under State jurisdiction i.e, Nidadavolu Circle, Rajamahendravaram Division. Accordingly, the application has been forwarded to the jurisdictional officer and a copy marked to the Central Tax authorities to offer their remarks as per Sec. 98(1) of CGST /APGST Act 2017.

In response, remarks are received from the State jurisdictional officer concerned stating that no proceedings lying pending with the issue, for which the advance ruling sought by the applicant. Through mail dt:11-04-2025

6. Applicant's Interpretation of Law:

For Question 1

What is the value of supply U/s 15 of GST Act, 2017 in case of a supply of cement, iron or both to an unrelated person for which price is the sole consideration?

As per section 15(1) of GST Act, 2017

"The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply."

From the above provision, it is clear that transaction value i.e. the mutually agreed price by both the seller and buyer shall be the value of supply subjected to two conditions

- Supplier and buyer shall not be related persons as defined explanation to section 15(5) of GST Act, 2017.
- Price is the sole consideration for the supply. i.e. money shall be the only consideration and there shall be no other consideration in any other form.

Therefore, transaction value shall be the value of supply U/s. 15 of GST Act, 2017 where supplier and buyer are unrelated and price is the sole consideration for the said supply.

For Question 2

As per section 15(4) of GST Act, 2017

"Where the value of the supply of goods or services or both cannot be determined under sub-section (1), the same shall be determined in such manner as may be prescribed."

From the above provision, it is clear that transaction value prima facie shall not be the value of supply where both the seller and buyer are related or price is not only the sole consideration for the supply. In such case, one should refer prescribed rules.

As per Rule 28 of GST Rules, 2017

(1) The value of the supply of goods or services or both between distinct persons as specified in sub-section (4) and (5) of section 25 or where the supplier and recipient are related, other than where the supply is made through an agent, shall

- (a) be the open market value of such supply;*
- (b) if the open market value is not available, be the value of supply of goods or services of like kind and quality;*

(c) if the value is not determinable under clause (a) or (b), be the value as determined by the application of rule 30 or rule 31, in that order:

Provided *that where the goods are intended for further supply as such by the recipient, the value shall, at the option of the supplier, be an amount equivalent to ninety percent of the price charged for the supply of goods of like kind and quality by the recipient to his customer not being a related person:*

Provided *further that where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the open market value of the goods or services.*

(2) Notwithstanding anything contained in sub-rule (1), the value of supply of services by a supplier to a recipient who is a related person located in India, by way of providing corporate guarantee to any banking comp any or financial institution on behalf of the said recipient, shall be deemed to be one per cent of the amount of such guarantee offered per annum, or the actual consideration, whichever is higher.

Provided *that where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the value of said supply of services.*

From the above rule, it is clear that the open market value shall be considered as the value of supply when information relating to such Open Market Value is available. Moreover, when the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the open market value of such supply (2nd proviso to Rule 28(1)).

Therefore, the value declared in the invoice shall be the value of supply for the purpose of section 15 of this act in case of a transaction between distinct or related persons.

For Question 3 and 4

- a. As per clause (a) serial no. 18 of the notification no. 12/2017 – central tax rate dated 28-06-2017, services by way of transportation of goods is exempted except the services of goods transport agent or a courier agency.
- b. Therefore, Taxability of services of transportation of goods by road is depends on whether such transporter is GTA or not. Therefore, if such transporter is a GTA i.e. Goods Transport Agent, such services are taxable under forward charge mechanism or reverse charge mechanism at the option of the GTA.
- c. Thus, it is pertinent to know that all transporter of goods are not goods transport agents but whereas all goods transport agents are goods transporters.
- d. As per definition (ze) of serial no. 18 of the notification no. 12/2017 – central tax rate dated 28-06-2017, "goods transport agency" means any person who provides service in relation to transport of goods by road **and** issues consignment note, by whatever name called.

