

No need to re-register for GST: AAR

TNN | Nov 16, 2021, 08.09 AM IST



MUMBAI: The Karnataka bench of the GST Authority for Advance Rulings (AAR) has held that a separate GST registration is not required in the state (the place of supply) by a subcontractor who was executing an infrastructure project.

Upholding the spirit of 'Ease of Doing Business' in its recent ruling, the bench said the subcontractor can raise the invoice by charging integrated goods and service tax (IGST) from its office in Noida, Uttar Pradesh.

IGST is levied in case of an interstate supply of goods and services. Rulings given by the AAR have a persuasive value. Tax practitioners say that if this ruling is adopted pan-India, it will go a long way in reducing

costs — both the cost of registration and other administrative costs for business entities.

WHAT'S THE CASE ABOUT

<ul style="list-style-type: none"> ➤ A private limited co, GEW India, had a unit in Noida and a registered office in Pune 	<ul style="list-style-type: none"> ➤ metal for on-site installation
<ul style="list-style-type: none"> ➤ It bagged a work contract from L&T for the Karwar naval base in Karnataka 	<ul style="list-style-type: none"> ➤ The AAR pointed out that the co had a sole principal place of business in Noida, which was registered for GST
<ul style="list-style-type: none"> ➤ The order required GEW India to set up a steel structure for harbouring of ships 	<ul style="list-style-type: none"> ➤ As a result, the authority said no further registration was required for Karnataka state too just for the contract
<ul style="list-style-type: none"> ➤ The Noida unit fabricated the 	



On the downside, the AAR also held that in the absence of an office in Karnataka, the subcontractor cannot register as an input service distributor. Such registration was required to avail of the input tax credit against goods/services procured from suppliers at the site and distribute such credit onward to its Noida registration.

In this case, GEW India, a private limited company that had a unit in Noida and a registered office in Pune (Maharashtra), obtained a work order from Larsen & Toubro to execute a works contract inside a naval base at Karwar in Karnataka. It entailed a composite supply of goods and services, such as installation of a steel structure for harbouring of ships. The steel was fabricated at its Noida unit and installation was on-site.

GEW India explained that they are likely to provide accommodation in Karnataka for the resident engineer and others who may visit the work site, but will not have any office or administrative staff. The AAR noted that the applicant company had only one principal place of business — Noida, for which GST registration had been obtained. Thus, there was no requirement for a separate registration in Karnataka for executing its contract.