



Clarification to the queries of Members of Indian Corrugated Box Manufacturers Association, Mumbai on GST dated 10.07.2017

To	Members of Indian Corrugated Box Manufacturers Association, Mumbai
From	Rohit Kumar Singh, Dipak Tiwary - Karvy Data Management Services Ltd.
Date	July 11, 2017
Subject	Impact of GST on corrugated box industry

Query 1: From K.R.K.RATNAJI RAO, PURNACHANDRA PACKAGING PVT LTD:

As we receive a purchase order is mentioned the below:

BILL TO SHIP TO (supply of material) to

ABC LTD ABC LTD

BANAGALORE, HYDERABAD

KARNATAKA TELANGANA

GST NO: GST NO:

THE MATERIAL WILL BE DELIVERED TO HYDERABAD TELANGANA ADDRESS IN THAT CASE WHAT WE RAISE THE INVOICE

OPTION 1 CGST 6% + SGST 6%

OPTION 2 IGST 12 %

Please let us know the which option is CORRECT

Answer: The location of the supplier and the place of supply of goods is very important to determine the type of levy of tax under GST.

Location of the supplier means the place of business of the supplier for which registration has been obtained under GST and from where supply of goods is being made. On the other hand, place of supply principally means the location of goods at the time at which it gets delivered to the recipient.

In your case where goods are being supplied by Purnachandra Chandra Packaging Pvt. Ltd., Telangana State to ABC Ltd., Telangana State on direction of ABC Ltd., Karnataka State, let us understand the place of supply in this scenario:

Section 10 (1) (b) of IGST Act 2017 narrates the provision to determine the place of supply in a scenario where goods are being supplied by a supplier (Purnachandra Chandra Packaging Pvt. Ltd., Telangana State) to a recipient (ABC Ltd., Telangana State) on direction of a third person (ABC Ltd., Karnataka State) – In this case it shall be deemed that such supply is being made to a recipient (ABC Ltd.,

Telangana State) has actually been received by the third person (ABC Ltd., Karnataka State) on whose direction such supply was made. Hence, the place of supply would be the place of business of the third person (ABC Ltd., Karnataka State) and not the location of the recipient (ABC Ltd., Telangana State) to whom goods have been delivered.

This will constitute as inter-state supply of goods between the supplier and the recipient and IGST @12% (applicable rate in your case) shall be levied instead of (CGST + SGST) @12%.

Goods billing address and shipping address both needs to be mentioned mandatorily in the invoice.