- e. Form the above definition, it can be seen that issuance of consignment note is sine – qua – non for supplier of service to be considered as GTA (Copy of the concept note issued by issued by CBEC is attached herewith has evidence. Issuance of CN transfers the lien on goods to the transporter. In such a case, goods transport operator becomes goods transport agent.
- f. In the given case, the registered person neither issues consignment notes or nor assume lien of goods. Therefore, the registered person is not a GTA. Thus, freight charges received for transportation of goods by road is exempted form GST.
- g. Moreover, services in relation to transportation of goods by GTA to unregistered persons is also absolutely exempted U/s. 11(1) under entry no. 21A by the notification no. 32/2017 – Central Tax (Rate) dated 13-10-2017.
- h. Therefore, there is no tax liability on the registered person whether or not he is considered as GTA when services of transportation of goods provided to unregistered persons.

6. Personal Hearing:

The proceedings of Personal Hearing was conducted on 23.04.2025, for which the authorized representative, Sri Dhana Sai K, Chartered Accountant has appeared and reiterated the facts narrated in their application.

7. Discussion and Findings:

We have carefully gone through the submissions made by the applicant in the advance ruling application, additional submissions made by the Authorised representative during the course of Personal hearing.

The applicant contended that he is engaged in the business of sale of cement and iron to both wholesale and retail customers being registered or unregistered persons and for these, 'transaction value' shall be the value of supply U/s. 15 of GST Act, 2017 where supplier and buyer are unrelated and price is the sole consideration for the said supply.

He has further contended that he also make sales to M/s Sri Lakshmi Ganesh Steels bearing GSTIN 37DUSPK7295A1Z3, for which his wife is the proprietrix and for these, the 'value declared in the invoice' shall be the value of supply for

the purpose of section 15 read with Rule 28 of GST Rules, 2017 as it is a transaction between distinct or related persons.

Further, the applicant contended that he owns a tempo van and provides transportation services to mostly unregistered persons being farmers or individuals and the goods which are transported by him are at the risk of consignor and he is not responsible for any damage during the course of transportation. Therefore, he did not issue any document as acknowledgement for receipt of goods except a bill.

The applicant contended that as per clause (a) serial no. 18 of the notification no. 12/2017 – central tax rate dated 28-06-2017, services by way of transportation of goods is exempted except the services of goods transport agent or a courier agency and therefore, taxability of the same depends on whether such transporter is GTA or not; that as per definition (ze) of serial no. 18 of the notification no. 12/2017 – central tax rate dated 28-06-2017, "goods transport agency" means any person who provides service in relation to transport of goods by road **and** issues consignment note, by whatever name called; that issuance of consignment note is sine – qua – non for supplier of service to be considered as GTA; that in his case, he neither issues consignment notes nor assume lien of goods. Therefore, he is not a GTA. Thus, freight charges received for transportation of goods by road is exempted from GST. Moreover, services in relation to transportation of goods by GTA to unregistered persons is also absolutely exempted U/s. 11(1) under entry no. 21A by the notification no. 32/2017 – Central Tax (Rate) dated 13-10-2017. Therefore, there is no tax liability on the registered person whether or not he is considered as GTA when services of transportation of goods provided to un-registered persons.

The issues are discussed as under:

I. What is the value of supply U/s 15 of GST Act, 2017 in case of a supply of cement, iron or both to an unrelated person for which price is the sole consideration?

Section 15(1) of GST Act, 2017 is extracted hereunder for ready reference:

"The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply."

As per Section 15(1) of the GST Act, 2017, the value of a supply of goods or services shall be the **transaction value i.e., the price actually paid or payable** provided the supplier and recipient are not related and the price is the sole consideration.

2. What is the value of supply U/s. 15 of GST Act, 2017 in case of a supply of cement, iron or both to M/s. Sri Lakshmi Ganesh Steels, a related person who is eligible to claim input tax credit on the said supply?

Supplies between the related persons with consideration shall constitute as 'Supply' like any other transaction. Whereas, the supply made between related persons for inadequate or no consideration is covered under Schedule I of the GST Act. Such transactions shall be treated as 'Supply' only if it happens in the course or furtherance of business. Para 2 of Schedule I covers any kind of supplies between related persons or distinct persons when made in the course or furtherance of business

Schedule I of GST Act is extracted hereunder for ready reference:

"SCHEDULE I

Activities to be treated as supply even if made without consideration

1.
2. *Supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business:*

Provided that gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both."

Meaning of 'related persons':

As per explanation (a) to sec 15 of the CGST Act, persons shall be deemed to be "related persons" if:

- (i) such persons are officers or directors of one another's business;
- (ii) such persons are legally recognized partners in business;
- (iii) such persons are employer and employee
- (iv) any person directly or indirectly owns, controls or holds twenty five percent or more of the outstanding voting stock or shares of both of them;
- (v) one of them directly or indirectly controls the other;
- (vi) both of them are directly or indirectly controlled by a third person;
- (vii) together they directly or indirectly control a third person; or
- (viii) **they are members of the same family;**

Where the supplier and recipient are related, other than where the supply is made through an agent, then value of supply shall be determined in accordance with rule 28 of the CGST Rules. Broadly, these rules provide the manner of determination of value of supply based on open market value followed by value of like kind ad quality. If value of supply still cannot be determined, then basis of cost plus 10% will be adopted, followed by residual method of arriving at value by using reasonable means consistent with the principles and the general provisions of sec 15 of the CGST Act.

But, first & Second proviso to rule 28 provides alternate mechanism of valuation of supply between related person or distinct person:

- Where the goods are intended for further supply as such by the recipient, the value shall, at the option of the supplier, be an amount equivalent to 90% of the price charged for the supply of goods of like kind and quality by the recipient to his customer not being a related person.
- Where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the open market value of the goods or services.

Therefore, in transactions between related or distinct persons, the invoice value will be accepted as the value of supply under Section 15 if full ITC is available to the recipient.

**III. Whether the registered person is liable to pay tax on the services of transportation of goods by the road to an unregistered person or not?
If yes, at what rate of tax?**

Under the **Goods and Services Tax** regime, the taxability of **transportation of goods by road** depends on who provides the service and to whom it is provided.

The term "goods transport agency" as defined in para 2(ze) of the notification no. 12/2017 – central tax rate dated 28-06-2017 means any person who provides service in relation to transport of goods by road and issues consignment note, by whatever name called.

'Consignment note' has not been defined anywhere in GST law. As per Rule 4B of the Service Tax Rules, 1994, consignment note means a document, issued by a goods transport agency against the receipt of goods for the purpose of transport of goods by road in a goods carriage, which is serially numbered, and contains the name of the consignor and consignee, registration number of the goods carriage in which the goods are transported, details of the goods transported, details of the place of origin and destination, person liable for paying service tax whether consignor, consignee or the goods transport agency.

In the instant case, the applicant is registered under GST and presently supplying transportation services to unregistered services without issuing any consignment note or invoice or any other document. Being a registered person the applicant is bound to issue a document by whatever name it is called even for the supplies made to unregistered persons. Further, there may be a situation where the applicant is likely to supply the goods to a registered person later. In such a situation being a registered person the applicant has to issue a consignment note or invoice by whatever name called to the recipients either by opting for forward charge or reverse charge. Hence, the applicant will fall under the GTA service.

Serial No. 21A of Notification No. 32/2017 Central Tax (Rate) dated 13.10.2017 is extracted hereunder for ready reference:

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
(1)	(2)	(3)	(4)	(5)
21A	Heading 9965 or Heading 9967	Services provided by a goods transport agency to an unregistered person, including an unregistered casual taxable person, other than the following recipients, namely: - (a) any factory registered under or governed by the Factories Act, 1948(63 of 1948); or (b) any Society registered under the Societies Registration Act, 1860 (21 of 1860) or under any other law for the time being in force in any part of India; or (c) any Co-operative Society established by or under any law for the time being in force; or (d) any body corporate established, by or under any law for the time being in force; or (e) any partnership firm whether registered or not under any law including association of persons; (f) any casual taxable person registered under the Central Goods and Services Tax Act or the Integrated Goods and Services Tax Act or the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act.	NIL	NIL

From the description of service in the aforesaid entry, it is evident that the said exemption is exclusively in respect of Services provided by a goods transport agency to an unregistered person, including an unregistered casual taxable person, other than certain specified recipients. Hence, the applicant is not liable to pay tax as per sl no .21A of Notification No. 12/2017-CENTRAL TAX (RATE) dated 28-06- 2017 as amended by Notification no. 32/2017 – Central Tax (Rate) dated 13-10-2017 for the supplies made to the unregistered persons.

IV. Whether serial no. 18 of Notification No. 12/2017-CENTRAL TAX (RATE) dated 28-06- 2017 or Serial no. 21A of Notification no. 32/2017 – Central Tax (Rate) dated 13-10-2017 issued under section 11 of CGST Act, 2017 applicable to the registered person or not in case of services provided to unregistered persons?

As discussed above, the applicant is not liable to pay tax as per sl no .21A of Notification No. 12/2017-CENTRAL TAX (RATE) dated 28-06- 2017 as amended by Notification no. 32/2017 – Central Tax (Rate) dated 13-10-2017 for the supplies made to the unregistered persons.

RULING

(Under Section 98 of Central Goods and Services Tax Act, 2017 and the Andhra Pradesh Goods and Services Tax Act, 2017)

Question: What is the value of supply U/s 15 of GST Act, 2017 in case of a supply of cement, iron or both to an unrelated person for which price is the sole consideration?

Answer : Transaction value i.e., the price actually paid or payable.(Refer section 15(1) of GST Act, 2017)

Question: What is the value of supply U/s. 15 of GST Act, 2017 in case of a supply of cement, iron or both to M/s. Sri Lakshmi Ganesh Steels, a related person who is eligible to claim input tax credit on the said supply?

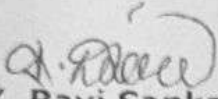
Answer : Invoice value.(Refer Rule 28 of Central Goods and Services Tax Rules, 2017)

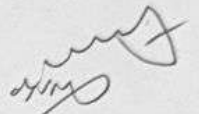
Question: Whether the registered person is liable to pay tax on the services of transportation of goods by the road to an unregistered person or not? If yes, at what rate of tax?

Answer : No, refer sl no .21A of Notification No. 12/2017-CENTRAL TAX (RATE) dated 28-06- 2017 as amended by Notification no. 32/2017 – Central Tax (Rate) dated 13-10-2017

Question: Whether serial no. 18 of Notification No. 12/2017-CENTRAL TAX (RATE) dated 28-06- 2017 or Serial no. 21A of Notification no. 32/2017 - Central Tax (Rate) dated 13-10-2017 issued under section 11 of CGST Act, 2017 applicable to the registered person or not in case of services provided to unregistered persons?

Answer : refer sl no .21A of Notification No. 12/2017-CENTRAL TAX (RATE) dated 28-06- 2017 as amended by Notification no. 32/2017 - Central Tax (Rate) dated 13-10-2017


K. Ravi Sankar
Member


B. Lakshmi Narayana
Member

To

M/s Sri Lakshmi Ganesh Cement and Iron General Stores (GSTIN: 37AYIPP4702A1ZP), 5-66/2, Sree Sitha Rama Complex, Ground Floor, Narasapuram Nidavole Road, Chagallu, East Godavari, Andhra Pradesh, 534342.
(By Registered Post)

Copy to

1. The Assistant Commissioner (ST), Nidadavolu Circle, Rajamahendravaram -I Division through mail) with a direction to communicate the copy to the Central Tax authorities)
2. The Commissioner of Central Tax, CGST, GST Bhavan, Central Revenue Buildings, Kannavari Thota, Guntur - 522 004

Copy submitted to

1. The Chief Commissioner (State Tax), O/o Chief Commissioner of State Tax, Kunchanapalli, Guntur District, (A.P)
2. The Principal Chief Commissioner (Central Tax), O/o Principal Chief Commissioner of Central Tax & Customs, Visakhapatnam Zone, GST Bhavan, Port area, Visakhapatnam-530035. A.P.

Note: Under Section 100 of the APGST Act 2017, an appeal against this ruling lies before the Appellate Authority for Advance Ruling constituted under Section 99 of APGST Act, 2017, with in a period of 30 days from the date of service of this order.